



MEDIA RELEASE

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GUNNS RECAPITALISATION TO RAISE UP TO \$280 MILLION

Plantation company Gunns Limited has agreed commercial terms for the introduction of a \$150 million investment from the Richard Chandler Corporation (RCC).

In conjunction with a rights issue to existing shareholders, the recapitalisation aims to raise up to \$280 million.

The recapitalisation, combined with the ongoing asset sale process, will leave Gunns effectively debt free, providing stability for the finalisation of the financing structure for the Bell Bay Pulp Mill.

Under the proposed recapitalisation, RCC will invest \$150 million in Gunns through a share placement and bond issue.

A further \$130 million is proposed to be raised in a pro-rata renounceable rights issue to existing shareholders, offering 1.3 new shares for every one share at \$0.12 per share.

Gunns will seek shareholder approval at an Extraordinary General Meeting for the transaction, which will see RCC hold approximately 39 per cent of Gunns shares following the recapitalisation, if all shareholders take up their entitlement. The EGM is expected to be held in mid April, with the transactions, if approved, completed in May 2012.

Alan Kelly, senior advisor to the Richard Chandler Corporation said: "Gunns has been restructured over the past few years into a world-scale plantation forestry company".

"We see its future as building a foundation for sustainable development and economic growth which will provide a future for the Tasmanian forestry industry".

“The Richard Chandler Corporation proposes to work with Gunns management to catalyse the Bell Bay Pulp Mill. The Pulp Mill Project is expected to create over 3,000 jobs, significant bio-energy power generation, strong export revenues and approximately \$1 billion in federal and state taxes. We believe it will make a significant long term contribution to the Tasmanian and Australian economies.”

Gunns Managing Director Greg L'Estrange said the new capital would provide certainty and stability for the company to finalise the financing structure for the construction and operation of the Bell Bay Pulp Mill.

“In combination with the asset sales program, the proposed recapitalisation will facilitate a further significant reduction in company debt,” Mr L'Estrange said.

“This will provide the platform for us to proceed with our core strategy, based on the softwood sawmilling business and the utilisation of our extensive Tasmanian hardwood plantation estate within the proposed Bell Bay Pulp Mill.”

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About the Richard Chandler Corporation

The Richard Chandler Corporation is a private investment group based in Singapore and founded by New Zealand-born entrepreneur Richard F. Chandler. The Richard Chandler Corporation's mission, Building Prosperity for Tomorrow's World, adopts a holistic approach to building sustainable prosperity through investments in financial and social enterprises. Since 1986, the Richard Chandler Corporation has provided capital to companies and governments from Asia and Africa to Latin America and Eastern Europe, and invested in a wide range of industries, such as telecoms, power, steel, banking and energy.