Gunns FY09 Results, Acquisition and Equity Raising

31 August 2009

Gunns LIMITED

Important Notice

This presentation has been prepared by Gunns Limited (ABN 29 009 478 418) (Gunns).

Summary information

This presentation contains general background information about Gunns and its current activities as at 31 August 2009. It is information in a summary form and does not purport to be complete or comprehensive, and does not purport to summarise all information that an investor should consider when making an investment decision. It should be read in conjunction with Gunns' other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange, which are available at www.asx.com.au.

To the maximum extent permitted by law, Gunns, Credit Suisse (Australia) Limited, their affiliates, officers, employees, agents and advisors do not make any warranty, express or implied, as to the currency, accuracy, reliability or completeness of the information in this presentation and disclaim all responsibility and liability for the information (including, without limitation, liability for negligence).

Credit Suisse (Australia) Limited has not authorised, permitted or caused the issue, lodgement, submission, dispatch or provision of this presentation and does not make or purport to make any statement in this presentation and there is no statement in this presentation which is based on any statement by the underwriter.

Not financial product advice

This presentation does not constitute investment advice, or an inducement or recommendation to acquire or dispose of any securities in Gunns, in any jurisdiction (including the United States). This presentation is not financial advice. This presentation does not take into account the investment objectives, financial situation or particular needs of any investor, potential investor or any other person. No investment decision should be made in reliance on this presentation. Independent financial and taxation advice should be sought before making any investment decision. Cooling off rights do not apply to the acquisition of shares in Gunns.

Past performance

Past performance information given in this presentation is given for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance.

Future performance

Certain statements in this presentation are in the nature of forward looking statements, including statements of current intention, statements of opinion and predictions as to possible future events. Such statements are not statements of fact and there can be no certainty of outcome in relation to the matters to which these statements relate. These forward looking statements involve known and unknown risks, uncertainties, assumptions and other important factors that could cause the actual outcomes to be materially different from the events or results expressed or implied by such statements. Those risks, uncertainties, assumptions and other important factors are not all within the control of Gunns and cannot be predicted by Gunns. None of Gunns or any of its respective subsidiaries, affiliates and associated companies (or any of their respective officers, employees or agents) (the 'Relevant Persons') makes any representation, assurance or guarantee as to the accuracy or likelihood of fulfilment of any forward looking statement or any outcomes expressed or implied in any forward looking statements. In addition, statements about past performance are not necessarily indicative of future performance. The forward looking statements in this presentation reflect views held only at the date of this presentation. Subject to any continuing obligations under law or the ASX Listing Rules, Gunns and the Relevant Persons disclaim any obligation or undertaking to disseminate after the date of this presentation any updates or revisions to any forward looking statements to reflect any change in expectations in relation to any forward looking statements or any change in events, conditions or circumstances on which such statements are based.

No representation or warranty, express or implied, is or will be made in relation to the accuracy or completeness of the information in this presentation and no responsibility or liability is or will be accepted by Gunns or any of the Relevant Persons in relation to it. In particular, Gunns does not endorse, and is not responsible for, the accuracy or reliability of any information in this presentation relating to a third party.

Important Notice

Gunns LIMITED

Financial data

All references to '$' are references to Australian dollars unless otherwise specified.

Not an offer

This presentation is not an offer or an invitation to acquire ordinary shares in Gunns (Shares) or any other financial products and is not a prospectus, product disclosure statement or other offering document under Australian law or any other law. It is for information purposes only. In particular, this presentation is not an offer to sell, or a solicitation of an offer to buy, securities in the United States or to any person that is, or is acting for the account or benefit of, a "U.S. person" (within the meaning of Regulation S under the U.S. Securities Act of 1933, as amended (the Securities Act)) (U.S. Person), and is not for publication or distribution in the United States or to U.S. Persons. The securities to which this document relates have not been registered, and will not be registered, under the Securities Act or the securities laws of any state or other jurisdiction in the United States, and may not be offered, sold, transferred or otherwise disposed of in the United States or to, or for the account or benefit of, U.S. Persons, except in transactions exempt from the registration requirements of the Securities Act in reliance on Regulation S thereunder.

Investment risk

An investment in shares in Gunns is subject to investment and other known and unknown risks, some of which are beyond the control of Gunns, including possible delays in repayment and loss of income and principal invested. Gunns does not guarantee any particular rate of return or the performance of Gunns, nor does it guarantee the repayment of capital from Gunns or any particular tax treatment. Persons should have regard to the risks outlined in this presentation.

In receiving this presentation, you agree to the foregoing restrictions and limitations.

FY09 overview

Challenging operational environment

- Financial result adversely impacted by significant reduction in plantation MIS performance
  - Strategic decision to scale back plantation MIS activity
  - Contraction in the size of the plantation MIS market
- Gunns' main business, Forest Products, proved resilient with a modest 6% decline in revenue despite difficult market conditions
  - Wood fibre volumes adversely affected by reduced Asian demand
  - Sawn timber operations continue to be impacted by challenging housing industry conditions

Cyclical decline presents opportunities for Gunns

- Key markets stabilised in 4Q09 after a decline in 3Q09
- Dislocation in plantation forestry sector has created opportunities for Gunns to leverage its forestry management expertise
- Acquisition of ITC Hardwood provides a compelling strategic fit to deliver synergies and value to Gunns shareholders
  - Funded via a $145 million pro rata entitlement offer

FY09 results summary

Summary of Gunns' FY09 statutory results

A$ million (YE 30 JUNE)	FY09	FY08	% change
Revenue	769.3	861.9	(10.7)%
Reported EBIT	110.8	138.1	(19.8)%
Net interest	(40.1)	(60.7)	(34.0)%
Tax expense	(15.0)	(18.7)	(19.7)%
Reported NPAT (incl associates)	56.2	59.2	(4.9)%
Adjust non-operating items	(3.7)	20.8	N/A
NPAT (before non-operating items)	52.5	80.0	(34.4)%
Reported EPS (cents)	8.1	12.9	(37.1)%
EPS (before non-operating items) (cents)	7.6	17.4	(56.3)%
Final dividend (cents)	2.0	4.0	(50.0)%
Total dividends (cents)	4.0	10.0	(60.0)%

Source: Gunns Appendix 4E

FY09 results summary

Reconciliation of statutory to underlying results

A$ million (YE 30 JUNE)	FY09	FY08	% change
Underlying EBIT	107.1	167.8	(36.2)%
Gain on financial instruments relating to Mill Project	21.6	(16.3)	
Doubtful debt provisions	(8.4)		
Onerous portion of MIS lease and management receivable		(7.6)	
Business acquisition and restructuring costs	(9.5)	(5.8)	
Reported EBIT	110.8	138.1	(19.7)%

Source: Gunns management accounts

Summary of Gunns' FY09 statutory results – 2H vs 1H

A$ million (YE 30 JUNE)	1H09	2H09	% change
Revenue	427.6	341.7	(20.1)%
Reported EBIT	69.7	41.6	(40.3)%
Net interest	(26.7)	(13.4)	(49.8)%
Tax expense	(9.4)	(5.6)	(40.4)%
Reported NPAT	33.6	22.6	(32.7)%

Source: Gunns management accounts

Forest Products

Forest Products

A$ million (YE 30 JUNE)	FY09	FY08	% change
Revenue	597.1	634.1	(5.8)%
EBIT	91.4	104.6	(12.6)%
EBIT margin	15.3%	16.5%	(120)bp

Source: Gunns Appendix 4E

Woodfibre

- Japanese demand dropped in 2H but pricing was maintained at 2008 levels for 2009
  - Increased USD denominated sales ex-Japan
  - AUD/USD exchange rate increase (primarily in 4Q) accordingly impacted export profitability

Sawn timber

- Challenging trading conditions throughout the financial year due to
  - Reduced domestic residential construction activity
  - Increased import competition, aided by exchange rate movements

Plantation MIS business

Plantation MIS

A$ million	FY09	FY08	% change
Revenue	68.4	124.3	(45.0)%
EBIT	7.4	37.1	(80.2)%
EBIT margin	10.8%	29.8%	(1,900)bp

Source: Gunns Appendix 4E

- Integrated business model provides access to future wood supply
- At commencement of FY09, took strategic decision to scale back plantation MIS activity
- Size of the total plantation MIS market contracted dramatically (~ 75%) in FY2009
  - However, Gunns' market share increased from 11% to 14%
- Plantation MIS loan book receivable of $275 million at year end ($93 m securitised)
- Doubtful debt expense of $8.7 million for the financial year (loans to plantation MIS investors)
- Annual operating cost cash outflow in respect of plantation MIS business (lease and maintenance expense, net of harvest costs) was $27 million in FY09
  - Cashflow from existing plantation MIS expected to turn positive in 2015 as Gunns receives a share of harvest proceeds

Other businesses

Other (includes seven Mitre 10 outlets, construction and wine production)

A$ million	FY09	FY08	% change
Revenue	103.9	103.5	0.3%
EBIT	2.2	4.3	(48.4)%
EBIT margin	2.1%	4.2%	(210)bp

Source: Gunns Appendix 4E

- Mitre 10 performed well considering economic conditions, with the refurbished Launceston store nearly complete
- Construction and Wine underperformed
  - Construction suffered from the slow Tasmanian commercial construction market
  - Wine suffered lower than expected export sales and a reduced 2009 harvest volume due to weather impacts

Financial position as at 30 June 2009

Gunns LIMITED

Gunns' financial position as at 30 June 2009

A$ million, as at 30 JUNE	2009	2008	% change
Total assets	2,448.1	2,581.0	(5.1)%
Net debt	654.4	1,048.9	(37.6)%
Net equity	1,321.9	982.2	34.6%
Net debt / equity	49.5%	106.8%	N/A
NTA per share[1]	$1.80	$1.98	N/A
Net interest[2]	40.1	60.7	(34.0)%

Source: Gunns Appendix 4E

- Gunns raised $334 million from a rights offer in 1H which was used to repay debt incurred in the Auspine takeover in 2008
- Plantations were sold for $173.2 million, with the funds raised used to repay debt
- Net interest expense decreased to $40 million in FY09 (from $61 million[2] in FY08) due primarily to decreased debt levels (2H09 net interest expense of $13 million)
- Total assets include a $275 million interest bearing receivable in relation to loans to plantation MIS investors
- Net debt includes $93 million in relation to plantation MIS loans which have been securitised but are held on balance sheet (increased to $110 million in July)

[1] Number of shares based on closing issued and paid up capital: FY09: 637 million, FY08: 407 million; FORESTS treated as debt (at $120 million face value)

[2] Net interest includes MIS financing revenue of $19 million in FY09 and $20 million in FY08

Debt maturity profile as at 30 June 2009

For personal use only

Debt maturity profile

As at 30 JUNE	A$ million
0 – 6 months	53[1]
6 months to 1 year	55
1 year to 2 years	41
2 years to 3 years	436[2]
More than 3 years	77
Total	662

[1] The $50 million of continuing working capital is reviewed annually in November

[2] Senior corporate debt of $400 million matures in January 2012

Overview of facilities

As at 30 JUNE	A$ million
Senior debt	400
Working capital	32
Auspine	36
Core debt	468
Lease – asset financing	91
Securitised MIS loans	93
Other	11
Total	662

Covenant description	Covenant level	As at 30 June 2009
Leverage[1]	Less than 4.5x	3.6x
Financial obligations[2]	Greater than 2.5x	3.3x
Gearing[3]	Less than 50%	27%

1. Based on gross debt for covenant purposes of $467 million (reflects certain adjustments in relation to leases, securitised loans and MIS receivables) and cash EBITDA of $129 million (adjusted for non cash items)
2. Based on cash EBITDA of $129 million and net interest expense of $39 million (adjusted for FORESTS and items in relation to MIS loan receivables)
3. Based on gross debt for covenant purposes of $467 million and on adjusted book capitalisation of $1,762 million (total of share capital, retained earnings, asset revaluation reserve and gross debt for covenant purposes)

- Headroom under all covenants
- No covenants contain market capitalisation triggers

FY10 outlook

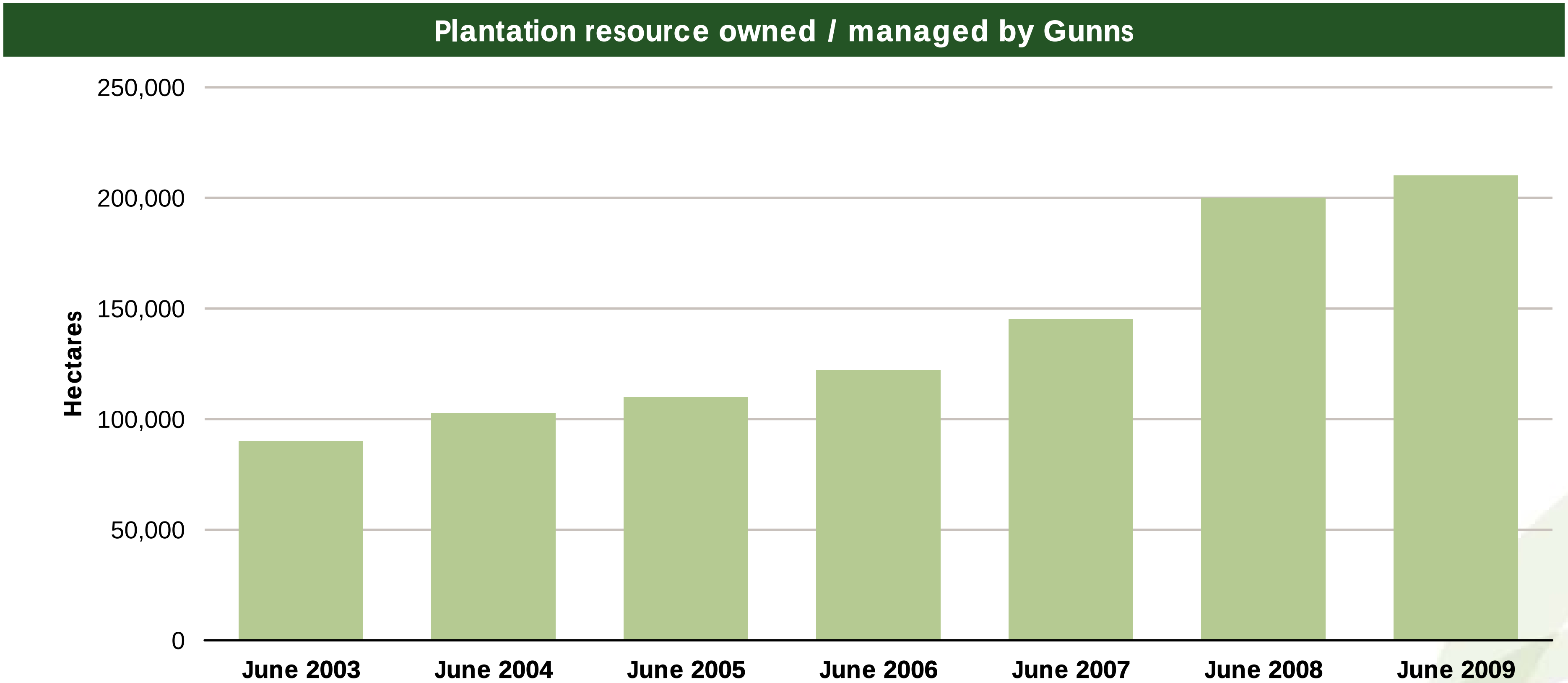
- Key export markets declined in 3Q09 but stabilised in 4Q09
- Significant uncertainty remains but Gunns is optimistic that "bottom of cycle" has been reached
- Challenging conditions persist in export woodchip markets
  - Recent A$ appreciation
  - Soft Japanese demand
- Potential for improvement in housing market in Australia
- Focused on operational efficiency and balance sheet management
  - Positions Gunns for any recovery in woodchip demand and housing construction

Note: Outlook is not a detailed forecast but represents Gunns' current expectations based on anticipated trading conditions. Gunns' results could vary materially dependent on those conditions

Business strategy

- Development of a sustainable plantation resource and realising its value through value-added processing
- Historical acquisitions have accelerated the development of the sustainable plantation resource
  - Boral's Tasmanian forestry assets
  - North Forest Products
  - Auspine
- Gunns' current plantation estate will produce over 4 millon gmt of resource annually on maturity
- Current restructure of the hardwood plantation sector in Australia provides further opportunities
  - Plantations approaching maturity and capable of producing a sustainable supply of more than 4 million gmt annually
- Progression of the Bell Bay Mill would provide opportunity to add value to the plantation resource
  - Gunns intends that the Bell Bay Mill become 100% plantation based
- Acquisition of mainland based plantations provides the potential to further increase mill plantation input

Business strategy (cont'd)



Bell Bay Mill

- Gunns has continued to progress plans for the Bell Bay Mill
- The project seeks to leverage value from Gunns' significant sustainable fibre resources, which would be directed to the mill rather than exported
- Strong environmental footprint with no increases in forest harvesting and no conversion of native forest to plantation
- Federal and State environmental approvals have been obtained, subject to conditions (including the preparation and approval of environmental management plans)
- Gunns has made progress in financing the project despite extremely challenging financial markets
  - Interest in equity participation from experienced industry player
  - Discussions ongoing with project debt financiers
  - Improving credit markets expected to assist in completing project financing
- Successful financing of Bell Bay Mill is contingent upon credit market stabilisation and securing commitment from debt financiers and joint venture partner

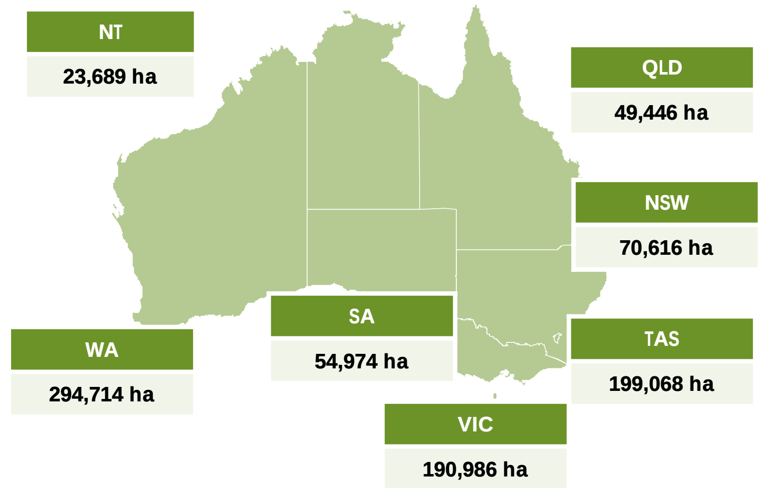
Plantation sector opportunities

- Global financial crisis and challenging industry conditions have significantly affected some MIS operators
- Significant opportunities now exist to participate in industry rationalisation to achieve further scale
- Gunns is well positioned to leverage its forestry management expertise
  - Actively working on proposals to play a role in the ongoing operations of forestry assets presently managed by Timbercorp and Great Southern Plantations
- Gunns' primary objective is to manage assets and woodflow, rather than deploy significant capital to acquire land or other capital assets
  - Gunns is exploring a number of avenues to achieve this, including working with other parties to advance proposals

Plantation sector opportunities – sector overview

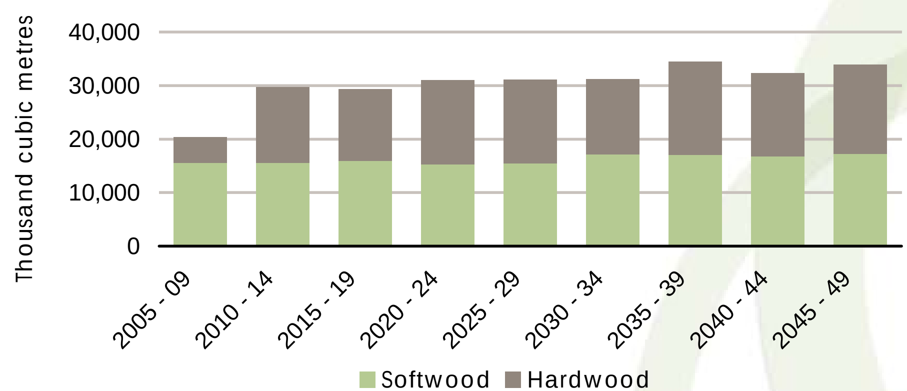
- Growth in Australian plantation timber industry
  - Sustainable
  - Uniform quality
  - Shorter rotation
- Australia is well placed to supply the Japanese / Asia Pacific market
  - Major global market for export woodchips
  - Geographical proximity
- Competing sources of supply higher transport cost to market (South Africa, South America)

Australian hardwood plantation resource by state(1)



Source: Department of Agriculture, Fisheries and Forestry
(1) Hectares as at 2007. Includes pulpwood and non-pulpwood plantations.

Australian forecast plantation log supply



Source: Australian Plantation Log Supply 2005 – 2049, Department of Agriculture, Fisheries and Forestry

Plantation sector opportunities – Port of Portland

- Granted exclusive status to complete a hardwood chip export facility in Port of Portland
  - Will provide an exit port for the existing plantations available in the region (in excess of 180,000 hectares)
  - Targeted for completion in mid 2010
  - Capital expenditure expected to be ~$20 million
- Gunns to relocate its existing softwood to site adjacent to hardwood export facility by 2014
  - Prior to that date Gunns has the ability to operate 3 facilities in parallel
  - New hardwood facility, new softwood facility to be constructed (which can be used to process hardwood) and existing softwood facility
- Enhances Gunns' ability to participate across the Eucalyptus value chain in the Green Triangle

Acquisition of ITC Hardwood

31 August 2009

Transaction Highlights

Gunns LIMITED

Acquisition of ITC Hardwood for an enterprise value of $100 million

Transaction to be financed via a $145 million capital raising, with additional proceeds to be used to provide capacity to fund other potential acquisitions in the plantation sector or reduce debt

✓ **Compelling strategic fit**

- Complementary hardwood operations
- Significant scale and distribution footprint throughout Australia and Southeast Asia, including China
- Ability to optimise manufacturing operations and eliminate overlap

✓ **Significant value creation from potential synergies**

- Operational consolidation and rationalisation of product mix
- Expected to reduce inventory across combined business by in excess of $30 million over 18 months (targeting 11 months average inventory)
- Limited integration costs of ~$4 million
- Synergies expected to be achieved by end of year one

Transaction Highlights (cont'd)

✓ **Significant value for shareholders**

- Enterprise value of $100 million, which includes $72 million of inventory
- Expected to contribute ~$20 million annualised EBIT (pre-integration costs and including assumed ~$18 million of synergies)
- Implied EV/EBIT multiple of 5.0x (post annualised synergies)

✓ **Improved financial profile**

- Acquisition to be completed free of interest bearing debt and 100% equity financed

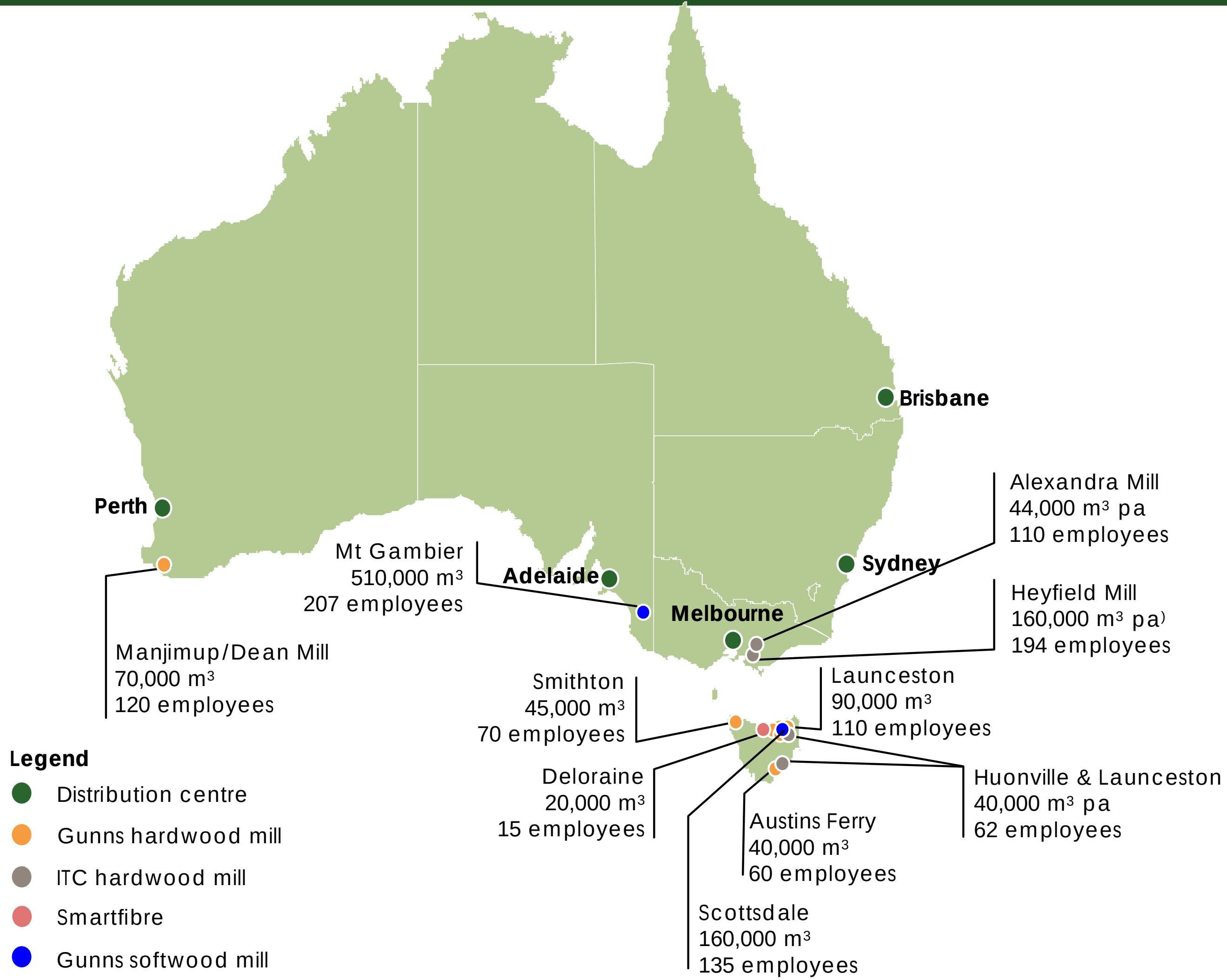
Overview of ITC Hardwood

- ITC Hardwood generated approximately $65 million of revenue in FY2009 through the sale of approximately 65,000 m^3 of sawn timber
- Acquisition will provide Gunns access to ~250,000m^3 of green hardwood sawlogs per annum
- Acquisition also includes two manufacturing locations located in Victoria, two in Tasmania, and a sales base throughout Australia and targeted export locations
- Smartfibre joint venture business (with FEA) which exports hardwood chips

Source: Elders management.

Snapshot of Gunns Timber Products business

Merged Gunns/ITC Timber Products



Source: Gunns, Elders management
Note: Capacity shown as log in

Key Highlights

- Aggregate revenue of ~$320 million
- Significant presence in Tasmania and Victoria, which are the main supply zones for high quality, light coloured saw logs
- Major Jarrah sawmiller in Australia

Significant synergy creation potential

Gunns LIMITED

	Description	Estimated synergy benefits	Key risks to realisation
Reduction in overheads	■ Gunns' experience in integrating Auspine indicates material potential overhead reduction ■ Gunns' existing service and distribution platforms are positioned to integrate ITC Hardwood	■ ~$7 million	■ Overhead of combined group may not be sufficient to support combined operations
Consolidation of operations	■ Maximise operational efficiency across combined business by consolidating operations	■ ~$5 million	■ Removes surplus capacity ■ Increased reliance on fewer facilities ■ Potential supply chain impacts
Rationalisation of product mix	■ Optimisation of sawn sizes across the combined operations ■ Improves volume and grade recoveries and reduces operating costs	■ ~$6 million	■ Volume or grade recoveries below expectation
Inventory reduction	■ Combined business target reduction in inventories of $30 million over 18 months	■ NA	■ Demand fluctuations ■ Selling price changes

Financials

For personal use only

Income statement (30 June 2009)	$ million
Revenue	63.3
Gross margin	16.0
Selling & admin	14.3
EBIT	1.7
Government grants and special non operating	1.1
Reported EBIT	2.8
Depreciation	4.5
EBITDA	6.2

Source: Elders management (unaudited).

Transaction balance sheet (31 July 2009)	$ million
Debtors	7.2
Inventory	72.0
PP&E	33.7
Log licenses	9.7
Total assets (ex. goodwill)	119.7
Payables	(6.8)
Net assets (ex. goodwill)	105.2

Source: Elders management (unaudited).

- Enhanced scale of business provides opportunity for consolidation and economies which neither business could achieve alone
- Synergies estimated at ~$18 million per annum with delivery expected by end of year one
- Total implementation costs of ~$4million
- Significant excess inventory of ~$30million across combined business
- Orderly rationalisation of inventory over ~18 months period expected to be realised

Key acquisition terms

- Acquisition of 100% of the issued capital in ITC Timber Pty Ltd which owns the sawmilling assets and 50% of the Smartfibre joint venture
- Acquired free of interest bearing debt for total consideration of A$96.2 million (subject to working capital adjustment at closing relating to period between 31 July 2009 and completion)
  - Assumption of $3.8 million of financial leases implies an enterprise value of A$100 million
- Conditions to closing
  - ACCC informal clearance
  - VicFORESTS consent
- Due diligence relied primarily on Gunns' knowledge through operating complementary assets
  - Accordingly, Gunns has negotiated indemnifications and warranties including in relation to tax, environmental, property and legal issues, supported by a parent company guarantee from Elders Limited

Gunns' capital raising

31 August 2009

Overview of capital raising

Gunns LIMITED

- 1 for 4 accelerated non-renounceable pro-rata entitlement offer (Entitlement Offer)
- Offer price of $0.90 per new Share (New Share), representing a 16.7% discount to Theoretical Ex-Rights Price of $1.08[1,2]
  - Institutional Entitlement Offer of $123 million[3]
  - Retail Entitlement Offer of up to $22 million[3]
- Purpose of capital raising is to fund the acquisition of ITC Hardwood, with additional proceeds to be used to provide capacity to fund other potential acquisitions in the plantation sector or reduce debt
- Fully underwritten by Credit Suisse (Australia) Limited

Sources and uses of funds

Sources	$ million
Institutional Entitlement Offer	123
Retail Entitlement Offer	22
Total	145

Uses	$ million
Acquisition of ITC Hardwood	96
Cash at bank	39
Offer costs	5
Total	145

1. Based on a closing share price of $1.145 on Thursday 27 August 2009, adjusted for the 2 cps dividend
2. New Shares issued under the Entitlement Offer will not be entitled to the final FY2009 dividend of 2 cents per share (payable in October 2009)
3. Assumes register split of 85% institutional / 15% retail

Timetable

Event	Date
Institutional Entitlement Offer (open)	Monday 31 August 2009
Institutional Entitlement Offer (close)	Tuesday 1 September 2009 (midday)
Shares recommence trading on ASX	Wednesday 2 September 2009
Record date for Entitlement Offer	Thursday 3 September 2009 (7:00pm)
Retail Entitlement Offer opens	Monday 7 September 2009
Settlement of Institutional Entitlement Offer	Monday 7 September 2009
Normal trading of New Shares issued under the Institutional Entitlement Offer expected to commence on ASX	Tuesday 8 September 2009
Retail Entitlement Offer closes – last date for receipt of applications	Friday 25 September 2009
Settlement under the Retail Entitlement Offer	Tuesday 6 October 2009
Normal trading of New Shares issued under the Retail Entitlement Offer expected to commence on ASX	Thursday 8 October 2009

- IMPORTANT NOTE: All times and dates in this Investor Presentation refer to Australian Eastern Standard Time. The timetable above is subject to change without notice. Gunns Limited reserves the right to amend any or all of these dates and times, subject to the Corporations Act, the ASX Listing Rules and other applicable laws.

Key Risks

This section discusses some of the key risks associated with an investment in Shares in Gunns. These risks are not exhaustive of the risks faced by a potential investor in Gunns. Before applying for New Shares under the Entitlement Offer, you should consider whether this investment is suitable for you. Potential participants in the Entitlement Offer should consider publicly available information on Gunns (such as that available on the websites of Gunns and the ASX), carefully consider their personal circumstances and decide if they should consult with their stockbroker, solicitor, accountant or other professional advisor before making an investment decision. If any of the following risks materialise, Gunns' business, financial condition and operational results are likely to suffer. In this case, the trading price of Shares in Gunns may fall and you may lose all or part of your investment.

Key Risks

General risks

General risk factors that may impact adversely on Gunns, its performance and share price, include:

- economic conditions in Australia and globally;
- changes in Australian fiscal, monetary and regulatory policies;
- local and international stock market conditions;
- a range of operational risks; and
- major world events.

Investors should recognise that the price of Shares in Gunns may rise or fall.

Risks associated with an investment in Gunns

Operational Risks

Timber supply

Gunns' core operations rely on its ability to source timber. Gunns relies on supply contracts with other timber owners for a significant proportion of its raw materials. If a supply contract could not be renewed (or could only be renewed on less favourable terms), or there was a lack of supply, operations could be adversely affected. Timber suppliers are also affected by environmental considerations, and there is a risk that supplies of timber may become more restricted in the future.

Timber demand and pricing

Gunns generates a significant proportion of its revenue from the sale of timber and timber products. Fluctuations in timber pricing are a risk factor applying to a substantial portion of Gunns' business, but most notably in softwood structural products. Weaker market conditions in Australia, particularly in the building and construction industry, could impact the demand for timber and timber products produced by Gunns. Excess supply in Australia (for example arising from increased domestic production or from imports) could also place downward pressure on prices and may adversely affect profit margins.

Valuation of standing timber also depends on movements in timber prices. Any significant change in prices can have a major impact on the financial statements through the valuation of standing timber.

Key Risks

Risks associated with an investment in Gunns

Operational Risks (cont'd)

Acquisition risks

There is a risk that the acquisition may not complete due to a failure to satisfy conditions precedent including ACCC informal clearance. In such a case, Gunns would use the proceeds to provide capacity to fund other potential acquisitions in the plantation sector or repay debt.

There is a risk that Gunns may not be able to extract (or may take longer to extract) the expected synergy benefits from the acquisition of ITC's hardwood business and this may materially affect the expected performance of the hardwood processing business. Some of the specific risks associated with realising these synergy benefits are set out on slide 21.

In addition Gunns will become liable for the history of the acquired entity. While Gunns has negotiated warranties with ITC Timber Pty Limited in respect of key risk factors including tax, environmental, property and legal issues (supported by a parent company guarantee from Elders Limited), there remains a risk that potential claims fall outside the scope of those warranties or that ITC Timber Pty Limited (or Elders Limited under the parent guarantee) is unable or unwilling to pay claims under those warranties.

Gunns is also pursuing a number of other opportunities, and there is a risk that the integration of potential future acquisitions is delayed or protracted and that an acquisition does not deliver the benefits expected at the time of acquisition. There is also a risk that Gunns is unable to complete one or more potential future acquisitions on terms acceptable to Gunns.

Export demand

A significant proportion of Gunns' forest product revenues are generated from export sales. Whilst Gunns exports to a number of different countries, export sales are predominantly to Japan. Gunns is exposed to variations in export volumes and export prices. Demand for woodchips in Japan declined materially in the second half of the 2009 financial year. Variations in volumes and pricing could be caused by changes in the Japanese pulp and paper industry, increased supply, increased costs for importers, changes in government policy toward supplying pulpwood, exchange rate movements and pulp prices. In addition, customers in markets for timber products have an increasing preference for environmental certification of products. Whilst Gunns' forest products are accredited under the Programme for Endorsement of Forest Certification (PEFC) standard, there is a risk that customers may subsequently require alternative certification systems.

The pulp and paper industry in Japan has relatively high domestic pricing for paper and paper products supported by market trading practices. If the structure of the industry were to change, prices may be impacted which could adversely affect Gunns' earnings. Additionally, because its export customer base is concentrated, Gunns could sustain adverse financial consequences if key contracts are terminated or not renewed.

Gunns' top five hardwood export customers account for the majority the Gunns' total hardwood fibre output. While Gunns has had relationships with the majority of these customers for over 35 years, there can be no assurance that these contracts will continue to be renewed in the future, or in the event such contracts are renewed, that the terms of such contracts will be favourable

Key Risks

Gunns LIMITED

Risks associated with an investment in Gunns

Operational Risks (cont'd)

Sustainability of growth and margins

The sustainability of growth and the level of profit margins from operations are dependent on many factors outside of Gunns' control. Margins in all the markets in which Gunns operates are likely to be subject to continuing but varying margin pressures. However, Gunns' business strategies and its diversification across its divisions helps to minimise the impact of short-term margin pressures in any individual division or market. Some of Gunns' divisions are involved in cyclical markets, for example the housing sector. In a cyclical downturn there is a risk that Gunns' revenue and the level of profit margins may be adversely affected. There is also a risk that downturns in the sectors in which Gunns operates are positively correlated.

Harvesting and freight, systems, and supply chain management

Harvesting and freight costs form a significant part of Gunns' cost base. Significant movements in these costs (including as a result of fuel price changes) may have a material effect on Gunns' business, financial position and financial performance, by affecting margins (if increases cannot be passed on to customers) or sale volumes (if higher prices lead to decreased demand). Fuel prices are susceptible to various factors, including international, political and economic circumstances. Gunns cannot control fuel prices or external events that affect fuel prices.

Further, Gunns is dependent on its supply chain management to maximise efficiencies in the use of facilities and resources. Deficiencies in this system could lead to delays and cost overruns. In some instances, Gunns is dependent on third parties to provide supply chain services and these services may not be performed to an appropriate standard (without Gunns being able to fully recover all losses arising from those service deficiencies). Gunns has made significant investments in information management systems designed to assist Gunns in managing inventory levels and distribution, and monitoring and communicating with individual suppliers and customers. While Gunns will make every effort to ensure that these systems are maintained and improved to meet the needs of the market, system failures may negatively impact on Gunns' performance and its earnings.

Sustainability of growth and margins

The operations of the MIS business also include the provision of finance to growers to facilitate investment. There is a risk that the ability to securitise or sell these loans will not always be available. Furthermore, whilst these loans are secured over the growers' interest in the MIS, this security may only be realised, subject to the development of a secondary market, in line with the harvesting cycle (which is also subject to agricultural risk).

Environmental

Gunns operates in industries that are subject to strict environmental regulation and scrutiny. If Gunns fails to comply with environmental regulations, the Company could face, amongst other things, fines, suspension to its operations, or closure of sites, which could materially impact on Gunns' financial performance. Any changes to environmental regulations could also adversely impact Gunns' business.

Key Risks

Gunns LIMITED

Risks associated with an investment in Gunns

Operational Risks (cont'd)

Pulp Mill risk

Gunns has developed plans to build a bleached kraft pulp mill to be located in the Bell Bay Industrial Zone in northern Tasmania, adjacent to Gunns' existing wood fibre operations. Gunns expects that financial benefits will be available from this proposal to add value to its wood resources. However, the development is subject to a range of factors and there is no assurance that it will proceed. To date, Gunns has not secured adequate funding to proceed with the Mill Project. A decision not to proceed with the Mill Project will mean Gunns is unable to realize any benefits associated with the Project and may negatively impact the price at which Gunns Shares trade.

If the Mill does proceed, there are a number of risks associated with it. These include the risk that the construction costs of the Mill are higher than expected and that the current timetable is further delayed. Factors that could contribute to this include: delays in gaining access to land; the potential for gaps in the numerous contracts for equipment, construction or installation or problems in interfacing between contractors; variation in the prices payable under some contracts which can vary in response to various factors; and Government policy and sovereign risk There is also a risk that the financial returns from operating the Mill are less than expected, which could be due to a number of factors including demand and pricing for pulp, prices paid to Gunns for wood fibre (which are primarily based on changes in pulp prices and may be greater or less than the market price for wood fibre) and currency fluctuations; as well as production and efficiency issues associated with operating the Mill.

The construction and operation of the project is regulated by environmental approvals under Commonwealth and State legislation. In addition to the risk associated with the Judicial Review Application (referred to in the context of litigation risks on slide 33), these approvals also carry operational compliance risk.

If any of the above risks have a material impact on the construction, timing or operation of the Mill, there is a risk that the funding structure put in place for the Mill may not be sufficient and additional funding may be required.

Competition

Increased competition could result in price reductions, under-utilisation of employees, reduced operating margins and loss of market share. Any of these occurrences could adversely affect Gunns' business, operating performance and financial position. There can be no assurance that the level of competition in the markets in which Gunns operates will not change adversely in the future.

Industrial relations

Many of Gunns' employees are covered by workplace agreements, including enterprise bargaining agreements, which periodically require renegotiation. Disputes may arise in the course of such renegotiations which may lead to work stoppages or other forms of industrial action that could disrupt Gunns' operations. Furthermore, any such renegotiation could result in increased labour costs. If any of these events occur, it may adversely impact Gunns' financial performance.

Key Risks

Risks associated with an investment in Gunns

Operational Risks (cont'd)

Litigation

Litigation risks to Gunns include, but are not limited to, claims from growers, investors, employees or owners of land which Gunns leases, environmental claims and legal actions from special interest groups or from regulators such as the ACCC. In particular, occupational health and safety risks can arise in workplaces such as sawmills. Gunns has in place procedures and policies to limit the risk of litigation against Gunns. Other than an application for judicial review of the Commonwealth Minister for Environment's decision to approve the Mill Project by lawyers for Forests Inc, which was unsuccessful in the Federal Court and currently awaiting a decision of the Full Federal Court, at the time of this presentation, there is no known, actual or threatened material litigation.

Reliance on key personnel

Gunns runs a relatively lean senior management team. Whilst Gunns makes every effort to retain key employees and recruit new personnel as the need arises, loss of key personnel may adversely affect Gunns' earnings or growth prospects.

Financing risks

Gunns has a range of financing facilities, which expire at different times (see slide 10). Recently, developments in global financial markets have materially affected the availability of debt finance. It is possible that, as Gunns' facilities expire, it may be difficult to replace them with appropriate facilities or that such facilities may be on less favourable terms. This may affect Gunns' ability to fund its operations, finance new initiatives or respond to competitive pressures. This may adversely affect Gunns' financial performance and position. In addition, a material decline in earnings, material increase in interest costs or in gross debt levels could impact Gunns ability to remain within the covenants in its banking facilities, which have been disclosed on slide 10. In such a case, Gunns may be obliged to repay its debt facilities and may not be able to find replacement sources of debt to refinance or may only be able to do so on less favourable terms and/or for a lessor amount.

Other operational risks

Gunns is subject to general commercial and operational risks including industrial disruption, the loss of major clients, loss of major suppliers, competition and other causes of business interruption. General agricultural risks of fire, flood, disease, pests and extreme weather conditions, resulting in a failure to reach expected timber yields and adverse price movements in timber prices and harvesting costs, could also impact the performance of Gunns. In most cases, these risks cannot be insured against and even where they are, there is no guarantee that insurance claims will be able to be made in one particular circumstance and/or that available insurance proceeds will cover every aspect of loss or damage.

Key Risks

Risks associated with an investment in Gunns

Regulatory Risks

Legal requirements and regulatory changes

If there is a change in the regulatory regimes governing Gunns' business, this may impact adversely on the performance of its business. Specific areas of Gunns' operations such as forestry operations, bark disposal, fuel storage, chemical containment, noise and water discharge may need to be reviewed over time. For example, more stringent conservation laws could limit the amount of native hardwood which is available for Gunns to procure or may increase business costs in accessing, harvesting, transporting or processing wood. Furthermore, a failure to comply with legal and regulatory requirements may have a material adverse effect on Gunns and its reputation with customers and regulators in the market or could involve significant costs (for example costs incurred in remediating any environmental contamination).

The Carbon Pollution Reduction Scheme Bill was rejected by the Senate in August 2009, but the Government has indicated that a revised Bill will be introduced to Parliament later in 2009. If the revised Bill is passed by Parliament is in a similar format to the Carbon Pollution Reduction Scheme Bill defeated in August 2009, the Carbon Pollution Reduction Scheme is likely to create an emissions liability for Gunns' business, requiring Gunns to surrender emissions permit equal to its carbon-dioxide-equivalent emissions each year.

The expanded Renewable Energy Target will commence on 1 January 2010. There is no change to renewable energy sources such as biomass and wood waste which qualify for the creation of Renewable Energy Certificates. Assistance for emissions-intensive trade-exposed industries will be contained in regulations which have not yet been released.

Government policy and sovereign risk

Changes to government policies could adversely affect Gunns' business and/or profitability. For example, the plantation timber industry currently enjoys a high level of government support. Such support is evident in 'Plantations for Australia: the 2020 vision'. The 2020 vision is a shared Commonwealth and State Government initiative to substantially increase Australia's plantation resources, with the aim of trebling the area of commercial tree crops from the 1977 level of one million ha to three million ha by 2020.

Additionally, although the prospect remains unlikely, there is sovereign risk that the long term supply contracts that Gunns has with government authorities for native regrown forest will be terminated or renegotiated on terms unfavourable to Gunns, or that changes in government policy may impede the operation of these contracts.

Key Risks

Risks associated with an investment in Gunns

Market Risks

Foreign exchange risk

The majority of Gunns’ export sales are denominated in Australian dollars meaning that there is minimal direct impact from exchange rate fluctuations on the value of Gunns’ export revenues. However, even where Gunns’ export revenues are denominated in Australian dollars, a strong Australian dollar may make Gunns’ products less competitive than alternative US dollar products, which – in the absence of continued strong global demand supporting prices – may result in downward pressure on volumes or prices, negatively impacting Gunns’ revenues and/or margins.

Gunns is also exposed to exchange rate fluctuations on the Australian dollar value of foreign currency denominated purchases in relation to the Mill Project. Gunns manages its foreign currency exposures using hedging instruments in accordance with its risk management policies. However, there can be no assurance that Gunns will successfully manage its exposure to exchange rate fluctuations and that exchange rate fluctuations will not have a material adverse effect on the business, financial position or financial performance of Gunns.

Changes in interest rates

The financial performance of Gunns is affected by fluctuations in interest rates. Gunns manages its interest rate risk by using interest rate swaps and options. There can be no assurance that Gunns will successfully manage its interest rate risk or that changes in interest rates will not have a material adverse effect on the business, financial position or financial performance of Gunns.

International Selling Restrictions

British Virgin Islands

- Neither the Company nor the New Shares are registered in the British Virgin Islands under any applicable legislation including the British Virgin Islands Mutual Funds Act 1996 (as amended) (the Act). No examination of the merits of a purchase of the New Shares or any investment in the Company nor any supervision of the Company by the British Virgin Islands Government or the Financial Services Commission in the British Virgin Islands has or will take place. There is no financial obligation or compensation requirement imposed on or by the Government of the British Virgin Islands in favour of or available to investors in the Company or purchasers of the Shares.
- Where an entity is regulated under the Act, it will be subject to the supervision of the Financial Services Commission in the British Virgin Islands, which is authorised by the Act to direct certain entities to furnish information or provide access to any records, books or other documents which it deems necessary to ascertain compliance with the Act or any regulations made under the Act. The Act provides that any information, material or document furnished to or filed with the Financial Services Commission is privileged from disclosure, except by order of a court of competent jurisdiction in criminal proceedings and in certain other cases. Such protections will not apply to your purchase of Shares or any other investment in the Company.
- A purchase of the Shares has not been approved by any regulatory authority in any country such as the United States, the United Kingdom, Australia or any jurisdiction other than the British Virgin Islands.

United Kingdom

- This document is only intended for distribution to persons who have professional experience in matters relating to investments falling within article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the Order) (all such persons together being referred to as relevant persons). Any investment or investment activity described in this document is available only to relevant persons and will be engaged in only with the relevant persons. The transmission of this document to any person in the UK other than a relevant person is unauthorised and may contravene the Financial Services and Markets Act 2000 (FSMA).
- Neither this document nor any accompanying letter or other document has been delivered for approval to the Financial Services Authority in the United Kingdom and no prospectus (within the meaning of section 85 of FSMA) has been published or is intended to be published in respect of the Securities. Accordingly, the Securities may not be offered or sold in the United Kingdom, except to persons which are qualified investors within the meaning of section 86(7) of FSMA.

Hong Kong

- WARNING
- The contents of this document have not been reviewed or approved by any regulatory authority in Hong Kong. Recipients are advised to exercise caution in relation to any offer of New Shares by the Company. If a recipient is in any doubt about any of the contents of this document, it should obtain independent professional advice.
- This document does not constitute an offer or invitation to the public in Hong Kong to acquire the New Shares. Accordingly, unless permitted by the securities laws of Hong Kong, no person may issue or have in its possession for the purposes of issue, this document or any advertisement, invitation or document relating to the New Shares, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong other than in relation to interests or shares which are intended to be disposed of only to persons outside Hong Kong or only to 'professional investors' (as such term is defined in the Securities and Futures Ordinance (the SFO) and the subsidiary legislation made thereunder) or in circumstances which do no result in the document being a 'prospectus' (as such term is defined in the Companies Ordinance (the CO)) (where the CO applies) or in circumstances which constitute an offer or an invitation to the public for the purposes of the SFO and the CO. Any offer of the New Shares will be personal to the person to whom relevant offer documents are delivered by or on behalf of the Company, and a subscription for the New Shares will only be accepted from such person. No person who has received a copy of this document may issue, circulate or distribute this document in Hong Kong or make or give a copy of this document to any other person.

International Selling Restrictions (cont'd)

Singapore

- The Entitlement Offer which is the subject of this presentation is not allowed to be made to the retail public. This presentation is not a prospectus as defined in the Securities and Futures Act (Cap 289) of Singapore (the "SFA"). Accordingly statutory liability under that Act in relation to the content of prospectuses would not apply. You should consider carefully whether the investment is suitable for you.
- The Entitlement Offer is made in reliance on certain exemptions under the SFA, and is not made in or accompanied by a prospectus that is registered by the Monetary Authority of Singapore (the "Authority"). Conversely, this presentation has not been and will not be registered as a prospectus with the Authority. Accordingly, this presentation and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of New Shares may not be circulated or distributed, nor may New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Sections 274 or 304 of the SFA (ii) to a relevant person pursuant to Section 275(1) or 305(1), or any person pursuant to Section 275(1A) or 305(2), and in accordance with the conditions specified in Section 275 or 305, of the SFA (as the case may be) or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.
- Where New Shares are subscribed or purchased under Sections 275 or 305 of the SFA by a relevant person which is:
  - a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
  - a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

  then the New Shares (as defined in Section 2 of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within 6 months after that corporation or that trust has acquired the New Shares pursuant to an offer made under Sections 275 or 305 except:
  - to an institutional investor or to a relevant person as defined in Sections 275(2) or 305(5) of the SFA, or to any person pursuant to an offer that is made on terms that such securities of that corporation or such rights and interest in that trust are acquired at a consideration of not less than S$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further (in the case of the corporation), the transfer of securities of that corporation arise from an offer made in accordance wit the conditions specified in Section 275(1A) of the SFA;
  - Where no consideration is or will be given for the transfer, or
  - Where the transfer is by operation of law.

France

- No prospectus or offering memorandum (including any amendment or supplement thereto or replacement thereof) has been prepared in connection with the Entitlement Offer nor has any document been submitted for clearance to or approved by the French Autorité des marchés financiers or by the competent authority of another member state of the European Economic Area or another State that is a contracting party to the Agreement on the European Economic Area and notified to the French Autorité des marchés financiers; no New Shares have been offered or sold nor will any New Shares be offered or sold, directly or indirectly, to the public in France; neither the offering memorandum nor any other offering material relating to the offer has been distributed or caused to be distributed, and the offering memorandum and any other offering material relating to the offer will not be distributed or caused to be distributed to the public in France; such offers, sales and distributions have been and shall only be made in France to (i) persons providing investment services relating to portfolio management for the account of third parties (personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers) and/or (ii) qualified investors (investisseurs qualifiés) acting for their own account, all as defined in, and in accordance with, articles L. 411-1, L. 411-2, D. 411-1 to D. 411-3, D. 744-1, D. 754-1 and D. 764-1 of the French Code monétaire et financier. The direct or indirect offer or resale to the public in France of any Shares acquired by (i) persons providing investment services relating to portfolio management for the account of third parties (personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers) and/or (ii) any qualified investors (investisseurs qualifiés) or any investors belonging to a restricted circle of investors (cercle restreint d'investisseurs), all as defined in articles L. 411-2 and D. 411-1 to D. 411-4 of the French Code monétaire et financier, may be made only as provided by articles L. 411-1, L. 411-2, L. 412-1 and L. 621-8 to L. 621-8-3 of the French Code monétaire et financier and applicable regulations thereunder.

International Selling Restrictions (cont'd)

Gunns LIMITED

Ireland

- This document and any other materials in connection with the Entitlement Offer relating to Ireland do not constitute a prospectus within the meaning of Part 5 of the Investment Funds, Companies and Miscellaneous Provisions Act 2005 of Ireland. No offer of securities to the public is made, or will be made, that requires the publication of a prospectus pursuant to Irish prospectus law (within the meaning of Part 5 of the Investment Funds, Companies and Miscellaneous Provisions Act 2005 of Ireland) in general, or in particular pursuant to the Prospectus (Directive 2003/71/EC) Regulations 2005 of Ireland. No person in Ireland receiving a copy of this document and any other materials in connection with the Entitlement Offer relating to Ireland may treat the same as constituting an offer or invitation to the person to acquire, subscribe for or purchase New Shares (nor should the person in any event acquire, subscribe for or purchase New Shares unless the person is a qualified investor within the meaning of the Prospectus (Directive 2003/71/EC) Regulations 2005 of Ireland). This document has not been approved, reviewed or registered with the Irish Financial Services Regulatory Authority.
- This document does not constitute investment advice or the provision of investment services within the meaning of the European Communities (Markets in Financial Instruments) Regulations 2007 of Ireland (as amended) or otherwise. The Company and Underwriters are not authorised investment firms within the meaning of the European Communities (Markets in Financial Instruments) Regulations 2007 of Ireland (as amended) and the recipients of this document should seek independent legal and financial advice in determining their actions in respect of or pursuant to this document.

Luxembourg

- This offer does not constitute a public offering in Luxembourg. The Entitlement Offer may not be advertised and the New Shares may not be offered or sold, and this prospectus or any other offering material relating to the New Shares may not be distributed, directly or indirectly, to any persons in Luxembourg other than to (i) qualified investors as defined in Article 2(1)(j) of the law of 10 July 2005 on prospectuses for securities or (ii) other investors in circumstances which do not require the publication by the issuer of a prospectus, information circular, brochure or similar document pursuant to Article 5 of the aforementioned law.
- The offering has not been and will not be notified to the Luxembourg Supervisory Authority for the Financial Sector ('Commission de Surveillance du Secteur Financier') and this prospectus or any other offering material relating to the shares has not been and will not be approved by the Luxembourg. Any representation to the contrary is unlawful.

South Korea

- This document is not, and under no circumstances is to be considered, as a public offering of securities in Korea. Neither Gunns nor any agent makes representations with respect to the eligibility of any recipients of this document to acquire the shares of Gunns to be issued in accordance with the Entitlement Offer under the laws of Korea, including but without limitation the Foreign Exchange Transaction Act of Korea and the regulations thereunder (the "FETA"). The New shares to be issued in accordance with the Entitlement Offer have not been registered under the Financial Investment Services and Capital Market Act of Korea (the "FSCMA") and the shares may not be offered, sold or delivered, directly or indirectly, or offered or sold to any person for re-offering or resale, directly or indirectly, in Korea or to any resident of Korea (as defined in the FETA), except otherwise permitted by applicable laws and regulations of Korea, including without limitation the FSCMA and the FETA.

Sweden

- This document has not been approved by the Swedish Financial Supervisory Authority in accordance with the regulations of Chapters 2, 2a and 2b of the Financial Instruments Trading Act (1991:980). The New Shares are not being offered to the public in Sweden and the Company and Underwriters have represented and agreed that they will not, directly or indirectly, (i) offer or sell the New Shares or distribute any offering materials relating to the New Shares that would constitute a public offering in Sweden, or (ii) offer or sell any New Shares to any investor in Sweden unless: (a) the New Shares are offered to qualified investors only; (b) the total number of nonqualified investors in Sweden to which the New Shares are offered is below 100; (c) the minimum investment by any investor is at least 50,000 Euro; or (d) any other exemption from the duty to publish a prospectus under the Financial Instruments Trading Act are applicable.

International Selling Restrictions (cont'd)

Gunns LIMITED

New Zealand

- This presentation does not constitute a prospectus or investment statement and has not been registered, filed with or approved by any New Zealand regulatory authority under or in connection with the Securities Act 1978 (New Zealand).
- This presentation is being distributed in New Zealand only to, (a) persons whose principal business is the investment of money or who, in the course of and for the purposes of their business, habitually invest money; (b) persons who are each required to pay a minimum subscription price of at least NZ$500,000 for the New Shares before the allotment of those New Shares; or (c) persons to whom securities may be offered in New Zealand pursuant to the Securities Act (Overseas Companies) Exemption Notice 2002. Under the institutional offer, New Shares are not being offered to any other person in New Zealand. Any investor who acquires New Shares under the institutional offer must not, in the future, sell those New Shares in a manner that will, or that is likely to, result in the sale of the New Shares being subject to the New Zealand Securities Act 1978 or that may result in Gunns or its Directors incurring any liability whatsoever.

European Economic Area

- In relation to each member state of the European Economic Area which has implemented the Prospectus Directive (each, a relevant member state) (except for the UK), with effect from and including the date on which the Prospectus Directive was implemented in that relevant member state (the relevant implementation date) no New Shares have been offered or will be offered pursuant to the Entitlement Offer to the public in that relevant member state prior to the publication of a prospectus in relation to the New Shares which has been approved by the competent authority in the relevant member state or, where appropriate, approved in another relevant member state and notified to the competent authority in the relevant member state all in accordance with the Prospectus Directive, except that with effect from and including the relevant implementation date, offers of the New Shares may be made to the public in that relevant member state at any time:

  (a) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;

  (b) to any legal entity which has two or more of (i) an average of at least 250 employees during the last financial year; (ii) a total balance sheet of more than €43 million; and (iii) an annual turnover of more than €50 million, as shown in its last annual or consolidated accounts; or

  (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of the New Shares shall result in a requirement for the publication by the Company or any underwriter of a prospectus pursuant to Article 3 of the Prospectus Directive.
- For this purpose, the expression 'an offer of any New Shares to the public in relation to any New Shares in any relevant member state means the communication in any form and by any means of sufficient information on the terms of the Entitlement Offer and any New Shares to be offered so as to enable an investor to decide to acquire any New Shares as the same may be varied in that relevant member state by any measure implementing the Prospectus Directive in that relevant member state.
- In the case of any New Shares being offered to a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the New Shares acquired by it in connection with the Entitlement Offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any New Shares to the public other than their offer or resale in a relevant member state to qualified investors as so defined or in circumstances in which the prior consent of the Company and the Underwriters have been obtained to each such proposed offer or resale.

Other jurisdictions

- The New Shares may not be offered or sold in any other jurisdiction under the Entitlement Offer, except to persons to whom such offer, sale or distribution is permitted under applicable law.