

DIVIDEND REINVESTMENT PLAN RULES

1. INTERPRETATION

1.1 Definitions

In these Rules, unless the context otherwise requires:

“**ASX**” means Australian Stock Exchange Limited ACN 008 624 691;

“**Board**” means the Directors of the Company acting collectively;

“**Business Day**” means a day upon which ASX is open for trading in securities;

“**Company**” means Gunns Limited ACN 009 478 148;

“**Constitution**” means the constituent document of the Company;

“**DRP**” means the Gunns Limited Dividend Reinvestment Plan adopted by the Board and regulated by these Rules;

“**Distribution Amount**” has the meaning set out in clause 4.2;

“**Dividend**” means any dividend declared by the Board in respect of which the Board determines that the DRP is operative;

“**Election Form**” means a written application to participate in the DRP signed by a Shareholder (or each Shareholder in the case of a joint shareholding) under clause 3.1 in the form prescribed or approved by the Board from time to time, which may (without limitation) be combined with or form part of any other form or notice (including a Variation Notice);

“**Full Participation**” has the meaning set out in clause 3.2(a);

“**Market Price**” of a Share, in respect of the Record Date, means the price determined by the Board to be the arithmetic average of the daily volume weighted average trading prices (on an ‘ex dividend’ basis) of all Shares sold on ASX (excluding shares which are sold otherwise than in the ordinary course of trading on ASX (including any transactions defined in the ASX Market Rules as “special crossings” or crossings prior to the commencement of normal trading, crossings during the closing phase and the after hours adjust phase and any overseas trades or trades pursuant to the exercise of options over Shares and any other sales which the Board considers may not be fairly reflective of natural supply and demand) over the seven Business Days commencing on the second Business Day after the Record Date **PROVIDED HOWEVER** that where no sales are recorded over the aforementioned period or if, in the opinion of the Board, in its absolute discretion, the market for Shares in the Company is affected by any unusual or extraordinary circumstances, the ‘market price’ of a Share will be a fair ex-dividend market price as determined by the Board in its absolute discretion having regard to recent Share prices.

“**Non-Participating Share**” means a fully paid Share that is not a Participating Share;

“**Partial Participation**” has the meaning set out in clause 3.2(b);

“**Participant**” means a Shareholder in respect of the Shareholder’s Participating Shares;

“**Participating Share**” means fully paid Share in respect of which the Shareholder is participating in the DRP;

“**Participation**” means Full Participation or Partial Participation;

“**Record Date**” means the date on which entitlements to a particular Dividend are determined as notified by the Company to ASX;

“**Register**” means the Company’s share register maintained under section 169 of the Corporations Act 2001;

“**Rules**” means these Rules as may be amended from time to time pursuant to clause 13;

“**Share**” means a fully paid ordinary share in the capital of the Company that the Board may from time to time determine to be a ‘Share’ for the purposes of these Rules;

“**Shareholder**” means, subject to clause 1.4, the person whose name is (or in the case of a joint shareholding, all the persons whose names are) entered in the Register as the holder of the Share;

“**Share Registry**” means Computershare Investor Services Pty Limited ACN 078 279 277 or such other share registry as the Company may from time to time determine by notice to the Participants; and

“**Variation Notice**” means a written notice signed by a Shareholder (or each Shareholder in the case of a joint shareholding) under clause 8.1 in the form prescribed or approved by the Board from time to time, which may (without limitation) be combined with, or form part of, any other form or notice including an Election Form).

1.2 General

In these Rules, unless the context otherwise requires:

- (a) a reference to any legislation or any legislative provision includes any statutory modification or re-enactment of, or legislative provision substituted for, and any subordinate legislation issued under, that legislation or legislative provision;
- (b) the singular includes the plural and vice versa;
- (c) a reference to any gender includes all genders;

- (d) a word denoting an individual or person includes a corporation, partnership, joint venture, association, authority, trust, state or government and vice versa;
- (e) references to clauses are to clauses of these Rules;
- (f) an expression defined in these Rules has the same meaning throughout;
- (g) a reference to any document is to that document (and, where applicable, any of its provisions) as amended, supplemented or replaced from time to time; and
- (h) a reference to 'dollars' or '\$' is to Australian currency.

1.3 Headings

In these Rules, headings are for convenience of reference only and do not affect interpretation.

1.4 Separate Shareholder Numbers

Where a Shareholder is, in respect of a distinct number of Shares held by that Shareholder, shown in the Register with separate shareholder reference numbers, for the purpose of these Rules, the Shareholder is taken to be a separate and distinct Shareholder in relation to each such shareholder reference number and Shares that may from time to time be entered in the Register in relation to that shareholder reference number.

2. PARTICIPATION IN THE PLAN

2.1 Optional Participation

Participation in the DRP by a Shareholder is optional (at the choice of the Shareholder).

2.2 Eligible Shareholders

Except as provided in clause 2.3, each Shareholder is eligible to participate in the DRP subject to:

- (a) these Rules and the Constitution;
- (b) if the Shareholder resides, or is shown in the Register as having an address, outside Australia, any applicable law of Australia or any other country; and
- (c) any limitation on shareholding in the Company or Participation in the DRP imposed by any law.

2.3 Non Resident Shareholders

The Board may determine that a Shareholder is not eligible to participate in the DRP if the registered address of that Shareholder is in a country or place where the offer of a right to so participate would or might be unlawful, impossible or impracticable.

3. EXTENT OF PARTICIPATION

3.1 Election Form

An election to participate in the DRP may, subject to these Rules, only be made by a Shareholder giving an Election Form to the Company.

3.2 Extent of Participation

A Shareholder may participate in the DRP in respect of either

- (a) all Shares entered in the Register in the Shareholder's name ('**Full Participation**'); or
- (b) a specific number of the Shares entered in the Register in the Shareholder's name ('**Partial Participation**').

3.3 Election to Participate

A Shareholder must specify in an Election Form the extent to which the Shareholder wishes to participate in the DRP by specifying either;

- (a) Full Participation; or
- (b) Partial Participation.

3.4 Full Participation

In the case of Full Participation, all Shares entered in the Register in the Shareholder's name at the time of commencement of Full Participation and all Shares subsequently entered in the Register in the Shareholder's name are subject to the DRP.

3.5 Partial Participation

In the case of Partial Participation, the only Shares entered in the Register in the Shareholder's name which are subject to the DRP, are the number of Shares specified by the Shareholder for Participation in the DRP in accordance with clause 3.2(b).

3.6 Deemed Full Participation

An Election Form which does not specify the extent of Participation in the DRP will be deemed to be for Full Participation and the Company will not be liable to a Shareholder for any loss, damage or claim in respect of that Shareholder's Participation as a result of the operation of this provision.

4. OPERATION OF DRP

4.1 Commencement of DRP

The DRP shall commence to operate on the date on which the DRP is approved by an ordinary resolution of Shareholders.

4.2 Application of Dividend

The amount of the Dividend payable to a Participant as determined by the Board (less any deductions or withholdings required by law in which case clause 6.2 applies and subject to any liens or charges the Company has over any part of a Dividend) (the **'Distribution Amount'**) must be applied by the Company on the Participant's behalf in subscribing for, and the Company must issue to the Participant, the number of Shares ('S') determined in accordance with the following formula:

$$S = \frac{N}{M}$$

Where:

N is the amount in dollars of the Distribution Amount; and

M is the percentage of the Market Price as determined by the Board from time to time in dollars per Share.

4.3 Whole Number

If any number determined in accordance with the formula in clause 4.2 is not a whole number, that number is to be rounded down to the nearest whole number.

4.4 Full Payment of Dividend

Where the Dividend is dealt with by the Company in accordance with clause 4.2, that constitutes full and final payment by the Company of the Dividend to the relevant Shareholder.

4.5 Less Than One Share

Clause 4.2 does not apply in respect of a Participant where the number determined in accordance with the formula in clause 4.2 is less than one, in which case no Shares are to be issued under the DRP to that Participant and the Participant is to be paid the Distribution Amount in money.

5. SHARES ISSUED UNDER THE DRP

Shares issued under the DRP to a Participant:

- (a) must be issued in accordance with the Constitution;
- (b) rank equally in all respects with existing Participating Shares of the same class; and
- (c) must be entered in the same part of the Register as the part in which the Participant's Participating Shares are entered at the time of the issue.

6. COSTS TO PARTICIPANTS

6.1 Transaction Costs

Except to the extent required by law (in which case clause 6.2 applies), no brokerage, commission, stamp duty or other transaction costs will be payable by a Participant in respect of any issue of Shares under the DRP.

6.2 Deduction of Costs

Where any law requires on any occasion the payment of any amount in respect of an issue of Shares to a Participant under the DRP, that amount is to be deducted from the sum which would, but for the Participation of the Participant, be available for payment to the Participant and paid by the Company as required by that law.

7. STATEMENTS TO PARTICIPANTS

After each issue made under clause 4.2, the Company must forward to each Participant a statement detailing as at the date of that issue:

- (a) the number of the Participant's Participating Shares at the relevant Record Date;
- (b) the amount of the Distribution Amount;
- (c) the amount of any deductions made under clause 6.2 in respect of that issue; and
- (d) the number of Shares issued under the DRP by that issue.

8. VARIATION OR TERMINATION OF PARTICIPATION

8.1 Variation of Participation

Subject to clause 9, a Participant may by giving a Variation Notice to the Company prior to the Record Date:

- (a) increase or decrease the number of the Participant's Shares; or
- (b) terminate the Participant's Participation in the DRP.

8.2 Death of Participant

If a Participant dies or becomes bankrupt, Participation by the Participant and any other Participants with whom the deceased or bankrupt was a joint Participant terminates with effect from the time the Company receives notice of the death or bankruptcy of that Participant as the case may be.

9. TRANSFER OF PARTICIPATING SHARES

9.1 Transfer of all Shares

Where a Participant transfers all of the Participant's Shares, the Participant is treated as having given notice to the Company to terminate Participation in the DRP on the last date when the Company registered the relevant transfer or instrument of disposal of the Participant's Shares.

9.2 Transfer of some of the Shares

Where a Participant transfers some of the Participant's Shares, the Shares so transferred are taken to comprise:

- (a) first, Shares which are Non-Participating Shares of the Participant (if any); and
- (b) secondly, to the extent that the number of Shares referred to in clause 9.2(a) is insufficient to make up the full parcel of Shares transferred, Participating Shares of the Participant.

9.3 Different Priority

Where a Participant transfers some of the Participant's Shares, and wishes those Shares to be comprised other than as specified in clause 9.2, the Participant may deliver a notice to the Company which specifies that particular Shares shall be the subject of a particular transfer. Such a notice shall not however be of any effect unless:

- (a) it is received by the Company prior to the registration of the transfer to which the notice relates;
- (b) it provides details sufficient to identify the transfer to which the notice relates including, but not limited to, the date on which any relevant instrument of transfer was executed and the number of Shares concerned;
- (c) it identifies the number of Participating Shares (if any) which are to be the subject of the transfer; and
- (d) it is signed by or on behalf of the Shareholder in such manner as the Company may require.

9.4 Cessation of Participation

A Participating Share shall not cease to be a Participating Share pursuant to a transfer unless or until the transfer has been registered in accordance with the Constitution and any other relevant legal requirements.

10. ELECTION AND NOTICES

10.1 Form

Election Forms, Variation Notices and notices referred to in clause 9.3 must be in writing and must be in the form prescribed or approved by the Board from time to time.

10.2 Effectiveness of Notices

Notices under these Rules (including, without limitation, Election Forms, Variation Notices and notices referred to in clause 9.3) will be effective on receipt by the Company at the Share Registry subject to:

- (a) these Rules;
- (b) in the case of Election Forms, Variation Notices or notices referred to in clause 9.3:
 - (i) approval by the Board which may be withheld in any case (in its absolute discretion);

- (ii) the appropriate entry having been made in the Register in respect of the Participating Shares to which the Election Form, Variation Notice or notice referred to in clause 9.3 relates to record the Participation of the Participant in the DRP, or the variation of the Participation of the Participant in the DRP or the transfer (as the case requires);
- (iii) receipt by the Company by not later than 5.00pm on the Record Date in respect of the Dividend; and
- (iv) any other restrictions as to the period of notice which the Board may from time to time impose.

10.3 Time takes Effect

Where an Election Form, Variation Notice or notice referred to in clause 9.3 has been approved and the appropriate entry has been made in the Register, the Election Form, Variation Notice or notice referred to in clause 9.3 shall take effect as from the time at which the entry was made.

10.4 Approval

Approval of an Election Form, Variation Notice or notice referred to in clause 9.3 may be withheld in any case at the absolute discretion of the Board, including, without limitation, if the Board has determined that approval of that Election Form, Variation Notice or notice referred to in clause 9.3 would prejudice the effective operation of the DRP or otherwise be contrary to law or equity.

10.5 Notice by Transferee or Transmitttee

An Election Form, Variation Notice or notice under clause 9.3 given by a transferee or transmitttee of Shares may be treated by the Company as an effective notice for the purposes of these Rules notwithstanding that the Shares were not registered in the name of the transferee or transmitttee at the time the Election Form, Variation Notice or notice under clause 9.3 was given.

10.6 Invalid Notices

The Company is under no obligation to correct invalid Election Forms, Variation Notices or notices under clause 9.3 on behalf of Shareholders.

10.7 Notice by Company

A notice required by these Rules to be given to Shareholders may be served on Shareholders at such time as the Board thinks fit by:

- (a) dispatch of the notice in writing to each Shareholder in accordance with the Constitution;
- (b) public announcement of the notice to ASX (in which case the date on which the notice is deemed to be served on Shareholders shall be the date on which the notice is first announced to ASX); or

- (c) both the methods specified in paragraphs (a) and (b) immediately above (in which case the date on which the notice is deemed to be served on Shareholders shall be the date on which the notice is first announced to ASX).

11. STOCK EXCHANGE LISTING

While Shares in the Company are granted official quotation by ASX, the Company must apply for official quotation by the ASX of Shares issued under the DRP.

12. SUSPENSION OF PLAN

12.1 Suspension

The DRP may be suspended by the Board at any time by notice to Shareholders.

12.2 Period of Suspension

Suspension of the DRP shall continue until such time as the Board resolves either to recommence or to terminate the DRP. The date of any recommencement or termination of the DRP must be notified to Shareholders.

12.3 Effect of Suspension

As of the date of suspension, any Shares which may have been Participating Shares immediately prior to that date shall cease to participate in the DRP and shall accordingly cease to be Participating Shares, notwithstanding the entries which may appear in the Register on that date. During the period of suspension of the DRP, no Shares in the Company shall participate in the DRP, and no Shares shall be Participating Shares for the purposes of these Rules notwithstanding the entries which may appear in the Register from time to time.

12.4 Recommence DRP

The Board may resolve to recommence the suspended DRP at any time on such conditions as it thinks fit. The date of any recommencement of the DRP must be notified to Shareholders.

12.5 Effect of Recommencement

If the DRP is recommenced then election as to Participation in respect of the previously suspended DRP will be valid and have full force and effect in accordance with the Rules for the purposes of the recommenced DRP.

13. VARIATION, MODIFICATION AND TERMINATION OF THE DRP

13.1 Variation, Modification or Termination of DRP

The DRP may be varied, modified or terminated by the Board (subject to the Constitution) at any time by notice to all Shareholders.

13.2 Effect of Variation or Modification

A Participant will be taken to continue to participate in the DRP as varied or modified unless the Company is notified to the contrary by the Participant giving the Company an Election Notice.

14. GENERAL

14.1 Dispute Resolution

The Board may settle, in the manner it considers appropriate, any difficulties, anomalies or disputes which may arise in connection with, or by reason of the DRP (or its operation) whether generally or in relation to any Participant or any Shares and the decision of the Board is conclusive and binding on all Participants and other persons to whom the decision relates.

14.2 Entries Conclusive

Subject to clause 12, the entries which have been made in the Register in respect of a Participant at any time pursuant to these Rules shall be conclusive in determining whether or not a Share is a Participating Share and whether the holder of the Share at that time has the corresponding rights which attach under these Rules to a Participating Share.

14.3 Errors in Register

Neither the Company nor any of its officers or employees shall be liable in any way whatsoever to Shareholders for errors or omissions in the making of entries in the Register pursuant to these Rules.

14.4 Omission to Give Notice

The accidental omission to give notice of recommencement, variation, modification, suspension or termination of the non-receipt of any notice by any Shareholder shall not invalidate the recommencement, variation, modification, suspension or termination of the DRP.

14.5 Taxation

The Company takes no responsibility for the taxation liabilities of Participants and specific taxation advice should be obtained by the Participant, if required.

14.6 Waive Compliance

The Board reserves the right to waive strict compliance with any of the provisions of these Rules.

14.7 Governing Law

The DRP and its operations and the terms and conditions set out in these Rules shall be governed by the laws of Tasmania.