



**Willmott** Forests

Green

Energy

Invest

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## Government support

- Strong bi-partisan support of the Plantations for Australia: The 2020 Vision. The strategy behind the 2020 policy was to reduce the sector trade deficit of A\$2 billion p.a. by developing 3 million hectares of plantation.
- Secondary Market Announcement - Government allows Secondary Market trading for Forestry MIS – 9 May, 2007.
- ATO Product Ruling system provides certainty for investors.



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**Willmott Forests is the largest developer  
of softwood plantations in Australia.**

Willmott Forests has strategically entered  
an area it sees as the  
**“New Frontier”**  
for the timber industry –  
the production of bio-fuel and bio-energy  
from wood and wood waste.



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## Company overview

- Developed business since 1980.
- Publicly listed (ASX Code – WFL).
- Accredited under AS/NZS ISO9001.
- Australia's largest developer of new softwood plantations.
- 47,000 ha under management established since 1980.
- Timber processing operations producing premium timber products.
- Long-term supply agreements.
- State of the art management systems.
- Actively engaged in regional communities.
- Entered renewable fuel/energy market.



## Recent Company initiatives

### Willmott Forests.....

- **Hancock Victorian Plantations “Land Deal”**

The arrangement involves Willmott Forests’ establishing softwood plantations on high quality plantation land in all of Victoria's major plantations growing regions.

- **BioEnergy Group Acquisition**

Completed take-over of the BioEnergy Group - entry to forestry driven high value renewable energy market.

- **Ethanol Technologies Majority Stake**

Building a pilot plant to demonstrate the commercial application for the production of cellulosic ethanol.

- **20 Year Wood Licence and Sawmill Expansion in Bombala**

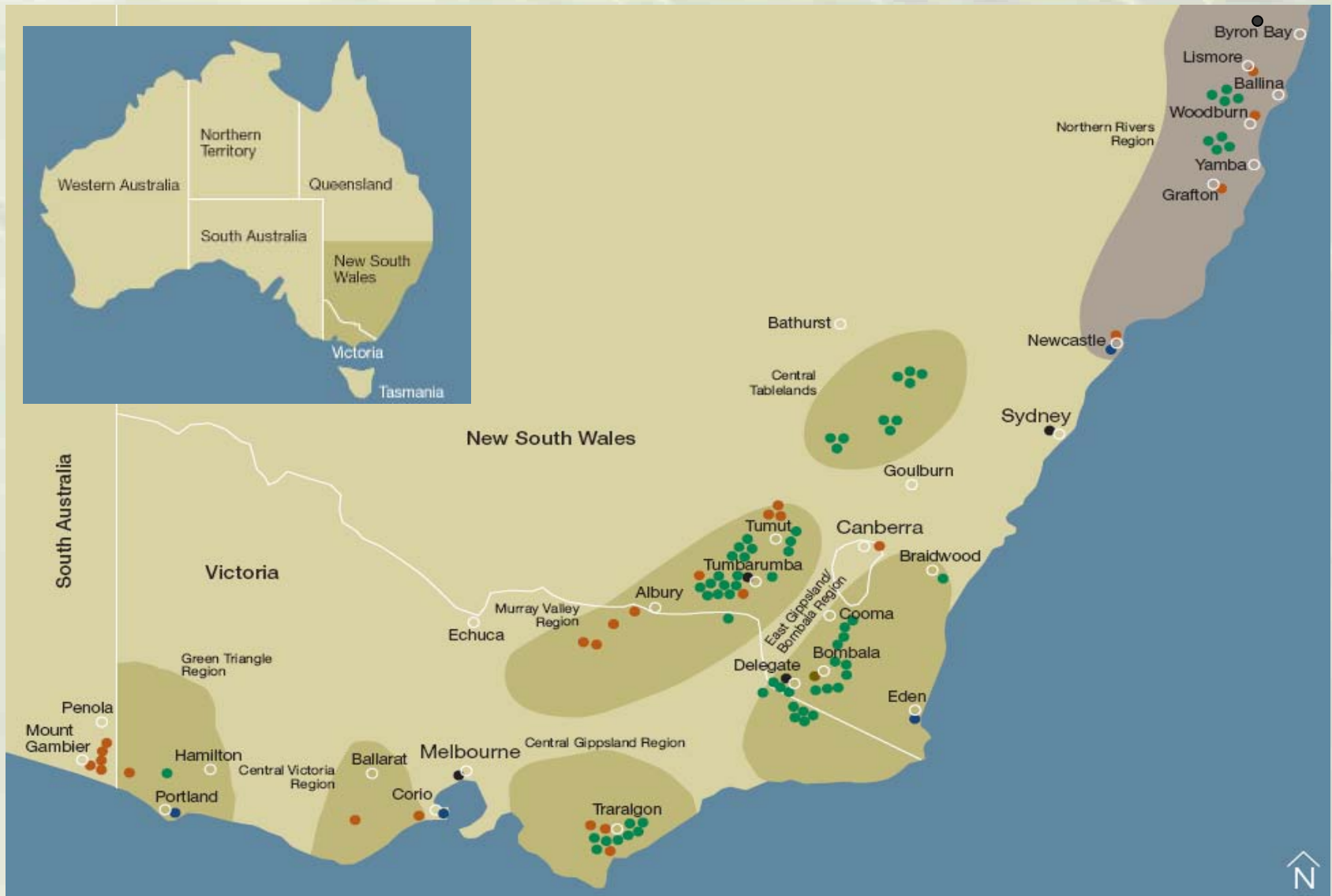
Willmott Timbers successfully secures 20 year wood supply agreement from NSW

Government for long term supply of plantation grown softwood sawlogs and plans new timber processing facility for Bombala in a 50:50 joint venture with Dongwha.



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# The regions



- Willmott Forests Plantations
- Willmott Timbers Processing Operations
- Other Timber Processing Operations
- Export Ports
- Willmott Forests Offices
- Radiata Pine Plantation Regions
- She-oak and Silky Oak Plantation Regions

## Supply zones

- **Forestry is a logistics business...**
- **70%** of Willmott Forests' plantation resource is located within **50km** of major sawlog processing facilities.
- In excess of **90%** of Willmott Forests' plantation resource is located within **100km** of major sawlog processing facilities.





## The Project

### The Willmott Forests Premium Forestry Blend Project – 2009 Product Disclosure Statement

- ARSN 131 549 589
- ATO Product Ruling PR2008/60



Willmott Forests is the issuer of the Willmott Forests Premium Forestry Blend Project – 2009 Product Disclosure Statement and any Supplementary PDS (“The Project”). Interests in the Project may only be acquired using the application form in or accompanying the 2009 Product Disclosure Statement. Investors should consider the Product Disclosure Statement in deciding whether to invest in the Project.

# Independent Research

The Willmott Forests Premium Forestry Blend Project has received ratings from the independent research groups – Australian Agribusiness Group.

**Australian Agribusiness Group**  
(4¼ stars out of a possible 5 stars).

**WILLMOTT FORESTS PREMIUM FORESTRY BLEND PROJECT – 2009 PDS**  
Retail Investment Research – July 2008

**OVERALL SUMMARY RATING** ★★★★★ 4.25

**Key Findings:**

- 1. The Project is a well-structured, long-term investment opportunity with a strong track record of performance.
- 2. The Project is a well-structured, long-term investment opportunity with a strong track record of performance.
- 3. The Project is a well-structured, long-term investment opportunity with a strong track record of performance.

**Project Details:**

Item	Value
Project Name	Willmott Forests Premium Forestry Blend Project
Project Type	Forestry
Project Location	South East Queensland
Project Size	1,000 hectares
Project Status	Operational
Project Manager	Willmott Forests

**Investment Summary:**

Item	Value
Investment Type	Equity
Investment Size	\$10 million
Investment Term	10 years
Investment Risk	Low to Moderate
Investment Return	10-15% p.a.



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# Radiata pine



**Radiata pine** – for softwood sawlogs and pulplogs. The primary use of softwood sawlogs sold in Australia is the production of structural sawn timber used in house construction and this market is dominated by softwood.



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# Silky Oak



**Silky Oak** – a high value sawn hardwood timber resource harvested at around years 10 and 15 - suitable for furniture and decorative veneers.

# She-oak



**She-oak** – a fast growing species that can be processed as a renewable biomass substitute for traditional energy resources. It is anticipated that She-oak will be harvested at 2 to 3 year intervals (it re-generates after harvest) and provides regular income.



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### Willmott Forests Premium Forestry Blend Project with unique features, three species, and **MULTIPLE INCOME STREAMS**

Species	End Products	Year of Income Distribution						
		3	5	7	9			
She-oak	Biomass to produce renewable energy	3	5	7	9			
Radiata pine	Structural timber, newsprint, pulp						13	15
Silky Oak	Veneer, high value decorative timbers					10		15

Note: The year of income distribution in the above table is anticipated and may vary depending on a number of factors including growth rates, the actual time of planting and market conditions.



## Payment Options

**CASH:** - \$5,000\* per minimum investment of 1 Woodlot

**FINANCE:**

**- 12 Month Interest Free Loan**

with Willmott Finance Pty Ltd for 100% of the application price.

**- Principal and Interest Loan**

with Commonwealth Bank of Australia for 100% of the application price.

3, 5, 7, 10\* and 12\* years

*Loans will be available both at fixed and variable interest rates.*

*\* The Application Price does not include an allowance for GST as GST is not expected to be payable in respect of the Application Price.*

**All principal and interest options are  
available with a  
36 month Interest Only period.**



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### **Secondary Market Announcement - Government allows Secondary Market trading for Forestry MIS – 9 May, 2007.**

..... the Government will allow initial investors in forestry managed investment schemes (MIS) to trade their interest after a holding period of four years.

..... the new secondary market arrangements will make investment in plantations more attractive with added flexibility for initial investors to sell their investment.





### **The Willmott Forests Premium Forestry Blend – 2009 PDS**

..... will sell the semi-mature pine timber in respect of the pool, during Year 15 by undertaking a comprehensive tender process.

..... seek to sell to a Timberland Investment Management Organisation (“TIMO”) or an institutional investor of which there a number that are active in the secondary market for forestry assets.

**Benefit** – Growers able to realise the additional value of long rotation softwood plantation forestry without waiting until maturity (Year 25).



## Secondary Markets

In 1996 – Assets under management in TIMO's were around US\$4 billion.

In 2006 – Assets under management in TIMO's were around US\$24 billion.

The lack of plantations available for sale is currently a constraint on a number of secondary market transactions of plantations in Australia.

**Radiata pine guarantee facility** – designed to ensure that the sale is at a price that is close to their assessed market value – at least equal to 90% of the independently assessed value.



## Development of Secondary Markets for Plantations

Secondary markets for plantations have been expanding both internationally and domestically.

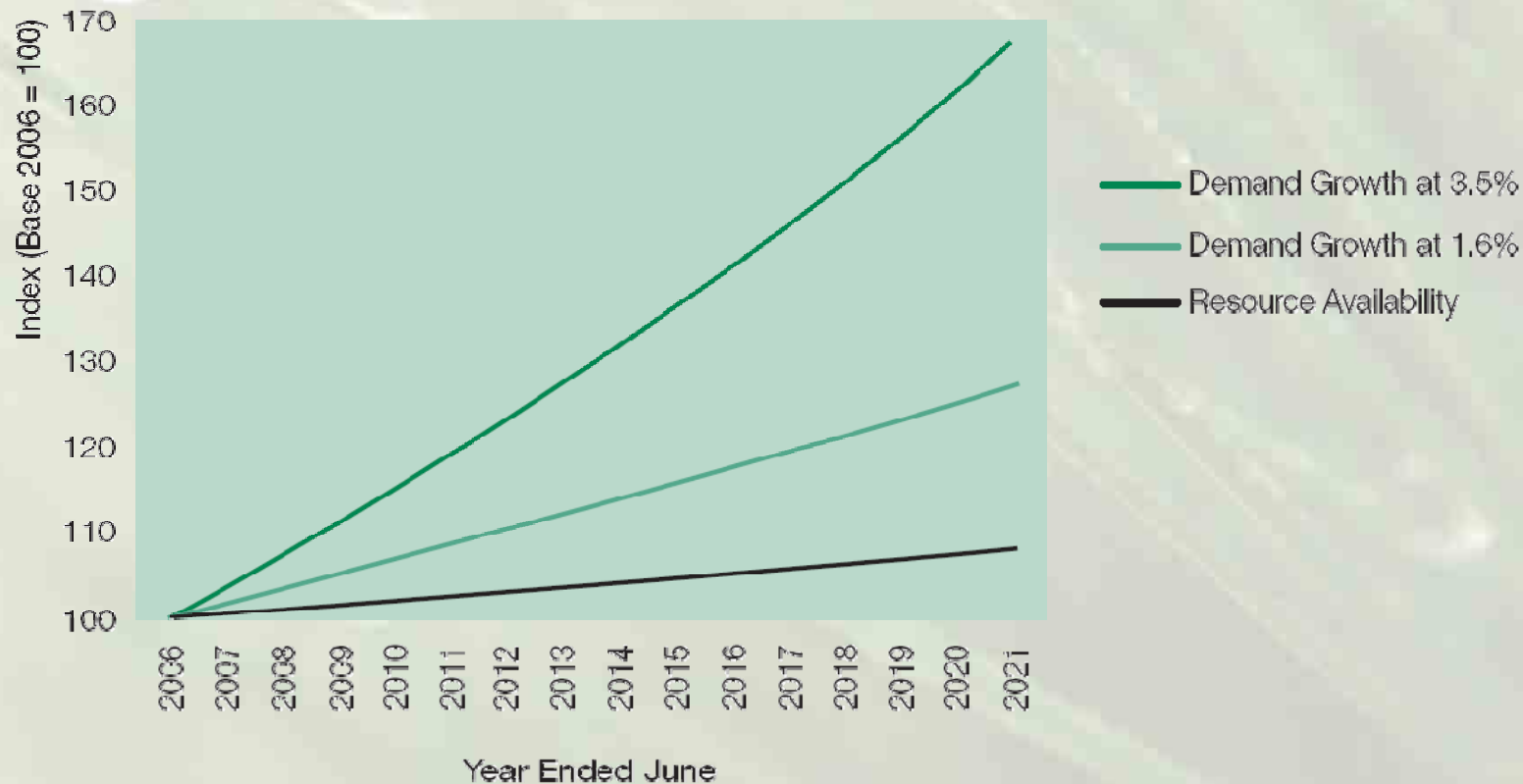
Financial institutions have been attracted to forestry investment because of the characteristics they offer as an asset class including:

- A hedge against inflation,
- Counter cyclical returns,
- Ability to warehouse the asset – match timber harvesting with market conditions,
- Competitive returns relative to risk profile.



# Sawn Softwood Demand

## Forecasts of Sawn Softwood Demand Against Resource Availability 2006-2021 Index



Source: Calculations by IndustryEdge using data from NPI, ABARE and ABS.



## Renewable fuel and energy

- Developed a new division “Willmott Energy”.
- Strategic entry to this market via BioEnergy and Ethtec.
- Emerging opportunities for forestry.
- Creating valuable markets for waste, residues and pulpwood.



## Renewable Energy in Australia

Renewable energy makes up 9.2% of energy produced in Australia.

Hydro-electricity	18,816 GWhr	(64.1%).
Wind	4,416 GWhr	(15.1%).
Biomass	4,062 GWhr	(13.9%).
Biogas	2,018 GWhr	(6.9%).
<b>Total</b>	<b>29,312 GWhr</b>	<b>(100%).</b>

*Source: CSIRO 2006*

- Renewable combustibles is 4.3% of Australian energy, compared to 16% Sweden,
- By 2020, 20% of Australia's electricity supply is to come from renewable sources.



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## Co-burning She-oak Biomass for Electricity Production

Why:

- Dedicated Renewable Bio-energy Resource (coal replacement).
- Biomass emits less nitrogen and sulphur dioxide than coal-fired.
- Cheapest pathway is co-firing Biomass flakes.
- Avoids food versus energy debate.
- Technology is well understood.
- She-oak calorific value is high.
- Markets have been identified Domestically and Internationally.



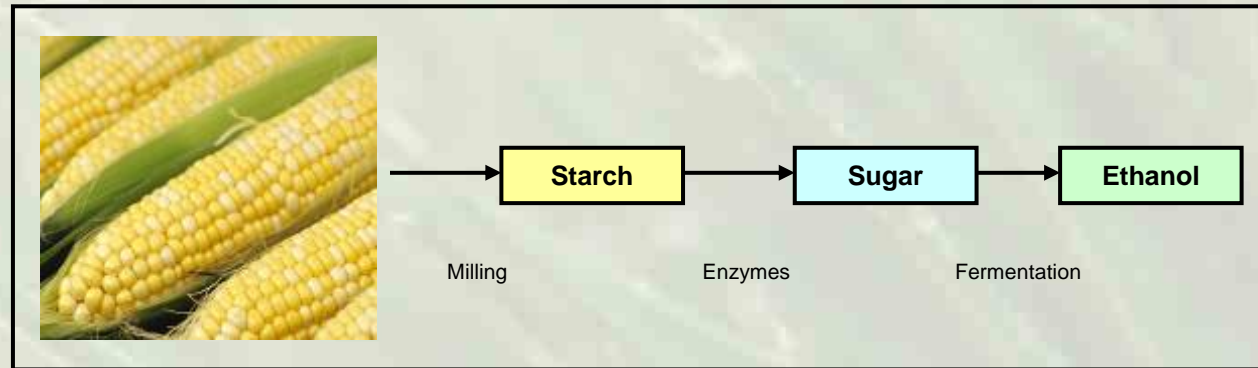
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# Cellulosic Ethanol - Second generation technology is the next frontier

Ethtec is...commercialising new technology for the production of second generation 'cellulosic' ethanol...

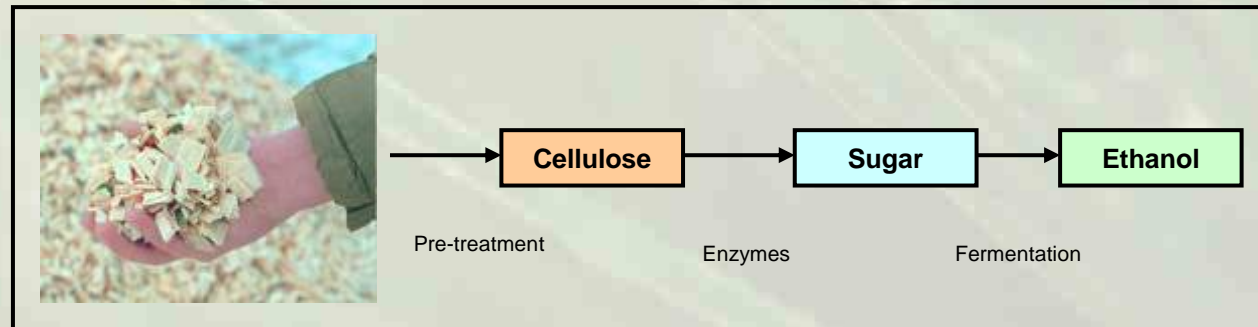
## Conventional Ethanol Technology

Pressure on agricultural markets for supply of grains & sugar cane



## 2<sup>nd</sup> Generation Ethanol Technology

Virtually unlimited supply of feedstock (waste plant matter, biomass)



*Second generation 'cellulosic ethanol' solves the 'fuel vs food' dilemma.*



## When you think forestry – think differently!

- **Think;**
  - **Energy, Fuels, Plastics, Textiles, Pharmaceuticals etc. along with...**
  - **Fibre and Building Materials**

*Source: IndustryEdge*

*“Traditional forest industries produce wood products, pulp, paper and energy. However, by applying a biorefinery concept, the industry could extend its value streams and produce alternative fuels, plastics, textiles, pharmaceuticals, functional food additives and fragrances.”*

*- Dr Simon Potter, Ensis - Bio 2007, Boston MA*



## The future of forestry ....

- The future of the forestry, plantation, pulp and paper industry is very strong.
- Change is going to occur with forests and plantations creating wood, pulp, energy, fuel, pharmaceuticals, medicines, textiles.
- Forestry, pharmaceutical and energy companies will increasingly become the same.
- Forests, plantations and contractors will be a major part of improving the environment.
- Working in the forestry industry of the future will once again be a profession for the young to be proud of.

*Source: IndustryEdge*



## At Willmott Forests

We see...

- Commercial **plantations increasing in value.**
- Developing **biofuel markets** that will add value to our resource.
- Dedicated, fast growing plantations for **energy & fuel.**
- Willmott Forests playing a **key role.**



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