



GREAT SOUTHERN
LIMITED

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Conditional agreement to sell Queensland plantation forestry estate to an international private investment fund

Great Southern Limited (GSL) has reached conditional agreement to dispose of its freehold land holding of short rotation pulpwood plantations located in South East and Central Queensland to an international private investment timber fund.

GSL had already determined that this Queensland pulpwood land estate is not in a region which will form part of the company's long term pulpwood forestry business following the relative underperformance achieved to date of the short rotation pulpwood plantations on this land. Great Southern has not developed any plantations in this region since 2006.

This land estate comprises a total area of 26,000 hectares, of which the area under plantations is approximately 10,900 hectares. This estate represents only 3% of GSL's total forestry land holdings by recorded book value as at 30th September 2008.

The agreement is for the land to be sold for \$23.0 million and following the sale to be leased back to GSL rent free until completion of the original planned harvest of the relevant plantations. The value agreed with the purchaser for the land estate is approximately a 10% discount to the GSL book value for these non core land assets.

GSL Managing Director Cameron Rhodes said "it is extremely encouraging that even in the current global economic climate sophisticated investors continue to recognise the long term value of plantation forestry land, notwithstanding it may be encumbered by leases for a number of years. Interestingly, whilst this estate only represents 3% of the current value of GSL's forestry land holdings the sale price of \$23m represents over 37% of GSL's market capitalisation as at 28th November 2008."

Once the existing short rotation pulpwood plantations managed by GSL are harvested GSL understands that the purchaser intends to establish more suitable longer rotation forestry plantations on the estate.

Following an initial due diligence period, GSL has now entered into an exclusivity agreement with the purchaser pursuant to which the parties anticipate that, subject to successful completion of legal documentation, the purchaser obtaining any necessary approvals and consents and further satisfactory due diligence by the purchaser, the sale and purchase of the properties will be completed in the first quarter of 2009.

GSL expects to use the funds from the sale for working capital and to reduce debt.

For further information see www.great-southern.com.au or call:

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