2008/09

AUSTRALIAN AGRIBUSINESS GROUP

WILLMOTT FORESTS PREMIUM FORESTRY BLEND PROJECT – 2009 PDS

Retail Investment Research – July 2008

OVERALL SUMMARY RATING ★★★★¼

The overall rating given to Willmott Forests Limited (Willmott) and the Willmott Forests Premium Forestry Blend Project – 2009 PDS, which is outlined above, is based upon the ratings given for each of the individual parts (Part A, B & C) as outlined below. Investors should seek their own advice and read the project PDS, Part A Corporate Governance Review, Part B Track Record Review and Part C Project Review including the disclaimers therein before making an investment decision. If a supplementary is issued or a material change impacts on the Project, AAG reserve the right to withdraw or alter this report and/or ratings.

AAG and William Buck Ratings

Overall Summary Rating –	★★★★¼
Part A – Corporate Goverance Review –	★★★★¼
Part B – Track Record Review –	★★★★
Part C – Project Review –	★★★★¼

This report is valid until June 2009

Project Summary

The Project is a mixed species timber project enabling investors to invest in four different end markets including sawn softwood, sawn hardwood, renewable energy and secondary market plantations. Investors can expect to receive multiple income streams throughout the 16 year term of the Project.

Project Details

Application Cost per Unit (ex GST)	$5,000
Min Number of Interests per Investor	1
Asset Ownership	Nil
Size of Unit	0.52 hectares
Management Fees (ex GST)	4% of Net Proceeds
Rent Fees (ex GST)	5% of Net Proceeds
Marketing Fee (ex GST)	1% of Net Proceeds
Finance available	Yes
AAG Est. Returns (IRR after tax) • Cash Basis • 12-months interest free	 9.3% (5.6% – 11.6%) 10.7% (6.4% – 13.5%)
Project duration	16 years
Commissions	Up to 5% of application monies
Project Size and Raising	10,400 hectares, $100 million
Close Date for Investment in the Project	30 June 2009
Product ruling	PR 2008/60

Underlying Comments

Ratings are awarded out of a maximum of five stars. A rating may include quarter stars. AAG and William Buck have reviewed the answers to the self-assessment completed by the Directors and management of Willmott in June and January 2008 respectively. AAG and William Buck have also assessed the reasonableness of the responses made by the Directors and management in awarding them the underlying ratings. The ratings should not be taken in isolation and readers must refer to the separate reports and the terms, conditions and disclaimer contained therein.

PART A William Buck Corporate Governance Review –

+ Willmott has an experienced Compliance Committee and a dedicated compliance resource to support them.
+ There appears to be a strong focus on quality management throughout operational processes.
+ An effective strategy setting process has been established.
+ Board information looked to be of a high standard.
□ The Board has a balance of independent and executive directors and a good mix of skills relevant to the business.
– Independent foresters are not engaged to assess operational performance on a routine basis.
– We would expect to see a more comprehensive internal audit activity.

PART B AAG Track Record Review –

+ Willmott is an industry leader in the establishment and management of softwood plantations with public investments dating back to 1989.
+ Willmott is ASX listed with a market capitalisation of approximately $84 million at 1 July 2008.
+ Willmott is currently in as strong financial position. The company is vertically integrated with continued investment in downstream processing.
□ It is too early to make judgment on the performance of the company's more recently released projects.
– Slow growth rates have impacted Willmott's earlier released projects, with delays in thinning operations and the lower than expected harvest volumes at clearfall evidence of this.
– Willmott is new to the management of Silky Oak and She-oak.

PART C AAG Project Review –

+ The Project delivers what we consider good base level returns.
+ Returns are very tolerant to changes to yield and/or price.
□ Although it has vast experience in the management of softwood plantations, Willmott is less experienced in the establishment and management of Silky Oak and She-oak species.
□ Despite having three species included, Silky Oak produces about 70% of the net income.
– The unknowns surrounding the growing and marketing of Silky Oak and She-oak timber species are the major risks to the Project.

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WILLMOTT FORESTS LIMITED

CORPORATE GOVERNANCE REVIEW

February 2008

2007/08

A

Part A Corporate Governance Rating

★★★★¼

Introduction

Businesses seeking external investment and borrowings face greater scrutiny and pressure from stakeholders to ensure they are fulfilling their obligations. Heavy regulatory pressure has resulted in additional requirements on both large and small business in the way they conduct their business. Managed investment schemes are no different. Corporate Governance has been defined in many ways but in essence is the approach to overseeing the effective execution of a business.

This report reviews the Corporate Governance of Willmott Forests Limited ("WFL") and follows a prior report in August 2006 by Ernst & Young. The report (Part A) should be read together with Australian Agribusiness Group Track Record Review (Part B) and Project Report (Part C). The rating awarded is between one and five stars.

The report is based on a self assessment of corporate governance practices by directors of WFL, the Responsible Entity. The self assessment is enabled by a questionnaire provided by William Buck which is completed and returned to us together with evidence supporting a number of the key questions asked. The questionnaire includes examples of better corporate governance practice so that the directors can provide informed answers to the questions which have been asked and so that they can benchmark and hopefully improve the quality of their practices. William Buck then reviews the answers and evidence provided and based on this information, produces this report and awards a rating. The ratings provided are not absolutely related to the questions because the nature of corporate governance practices will vary according to the size of the organisation and this must to be taken into account in awarding the rating. The assessment is based on three key areas of Governance for managed investment schemes, being:

- Board Oversight
- Compliance Committee Activities
- Management Control

The report is based on answers provided in a questionnaire dated November 2007. It has also been updated at 30 June 2008 to acknowledge the full acquisition of Bio Energy Australia Limited.

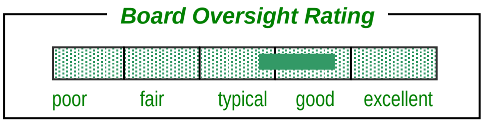
Background

WFL is an Australian publicly listed company which has vertically integrated operations ranging from planting and establishing new forests through to processing and supplying timber products to the market. The company has been operating since 1980 and currently has over 35,000 hectares of softwood plantations ranging from new plantings to mature trees in South Eastern New South Wales and Victoria. WFL also has its own sawmilling operations in Bombala NSW for the processing of softwood. The company employs approximately 120 people.

Since the last Governance report, WFL acquired BioEnergy Australia Limited, a group involved, among other matters, in the production of high-grade timber for the veneer market and renewable fuels such as wood pellets. This investment will involve the establishment of plantations on the central and north cost of New South Wales. The company also acquired a 51% interest in Ethanol Technologies, which is developing and commercializing technologies for the production of ethanol from biomaterials such as wood and crop stubble.

Board Oversight

Board oversight encompasses matters including the qualifications, experience and independence of the Board, the effectiveness with which it operates, the information it receives and relies on in the conduct of its activities and the extent to which it has defined its role and that of management. On the basis of the answers provided by Willmott and the additional information provided to us, we have rated Board oversight as follows:



Board members and their experience follow:

Director	Comments
James Higgins Chairman Non-Executive Independent	Mr Higgins has a bachelor of Laws and master of Laws and is a CPA. The majority of his professional career has been spent practicing corporate and commercial law and he is currently the sole proprietor of his own legal practice. He is the Chairman of a financial services business and a Compliance Committee member for two other organisations. He holds 49,995 shares
Marcus Derham Executive Not independent	Mr Derham is the Chief Executive Officer of WFL, a position he has held for 15 years and owns 26.6 million shares in the group. For this reason he is not independent. He has worked in the forestry industry for 22 years, and holds senior positions in a number of industry based associations and government advisory organisations. He is not independent as a consequence of his role as CEO as well as his substantial shareholding
Jonathan Madgwick Non-Executive Not Independent	Mr Madgwick is a Chartered Accountant with 27 years in public practice and holds a Bachelor of Business. He is also the Company Secretary of WFL and has worked with the business for 17 years in an advisory capacity. While he focuses on taxation matters, he is also a registered company auditor. He holds 202,000 shares. He has not been deemed as independent because of his company secretarial role as well as a long standing advisory role to the company.
Hugh Davies Non-Executive Independent	Mr Davies has been a practicing solicitor for 41 years. He has qualifications in the development of quality systems and is a government appointee to the Surveyors registration Board and the Fisheries Licensing Appeals Board. He holds 104,000 shares

The Board members are experienced and have a good mix of expertise including legal, financial and operational. The Board has a balance of independent and non independent directors. In our view, the absence of a majority is particularly important in an environment when the Chief Executive Officer has such a significant shareholding in WFL.

Other strengths in the Board governance processes reviewed include:

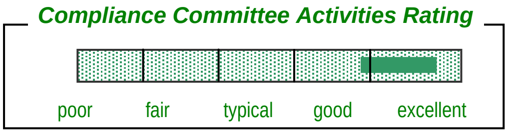
- The use of external professional expertise to assist in the benchmarking of Board performance
- A comprehensive Board Charter has been prepared which sets out the role and responsibilities of the Board
- Sub Committees of the Board including the Audit & Risk Management and Remuneration & Nomination Committees assist in the governance of the business
- The information packs provided to the Board are comprehensive and well presented with reports covering operational, financial and compliance matters
- The company has invested in its risk management processes over the past year and has implemented appropriate risk management identification, measurement and reporting processes which appear to focus on the risks that matter
- A comprehensive investor communication process including reports, newsletters, an internet site and site visits. Because WFL is a listed company, this is also supplemented with regular announcements to the ASX
- The Board is regularly briefed by the Compliance manager on its legal obligations with a focus on any legislative changes which impact the business or the director's responsibilities

Areas where Board oversight could be improved include:

- A more structured and routine process for the declaration of director conflicts of interest
- The business is tightly controlled by the CEO from a delegations perspective however the Board has not defined the delegations it wishes to retain other than the very broad ones set out in the Board Charter. This increases the risk that decisions are made which the Board may have wished to be involved in
- The Board approves the budget annually which is an entirely appropriate process; however we consider that they could be provided with more comprehensive documentation on how the budget was constructed including its key assumptions. We are informed that two non independent members are heavily involved in the preparation of the budget and are therefore able to answer any questions the Board may have
- The Board and management have met twice in the past year to address strategy issues and from these sessions, clear action plans and accountabilities are developed. However, we would like to see a more formal documentation of the longer term strategy to enable greater clarity to stakeholders of the businesses objectives and tracking of performance
- While we commend the company for establishing an internal audit function, we note that it is resourced from within the business on a project by project basis and does not report to the Audit & Risk Committee. Further the current scope of audit is restricted to the ISO quality accreditation which means that some of the areas that would normally be subject to internal audit are not reviewed.

Compliance Committee Activities

The Compliance Committee is an important element of any managed investment scheme because it is established with the role of protecting investors through ensuring that the agreed compliance plan is adhered to. As a result, the independence and experience of the members is essential to its effective operation as is the quality of the resources which support it and the findings of the scheme auditors. On the basis of the answers provided by the RE and the additional information provided to us, we have rated Compliance Committee activities as follows:



The Compliance Committee members are described below. Their experience is highly appropriate to the activities of the committee with a good mix of legal, compliance and property experience. The majority of the Committee are independent.

Committee Member	Comments
Hugh Davies Chairman Non-Executive Independent	Mr Davies is a director of WFL and his details are set out under Board Oversight
Betty Warner Lehman Executive Not Independent	Ms Warner Lehman is the Compliance Manager and a dedicated compliance professional with 20 years experience. She has six years experience as a compliance officer and prior to that, six years in financial roles. She has undertaken considerable additional training in matters relevant to her role in recent years and is a member of the Australian Compliance Institute.
Peter Wickenden Non-Executive Independent	Mr Wickenden holds a Bachelor of Business and is a Registered Company Auditor. He is a CPA and a Principal in a CPA firm. He is the Chairman of the Compliance Committee for a funds management organisation, Chairman of a financial services business and an Audit Committee member for a building society

In addition to the above committee, strengths of the compliance function include:

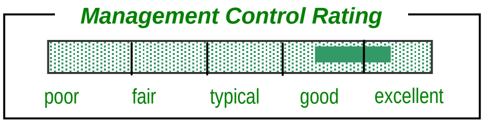
- A dedicated and experienced compliance manager who both monitors the compliance process and tests the execution of compliance responsibilities by the business. The role of Compliance manager is independent of any operational functions
- External compliance audit reports have been unqualified
- Regular attestation by responsible managers regarding their compliance obligations which is provided to the Compliance Committee for each meeting
- The information packs provided to the Compliance Committee prior to each meeting appear to be quite comprehensive

We note that an external custodian is not used to manage the receipt and allocation of investor's funds – this is managed through a separate trust account. Because the majority of MIS schemes recover maintenance costs after year one from sale proceeds at the end of each project, the risk to investors in this arrangement is substantially reduced.

We also note that WFL has a policy of not engaging independent foresters to produce reports on the plantations for use by the Compliance Committee or investors. The company does use expert foresters to undertake inspections on an as needs basis. The results of those inspections, together with management's own views are communicated to investors through the annual Growers Report.

Management Control

Management Control is assessed having regard to the experience and qualifications of management as well as the internal control it establishes over the strategic, operational, financial and compliance aspects of the company's operations. On the basis of the answers provided by the RE and the additional information provided to us, we have rated Management Control as follows:



The following is a summary of the key strengths and weaknesses that we identified:

- The management structure appears to be clear and unambiguous
- WFL has invested heavily in quality management systems across all of its key business processes and is accredited under ISO standard 9001:2000, the last certification audit having been conducted in June of this year with no major findings. The process includes comprehensive documentation of processes using an electronic database which also provides all of the forms, policies, job descriptions and reference aids that staff require. This systems appears to be actively utilized by the business to drive quality rather than being a process in place to achieve certification for marketing reasons
- Regular internal and external audits of the quality process are undertaken to provide assurance that polices and procedures are being observed
- Business Continuity and Disaster Recovery plans have been developed to protect the business in the event of unforeseen circumstances
- Longer term financial forecasting is prepared with the two year forecasts updated monthly and the longer term forecasts updated bi annually

- Management information is appropriate to the type and scale of the business and the reports produced are clear and concise. A further investment in the tools used to produce this information would however reduce the risk of error

The rating awarded, based on the company's questionnaire and information provided, is based on the following criteria:

★★★★★	The company's corporate governance standards are of an exemplary standard and reflect better practice in all respects
★★★★	The company's corporate governance standards are of a high standard and reflect better practice in most respects however some minor exceptions were identified
★★★	The company's corporate governance standards are of a fair standard – a number of exceptions were identified
★★	The company's corporate governance standards are of a poor standard – a number of significant exceptions were identified
★	The company's corporate governance practices are totally ineffective

2008/09

AUSTRALIAN AGRIBUSINESS GROUP

WILLMOTT FORESTS LIMITED

PART B TRACK RECORD REVIEW – July 2008

B

Part B AAG Track Record Rating

★★★★

Methodology

The Australian Agribusiness Group (AAG) Track Record Rating above is given out of a maximum of five stars. A rating may include quarter stars. This Track Record Review (Part B) should be read in conjunction with the Corporate Governance Review (Part A) and the AAG Project Review (Part C). This Track Record Review is designed to provide an Investor a clear independent third party assessment of the quality of past performance of the operators of this project. AAG undertake a significant level of due diligence to arrive at our opinion, relying on material provided by the promoter, third parties and our own qualifications, experience and resources. We note that actual returns paid are one important element of track record, but not the sole focus of this report or rating.

Management of Previous Projects (page B1)

- Willmott Forests Limited (Willmott) is the Responsible Entity (RE) and on-ground manager for all past projects released by the company.
- Established in 1979 and is considered a leader in Australia's softwood plantation industry.
- Approximately 46,083 hectares of plantation under management and is heavily involved in the processing of the timber resource.

Past Projects (page B4)

- 18 public offerings released to investors since 1989 in pine.
- Past projects in pine have raised in excess of $283 million.
- Willmott recently acquired BioForest Limited (BioForest), a company which has released three forestry MIS projects. These projects raised a total of $49.8 million to develop approximately 5,015 hectares of plantation. BioForest remains the RE of the three forestry offerings released to the market.

Markets and Marketing for Past Projects (page B6)

- A number of sale agreements are in place for timber to be harvested from past projects covering a large proportion of plantations under management.
- Although Willmott has commenced negotiations with several end users, the company has yet to enter into any sale agreements for any of the Silky Oak or She-oak plantations under management.

Agricultural Performance and Returns (page B5 – B7)

- Because of slower than forecast growth rates, Willmott's earlier pine projects have under performed from a growth rate perspective. For investors to achieve forecast returns, timber prices will have to be higher than those originally projected.
- Given their young age, it is difficult for us to predict the likelihood of investors achieving forecast returns for more recently released projects (post 2003).

Disclosure and Risks (page B7)

- The extended dry period experienced in southern NSW has been the major impediment for growth rates in Willmott's earlier projects.
- A severe frost event in the winter of 2007 has impacted survival and growth rates of a small section of Silky Oak trees in the 2005 BioForest project. This is predicted to impact on the volume and quality of timber produced from the project.

Taxation (page B7)

- All key dates and prescribed activities with respect to the product rulings for the past projects (including those acquired from BioForest) were met.
- Investors in all the past projects have received the forecast deductions as outlined in the project prospectuses.

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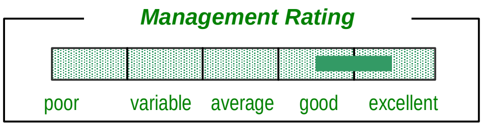
1 Management of Previous Projects



1.1 Highlights

- June 2008 – Willmott Forests Limited (Willmott) records MIS sales in excess of $97 million.
- February 2008 – Willmott completes takeover of BioEnergy Australia Limited (BioEnergy).
- January 2008 – Willmott wins major NSW Government wood supply tender and confirms the development of a $60 million timber processing facility in Bombala through a joint venture with Dongwha Holdings.
- 2007 – Willmott purchases 51% stake in Ethanol Technologies (Ethtec).
- 2006 – Willmott forms commercial agreement with Hancock Plantations Pty Ltd (HVP) relating to the use of HVP second rotation plantations and the marketing of timber produced from these plantations.
- 2005 – Willmott secures a supply agreement with Visy Pulp and Paper Ltd (Visy).
- 2003 – Willmott purchases two sawmills located at Bombala in southern NSW.
- 2000 – Willmott lists on the Australian Stock Exchange (ASX).
- 1989 – Willmott releases its first ‘prescribed interest’ project to investors.
- 1979 - Hector Willmott establishes the company.

1.2 Group Experience

Willmott was established in 1979 and is a fully integrated forestry company specialising in the softwood industry. It was listed on the ASX in 2000 (code: WFL) and had a market capitalisation of $84 million at 1 July 2008.

Willmott has released 18 public forestry offerings since 1989, all of which have involved the establishment of Radiata pine. The current Radiata pine estate Willmott has under management on behalf of investors covers approximately 41,068 hectares, including 7,940 hectares to be established in FY2009. These operations are located across southeast New South Wales and northwest Victoria in the Bombala and Murray Valley regions and in the Gippsland and Otways regions in eastern and western Victoria respectively.

February 2008 saw a change in strategic direction for Willmott, with the company completing the acquisition of BioEnergy Australia Limited (BioEnergy), a company which through its subsidiary BioForest Limited (BioForest) released three forestry offerings which involved growing timber species for sawn hardwood and bio-energy production. In releasing a mixed species forestry project in 2009, Willmott will leverage the intellectual property gained from the acquisition of BioEnergy and its subsidiary.

When combined with the BioForest estate (5,015 hectares as at 2008 PDS) and those plantations established by the company’s private investors, Willmott’s forestry estate totals approximately 46,083 hectares.

BioForest remains the RE of the three forestry offerings released to the market.

Willmott is heavily involved in the processing of timber. Through its subsidiary Willmott Timbers Pty Ltd (Willmott Timbers), it currently operates one timber processing operation in Bombala in southeast New South Wales. The softwood timber products produced by the company’s milling operations include treated landscape products, sleepers and palings to service the domestic timber markets throughout New South Wales, the ACT and Victoria.

Willmott is also involved in the development and commercialisation of ethanol technologies through its acquisition of a 51% stake in Ethanol Technologies (Ethtec) during 2007. Through this acquisition, Willmott intends to add value to lower value wood products from harvest, woodchip residues and potentially pulpwood logs.

In April 2008, Willmott Timbers successfully negotiated a 20 year wood supply agreement with the NSW Government. According to Willmott, the timber supply agreement will provide the resource security to enable Willmott to construct a large scale fully integrated $60 million softwood timber processing facility in joint venture with Dongwha Holdings of Korea.

Willmott is a leader in the Australian softwood plantation industry. The senior management team involved in the establishment and ongoing management of its plantation resource are highly experienced. The Willmott Board comprises Directors experienced in an array of industries including law, forestry and accountancy. We see Willmott’s expansion into the sawn hardwood and bio-energy industries as positive.

Since AAG’s last Track Record Review in March 2008, there has been no changes to the composition of the Willmott Board. The four Willmott Director are outlined below.

James Higgins, Non-Executive Chairman

LLB, LLM, FCPA

James Higgins has 34 years experience in corporate and commercial law. Previously a Partner of Mallesons Stephen Jaques, James is now self employed as the sole proprietor of James Higgins and Co. a firm which specialises in estate planning and commercial law. James joined the Willmott Board in 2002 and currently sits on the company’s Audit and Risk Management, Nomination and Remuneration committees.

Marcus Derham, Chief Executive Officer (CEO)

FAICD, FAIM

Marcus Derham has been the CEO of Willmott since 1991, during which time he has been involved in all facets of the business including practical forestry management, the management and administration of the MIS projects and forging strong relationships with numerous Government departments and agencies. Marcus is active in a number of industry associations including Treefarm Investment Managers Australia (TIMA), where he is presently Chairman. In addition to his role at Willmott, Marcus is also a director of BioEnergy and a director of Ethtec.

Jonathon Madgwick, Non-Executive Director

B Bus, ACA

Jonathon Madgwick is a Chartered Accountant with over 27 years experience in public practice accountancy. He is currently the Principle of his own Chartered Accountancy firm (J. D Madgwick & Associates). Jonathon has been involved with Willmott in an advisory capacity for the previous 18 years and has been a Non-Executive Board member for the previous 14 years. Like Marcus Derham, Jonathon is also a board member of both BioEnergy and Ethtec.

Hugh Davies, Non-Executive Director

B Arts, LLB

Hugh Davies has been a practising solicitor since 1966 and currently works as a lawyer and mediator. His current positions include been a sessional member of the Victorian Civil and Administrative Tribunal, Government appointee to the Surveyors Registration Board and Chairman of the Fisheries Licensing Appeals Tribunal for Victoria. Hugh has sat on the Willmott Board since 2002 and is currently the Chairman of the company's Compliance Committee and Audit and Risk Management Committee.

1.3 Financial Review

Given that at the time of releasing this report, the release of Willmott's 2008 Annual Report was still two months away, AAG's financial review of Willmott is primarily based upon the results drawn from the company's 2007 Annual Report which was released in September 2007 and Half Year Ended 31 December 2007 Report released in February 2008.

As Table 5 suggests, Willmott strengthened its financial position FY2007, increasing its net asset position to $95.1 million from $89.5 million in the previous year. The net asset position of the company had increased to $96.8 million at 31 December 2007 and will have likely increased again to 30 June 2008 with the record sales of MIS. Despite the company's current assets falling in proportion to its current liabilities during FY2007, the company's current ratio (1.5 at 31 December 2007) is satisfactory.

Table 1 – Overview of Willmott's Consolidated Statement of Financial Position

	FY2007 ($'000)	*FY2006 ($'000)*	*Change*
Current Assets	$96,363	$132,796	-27%
Non-current Assets	$166,659	$158,270	+5%
Total Assets	$263,022	$291,066	-10%
Current Liabilities	$68,856	$57,024	+21%
Non-current Liabilities	$99,064	$144,497	-31%
Total Liabilities	$167,920	$201,521	-17%
Net Assets	$95,102	$89,545	+6%
Current Ratio	1.4	2.3	-40%
Interest Bearing Debt : Equity Ratio	0.9	1.4	-39%

Table 2 compares Willmott's financial performance over FY2007 and FY2006. Willmott recorded an after tax profit of $8.4 million in FY2007, which was a slight increase on FY2006 results (Table 2). Willmott released and marketed two MIS offerings during FY2007, which resulted in approximately $10.4 million of subscription monies being booked in that year (40% increase in previous year). It should be noted that a further $34.7 million of funds raised during FY2007 has been carried forward to FY2008.

Table 2 – Overview of Willmott's Consolidated Statement of Financial Performance

	FY2007 ($'000)	*FY2006 ($'000)*	*Change*
MIS Sales Revenue	$10,352	$7,377	+40%
Other Revenue	$59,964	$69,870	-14%
Total Revenue	$70,316	$77,247	-9%
Total Expenses	$57,515	$64,618	-11%
Profit (b/t)	$12,801	$12,629	+1%
Profit (a/t)	$8,386	$8,092	+4%
EBITDA	$20,635	$23,589	-13%
MIS Sales : Total Revenue Ratio	15%	10%	+54%
Profit Margin	11.9%	10.5%	+14%
ROA	3.2%	2.8%	+15%
ROE	8.8%	9.0%	-2%
Interest Coverage	3 times	2 times	+29%

Given Willmott is essentially a forestry company involved in the MIS industry, as opposed to a funds management structure, Willmott's MIS Sales revenue accounts for only a small proportion of total revenue in comparison to other participants in the MIS industry. We believe the company's diversification of income and asset streams can only benefit investors in past and future Willmott project offerings.

1.4 On-ground Management

The on-ground management for Willmott's forestry resource is undertaken internally.

With 25 years in the industry and significant areas under management, AAG considers Willmott the leading Radiata pine plantation manager operating in the MIS industry. Willmott's experienced on-ground management team is headed by the company's Senior Executive for Forestry Operations, David Smith and Resource Manager for Forestry Operations, Stephen Addicott. Reporting to David and Stephen are Phillip Green and Angus McEachern who are the Operations Managers for the Bombala / Braidwood and Murray Valley regions respectively. Stephen Addicott is responsible for the plantations established in the Otway and Gippsland regions.

Despite being an experienced grower of Radiata pine plantations, the company is significantly less skilled and experienced in the establishment and management of Silky Oak and She-oak species. Since Willmott took control of the BioForest operations, the company has invested heavily in the employment of foresters skilled and experienced in the management of sub-tropical timber species. This addition of staff provides AAG with more confidence in the company's ability to successfully establish and manage the northern plantations which encompasses significantly different silviculture requirements compared to Radiata pine. The company's Operations Manager for the North Coast, Ross Sigley, heads this team. Willmott also employs Simon Penfold as Special Projects Coordinator who is responsible for developing the logistics and marketing for the She-oak (*Casuarina*) bio-energy resource.

David Smith, Senior Executive – Forestry Operations

Dip For

David Smith has over 18 years experience in the forestry industry, all of which has been spent with Willmott. In his current position, David controls the day-to-day forestry operations and forestry related administration fort the Willmott MIS estate. Prior to joining Willmott, David was involved in the implementation and control of information systems and administration with the mining company CRA Ltd.

Stephen Addicott, Resource Manager – Forestry Operations

B Sc (For)

Stephen Addicott has 18 years forestry experience, four of which have been spend with Willmott. Prior positions held by Stephen includes Senior Consultant with URS Forestry in both Victoria and Canberra, as well as Catchment Coordinator and Assistant Forester with Central Highlands Water Authority, Victoria.

Phillip Green, Operations Manager – Bombala / Braidwood

B Sc, Dip For

Phillip Green is a professional forester with in excess of 26 years experience in the forestry industry. Prior to joining Willmott in 2002, Phillip spent 20 years working for Auspine Limited in several positions including Manager of Plantation Investment and Resource Forester.

Angus McEachern, Operations Manager – Murray Valley

B Sc (For)

Angus McEachern has been involved in the forestry industry since 1994 and has been employed by Willmott for a period of four years. Prior to joining Willmott, Angus was the sole proprietor of a small business providing forestry consulting services. Angus is also a former Regional Forester at Treecorp Group, District Forester at Hancock Plantations Victoria and Forester with State Forests of New South Wales.

Ross Sigley, Operations Manager – North Coast

B Sc (For)

Ross Sigley joined Willmott following its acquisition of BioForest in March 2007. Ross has been involved in the forestry industry since 1990. Prior to joining BioForest, Ross held a number of positions in the forestry industry including Operations Manager at Sustainable Forest Industries Limited and Forest Manager at State Forests of NSW. Ross has also previously lectured on forest operations and fire management courses at Southern Cross University and owned his own real estate business.

Simon Penfold, Special Projects Coordinator

Dip For, B For (Sc), MBA, FCID

Simon Penfold is a career plantation manager who joined Willmott in early 2008. Prior to joining Willmott, Simon was employed by Pentarch as General Manager of Forest Products for a period of 5 years where he was heavily involved in the international trade of various timber and roundwood cargoes to Asia. Previous positions held by Simon includes Senior Forester at Treecorp Group, Plantation Manager at Western Australia's CALM and Senior Officer at Hancock Victorian Plantations.

2 Past Projects

Willmott has released 18 investment offerings in pine to investors since 1989 and has approximately 41,068 hectares of pine under management on behalf of these investors (7,940 hectares to be established in FY2009) (Table 3).

As the structures of the investment offerings released prior to 1994 differ from the current MIS form in terms of fees paid, it is difficult to compare the amount raised in these years to those released following. As Table 3 suggests, Willmott has raised $283.0 million of subscription monies since 1994, including $62.1 million in the previous financial year.

Table 3 – Overview of Willmott's previously released projects

Project	*Location*	*Size (ha)*	*Capital Raised ($m)*
2007 PDS – 2008 Growers	Bombala / Murray Valley, NSW; Gippsland, Vic	7,940	$61.9
2007 PDS	Bombala / Murray Valley, NSW; Gippsland, Vic	4,420	$34.5
2006 PDS	Bombala / Murray Valley, NSW; Gippsland, Vic	5,309	$37.1
2005 PDS	Bombala / Murray Valley, NSW	6,021	$42.1
2004 PDS	Bombala / Murray Valley, NSW	5,106	$35.7
2003 PDS	Bombala, NSW	2,755	$19.3
2002 PDS	Bombala, NSW	1,035	$7.2
2001 PDS	Bombala, NSW	1,092	$8.0
2000 PDS	Bombala, NSW	655	$3.3
1999 PDS	Bombala, NSW	876	$6.1
1998 PDS	Bombala, NSW	1,445	$7.9
1997 PDS	Bombala, NSW	1,288	$7.7
1996 PDS	Bombala, NSW	1,030	$5.1
1995 PDS	Bombala, NSW	990	$4.8
1994 PDS	Bombala, NSW	560	$2.5
1989 - 1993	Bombala, NSW	546	N/A
Total		*41,068*	*~$283.0*

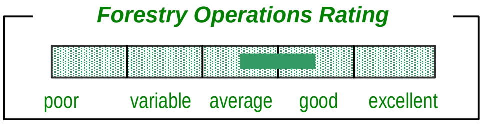
Table 4 provides an overview of the four BioForest projects acquired by Willmott. The first project released by BioForest was aimed at 'professional' investors, while the remaining projects were targeted at retail investors. BioForest raised a total of $49.8 million sufficient to develop approximately 5,015 hectares of plantation.

Table 4 – Overview of BioForest's previous projects acquired by Willmott

Project	*Location*	*Size (ha)*	*Capital Raised ($m)*
Sustainable Timber and Biofuel Project 2007 – 2008 Growers	Northern NSW	3,560	$35.6
Sustainable Timber and Biofuel Project 2007	Banyabba, northern NSW	1,058	$10.6
Dual Income Project 2006	Maclean, northern NSW	301	$3.0
Wholesale Project 2005	Booyong, northern NSW	96	$0.5
Total		*5,015*	*~$49.7*

BioForest's plantation developments were unique in that they were all planted with a combination of Silky Oak (*Grevillea robusta*) and She-oak (*Casuarina*), with the former species grown for high value veneer timber production and the latter used for renewable energy production.

3 Forestry Operations



The slide bar rating above summarises our view of the past performance of this commodity for Investors and considers the likely future outcomes in the short term based on available data, site visits, discussions and other research.

3.1 Introduction

Willmott's investment projects have all been established with Radiata pine (*Pinus radiata*), a softwood species predominantly used in sawn timber production. Until 2004, Willmott had strictly operated in the Bombala region of southeast NSW and northeast Victoria. It has since extended its operations, moving into the Murray Valley region in southern NSW and northeast Victoria in 2004, Gippsland region of Victoria in 2006 and Otway region in 2008.

The BioForest estate acquired by Willmott is less than three years of age and is located in the northern Rivers region of NSW.

3.2 Silvicultural Performance

Although Willmott has commenced harvesting some of the older plantations it manages on behalf of private investors, the company is yet to commence harvesting from any of its previously released public offerings.

Willmott has advised AAG that the first public offering plantation will be thinned over the next 18 months, two to three years later than originally outlined. According to Willmott, these thinnings have been delayed in order to achieve better size in the logs to be harvested and importantly to enable the development of the necessary markets. The first clearfall harvest of public offered plantations isn't expected to occur until 2015 at the earliest.

Willmott has provided AAG with projected MAI's for Willmott's plantations. This information is outlined in Table 5.

Table 5 – Overview of Willmott's yield estimates for past projects 1989 - 2007

Project	*Original Target MAI (m^3/ha/year)*	*Estimated MAI at harvest (m^3/ha/year)*	*% Total Plantation Estate*
2007	15-25 m^3/ha/year	21.3 m^3/ha/year	13.3%
2006	15-25 m^3/ha/year	21.4 m^3/ha/year	16.0%
2005	21.8 m^3/ha/year	20.6 m^3/ha/year	18.2%
2004	25.0 m^3/ha/year	19.9 m^3/ha/year	15.4%
2003	25.0 m^3/ha/year	17.0 m^3/ha/year	8.3%
2002	25.0 m^3/ha/year	19.2 m^3/ha/year	3.1%
2001	18-24 m^3/ha/year	18.8 m^3/ha/year	3.3%
2000	16-24 m^3/ha/year	17.6 m^3/ha/year	2.0%
1999	20.0 m^3/ha/year	17.0 m^3/ha/year	2.6%
1998	20.0 m^3/ha/year	16.5 m^3/ha/year	4.4%
1997	24.4 m^3/ha/year	16.6 m^3/ha/year	3.9%
1996	24.4 m^3/ha/year	17.8 m^3/ha/year	3.1%
1995	24.4 m^3/ha/year	17.3 m^3/ha/year	3.0%
1994	23.2 m^3/ha/year	16.1 m^3/ha/year	1.7%
1992	24.8 m^3/ha/year	20.1 m^3/ha/year	0.2%
1991	24.0 m^3/ha/year	17.3 m^3/ha/year	0.9%
1990	24.0 m^3/ha/year	19.6 m^3/ha/year	0.5%
1989	24.0 m^3/ha/year	21.8 m^3/ha/year	0.2%

Note – 1989 – 2004, plantation growth rates based on inventory data; 2005 to 2007 based on site potential

Table 5 shows estimated harvest volumes for projects released prior to 2004 to be all down on original forecasts. The Independent Forester for Willmott notes that the extended drought period in the Bombala region, is the primary reason for lower than forecast growth rates. We do note that this risk of extended drought is not confined to just Willmott plantations. Willmott's move into other regions post 2004 ,may help to reduce exposure to regional climatic events.

Whilst current data suggests that growth rates are down on forecast, given favourable climatic conditions between now and harvest, estimated yields outlined in Table 5 have the potential to improve.

The plantation projects released between 2005 and 2007, which comprise at least 70% of the company's MIS, whilst young are within the MAI ranges outlined in the relevant offer documents. These growth rates have been provided by Willmott and are based on the evaluation of known production figures from second rotation sites and permanent sample plots from a small number of plantations. Willmott has experienced mixed establishment results with these plantations to date, with dry conditions impacting upon the growth and survival rates of a number of these plantations during the period. Willmott's Stocking Guarantee has ensured that all plantations are adequately established to the necessary standard.

The BioForest projects acquired by Willmott are structured differently from conventional forestry projects, with each established with a combination of species providing investors both renewable energy biofuel and high quality hardwood timber. Since taking over the BioForest operations, Willmott has made major improvements to the operations in relation to site selection, establishment and management practices.

The 2005 and 2006 BioForest projects were established in early 2006 (96 hectares – wholesale project) and 2007 (301 hectares) respectively. According to the Independent Forester's Report for BioForest, the plantations from both projects have shown mixed performance to date. Damage from frosts which occurred in June 2007 had an adverse effect on the trees across a significant portion of the plantations (particularly the 2005 Project). Water logging on some low lying land and browsing from animals were other negative factors to progress, although they are now being actively managed under the new Willmott forestry regime.

Based on the Independent Forester's assessment of the 2005 Project plantings, production from both species included in the Project will likely to be significantly below initial expectations due to the difficulties experienced at the site to date. This is of some concern to investors in the project. Because the plantations included in the 2006 Project are still in the establishment phase, it is difficult for us to make a comment about what yield can be expected from both the Silky Oak and She-oak species.

The plantations comprising the 2007 BioForest Project, which will account for over 70% of the BioForest plantations are currently in the process of being established.

3.3 Marketing Arrangements – Key points

3.3.1 Pine operations

- August 2006 – Willmott enters into a Wood Purchase Agreement (WPA) with Willmott Timbers Pty Ltd (Willmott Timbers) for timber produced from plantations established in the Bombala / Braidwood region.

- March 2006 – Willmott forms a commercial agreement with Hancock Victorian Plantations Pty Ltd (HVP) where HVP may provide log marketing arrangements for the timber established on HVP properties.

- September 2005 – Willmott secures an agreement with Visy Pulp and Paper Limited (Visy) in relation to pulpwood logs produced from plantations located in the Murray Valley region. There are no agreements in place yet for sawn timber harvested from this region.

3.3.2 Silky Oak and She-oak operations

- At present, there are no firm contracts in place for the sale of She-oak products. Willmott has advised AAG that the She-oak will be harvested and processed into either biofuel pellets or renewable energy products.

- There are no contracts or heads of agreements in place for the sale of Silky Oak timber. Willmott will look to process the timber harvested from these plantations at any number of already established commercial sawmills in the Northern Rivers region.

3.4 Returns

3.4.1 Costs

Willmott has informed AAG that for all previous projects (including the BioForest projects), investors have not had to pay any extra costs not originally outlined in the original offer documents.

3.4.2 Yield

Please refer to Section 3.2.

3.4.3 Price and price growth escalation factor

In the internal models for projects released post 2004, Willmott has assumed that pine prices would move in line with inflation. For those projects released prior to this time, Willmott assumed real price growth of 2%. Data sourced from the Australian Pine Log Price Index (APLPI) show that real softwood sawlog stumpage prices have declined since the late 1990's, but have flattened out since 2003. During the same period, real softwood pulpwood stumpage prices have declined quite significantly. We do note however, that there has been strong increases in log and export chip prices by private forestry companies in the past year.

Our view is that those projects which included a real price increase (pre 2004 projects) will have overestimated the price achievable in the harvest year. This will impact on the returns to investors in these projects.

For each of the projects previously released by BioForest, the company assumed She-oak prices would move in line with inflation. In relation to the Silky Oak component, BioForest has assumed real price growth of 1%. Because the projects are still in their early years, it is too early to draw any conclusion about price movements against price forecasts.

3.4.4 Inflation on costs

Willmott's projects released post 2001 where structured as upfront fee and deferred payment investments meaning that inflation rate estimates for these projects are not applicable.

For projects Willmott released to investors prior to 2001 and for those projects previously released by BioForest, an inflation rate estimate of between 2% and 3% was used. Given the average rate of inflation in the past 10 years (2.5%) and the Reserve Bank of Australia (RBA) mandated target rate of inflation (between 2.0% and 3.0%), we believe these estimates remain valid.

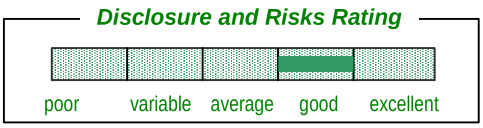
3.4.5 Likelihood of achieving the forecast returns for previous projects

It is evident from the discussions above that Willmott's plantations have under performed from a growth rate perspective to date (~50% of plantations under management). Given that yields are likely to be down on those originally forecast, Willmott will be required to attain net sale prices (after harvesting and transport costs have been accounted for) in excess of those originally forecast for investors to achieve returns in line with those forecast.

AAG believes it is too early into the life of the more recently released plantation projects (2003+) to make any comments on their returns prospects. It is evident from earlier projects that rainfall is a key factor that has influenced returns. If plantations receive average rainfall on a consistent basis, investors are likely to achieve returns close to those originally forecast.

As BioForest's past projects have only recently or have yet to be established, it is too early to form an opinion on the likelihood of investors achieving forecast returns. Nevertheless, based on comments made by the Independent Forester, investors in the 2005 wholesale project may struggle to receive returns in line with original timelines given issues at the site during the establishment phase of the plantation prior to Willmott gaining control of these operations.

4 Disclosure and Risks



4.1 Risks of previous projects

The main risk which has materialised in Willmott's earlier forestry projects has been the lower than forecast growth rates. As discussed in Section 3.2, this issue is primarily a result of the extended lower than expected rainfall at the sites. It is important to note that these risks were not confined to Willmott plantations, but to other plantations. A more specific risk which materialised was a hail event that hit Willmott's 'Craigie 2' plantation in 2002. The 288 hectares of plantation which was included in the 1998 Project was so badly affected by hail that it was determined that the plantation was unlikely to produce sufficient quality sawlogs in the long term if not re-established. The entire plantation was removed and replanted in 2003 with the proceeds of an insurance settlement.

The progress of the BioForest Silky oak portion of the 2005 project plantation has been impacted upon largely as a result of a severe frost event which hit the plantations in the winter of 2007. Trees in the affected area have since regenerated from the base of the trees resulting in a loss of the previous season's growth and potentially good tree form. Other risks which have impacted on the plantations include competition from weeds, damage of pests and waterlogging of low lying areas. Replanting will impact on investors returns in both cases.

5 Taxation

According to Willmott, all key dates and prescribed activities with respect to the product rulings for the past projects (including those acquired from BioForest) were met. All investors in these previously released projects have received the forecast deductions as outlined in the original product documents.

Willmott has advised AAG that the ATO has visited project sites in a several occasions, with no issues forthcoming. Willmott also notes that it completes and submits an ATO audit questionnaire in July each year. No issues from these questionnaires have ensued to date.

6 Exit Strategies for Past Projects

Initial investors in forestry MIS projects are allowed to trade their interests once they have been held for a period of at least four years. This provides investors in Willmott's past projects (and those released by BioForest) the potential for liquidity. We do note however, that at the time of releasing this report, there were no highly visible 'secondary markets' in operation, although we expect such 'exchanges' to be operational in the near future.

7 AAG Opinion

The AAG use a model that has been developed in-house to rate Managed Investment Schemes. Numerous points of assessment are made to ensure the important aspects of a project and project manager are assessed on an even basis.

Ratings are out of five stars in quarter star increments.

The report should be read in its entirety and in conjunction with Part A – Corporate Governance Review (William Buck) and Part B – Track Record Review (AAG).

The opinion of AAG is outlined throughout the report and a summary is found on page 1.

★★★★★	AAG believes that the Manager will achieve outcomes which substantially exceed the agri, risk or return results which are the average acceptable levels of performance appropriate for this asset class.
★★★★	AAG believes that the Manager will achieve agri, risk or return outcomes which exceed average acceptable levels of performance appropriate for this asset class.
★★★	AAG believes that the Manager may achieve agri, risk or return outcomes which meet minimum acceptable levels of performance appropriate for this asset class.
Less than ★★★	AAG believes that the Manager will not achieve agri, risk or return outcomes which are appropriate for this asset class.

8 AAG Profile and Contact Details

The Australian Agribusiness Group was formed in 1997 and provides expertise in research, investment management and agribusiness consulting nationally.

AAG is the leading provider of research into the Managed Investments Sector (MIS) in Australia. It's research is read by over 9,100 financial planners and is distributed by Standard and Poors.

AAG sources and manages investments in the Australian agribusiness sector on behalf of national and international clients.

AAG undertakes research reports, feasibility studies, consulting projects and assists in facilitating funding for private and public clients. It provides the management skills, expertise, staff and office support to develop, incubate and launch new agribusinesses.

AAG focuses on agribusiness and particularly the commercial aspects of this dynamic sector.

For more information about AAG, please visit our website at www.ausagrigroup.com.au.

2008/09

AUSTRALIAN AGRIBUSINESS GROUP

WILLMOTT FORESTS PREMIUM FORESTRY BLEND PROJECT – 2009 PDS

PART C PROJECT REVIEW – July 2008

C

Part C AAG Project Rating

★★★★¼

Methodology

The AAG Project Rating above is given out of a maximum of five stars. A rating may include quarter stars. This Project Review (Part C) should be read in conjunction with the William Buck Corporate Governance Review (Part A) and the AAG Track Record Review (Part B). This Project Review is designed to provide comment on the PDS offering to give an investor a clear independent third party assessment of the quality of this project. AAG undertake a significant level of due diligence to arrive at our opinion, relying on material provided by the promoter, third parties and our own qualifications, experience and resources to provide a sound understanding of this offer.

Project Features

Application Cost per Unit (ex GST)	$5,000
Min Number of Interests per investor	1
Asset Ownership	Nil
Size of Unit	0.52 hectares
Maintenance Fees (ex GST)	4% of Net Proceeds
Rent Fees (ex GST)	5% of Net Proceeds
Marketing Fee (ex GST)	1% of Net Proceeds
AAG Estimated Returns (IRR after tax) • Cash Basis • 12-months interest free	 9.3% (5.6% – 11.6%) 10.7% (6.4% – 13.5%)
Project duration	16 years
Close Date for investment in 2008/09	30 June 2009
Close Date for investment in the Project	30 June 2009
Benefit Cost Ratio (@ 7%)	1.31 (0.84 – 1.71)
Breakeven when: • Yield OR Price decreases by: • Yield AND Price decreases by:	 72% (54% – 79%) 47% (32% – 55%)
Product ruling	PR 2008/60

Management (page C3)

- The Responsible Entity (RE) and on-ground manager for the Project is Willmott Forests Limited (Willmott).
- Willmott is a fully integrated forestry company and is one of the largest and most experienced softwood plantation operators in Australia. Experience in the management of Silky Oak and She-oak timber species is limited.

Fees (page C5)

- Other than insurance premiums, commencing in FY2017, investors in the Project pay no ongoing costs during the term of the Project.

Markets for this Project (page C4)

- Although there is strong potential, there is currently a very limited market for both Silky Oak and She-oak timber species.
- The softwood industry has a long history in Australia, with much of the product harvested sold into the domestic housing market.
- Secondary markets for plantations have been expanding both internationally and domestically, driven by increasing investment in plantations by financial institutions.
- Any number of outside factors will influence the demand for the standing timber, including the performance of the investment environment at the time of sale, and the quality of the plantation.

Marketing (page C5)

- Although Willmott has commenced negotiations with several end users, the company has yet to enter into any sale agreements for any of the Silky Oak or She-oak plantations under management.
- Willmott intends to sell the Radiata pine plantations as standing timber in year 16. The sale will be undertaken via a tender process with Willmott seeking a Timberland Investment Management Organisation (TIMO) or institutional investor to purchase the standing timber.
- Willmott has a number of sale agreements in place for the timber harvested from the first thinning of the pine plantations.

Agricultural Parameters and Returns (page C2 & C7)

- The Project delivers what we consider good base level returns. The Project is in addition very tolerant to changes in yield and/or price, with the risks of the investment largely mitigated by the fee structure in place.
- The diversification of location and crop type assists balance the risks of the Project, but we note that despite having three species included, Silky Oak produces about 70% of the net income.

Disclosure and Risks (page C10)

- The unknowns surrounding the growing and marketing of Silky Oak and She-oak timber species are the major risks to the Project.
- Climatic variability has the potential to impact growth rates in all regions.
- Any extended period of low rainfall, especially in the establishment phase of the plantations, is a major risk to investors achieving the forecast yields.

Taxation (page C12)

- Willmott has received Product Ruling (PR 2008/60) for 2009 Growers in the Project.
- This Product Ruling states that 100% of the application amount is tax deductible in the initial year.

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1 Project Structure – What do I get?

1.1 What is the project?

The Willmott Forests Premium Forestry Blend Project – 2009 PDS (ARSN: 131 549 589, the 'Project') is a mixed species timber project enabling investors to invest in four different end markets including sawn softwood, sawn hardwood, renewable energy and secondary market plantations. The unit of investment in the Project is termed a Woodlot and represents approximately 0.52 hectares of plantation including:

- 0.35 hectares of Radiata pine (*Pinus radiata*);
- 0.14 hectares of Silky Oak (*Grevillea robusta*); and
- 0.03 hectares of She-oak (*Casuarina Cunninghamiana*).

According to the RE, the targeted size of the Project is approximately 20,000 Woodlots (10,400 hectares) with a capacity for oversubscriptions. Investors can expect to receive multiple sale income streams throughout the term of the Project, with the conclusion of the Project coinciding with the clearfall harvest of the Silky Oak plantations and sale of standing Radiata pine plantations in year 16.

Investors will enter into the following two agreements with the RE upon subscribing to the Project;

- *Land Sourcing and Forestry Management Agreement* – allows the RE to establish, manage, harvest and market the products grown on the leased land on behalf of the investor; and
- *Land Tenure Agreement* – allows investors to lease the land on which their trees will be established.

1.2 What is the minimum subscription?

The minimum subscription which investors must subscribe to is one Woodlot.

The RE has advised that there is no minimum subscription that must be raised for Project commencement, meaning that that the Project will commence regardless of how many interests have been subscribed.

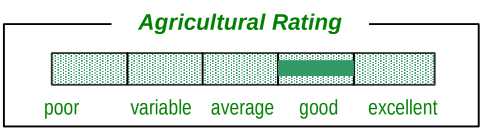
1.3 Can I share in any land/management ownership?

Investors are unable to directly share in the ownership of the underlying Project land.

1.4 Is there an exit strategy?

Initial investors in forestry MIS projects are allowed to trade their interests once they have been held for a period of at least four years. This provides investors in this Project the potential for liquidity. We do note however, that at the time of releasing this report, there were no highly visible 'secondary markets' in operation, although we expect such 'exchanges' to be operational in the near future.

2 Agricultural Feasibility and Assumptions – Is it agriculturally sound?



2.1 Where is the project located?

Willmott intends to establish the Radiata pine plantations in the temperate regions of southeast Australia, with the Bombala and Murray Valley regions of southern NSW and northeast Victoria, and the Green Triangle, Gippsland and the Otway regions of Victoria specifically targeted. The Silky Oak and She-oak plantations are expected to be located on the New South Wales north coast or in southeast Queensland.

The Bombala and Murray Valley regions are renowned for their plantation softwood industries, with large areas of public and privately owned plantations having been established and harvested in the past 50 years. The vast majority of Willmott's existing estate is located in these regions. The Green Triangle, Gippsland and the Otway regions also have large areas of softwood stands and are located in close proximity to both domestic and export markets. These regions represent a shift in focus for Willmott, but provide benefits of geographic diversification to investors.

Besides the 1,455 hectares of Silky Oak and She-oak Willmott established to date in the Northern Rivers region of NSW, plus 3,560 hectares which is to be established in FY2009, there are no other large scale commercial plantings of the species in Australia. The limited history of these two species in large scale plantations provides some risks to investors in the Project.

2.2 What is the plantation management regime?

Although the pre-establishment practices Willmott will apply will be similar for all properties included in the Project, the establishment and ongoing management regimes that will be implemented for the three species comprising the Project differ significantly.

The Radiata pine will be planted at approximately 1,100 stems per hectare, with investors receiving sale income from the first thinning in year 14. Traditionally, Radiata pine plantations have been grown on a rotation of a minimum of 25 years. Willmott has structured the Project uniquely in that the Radiata pine component will be sold prior to the full rotation. Willmott intends to sell the timber through a tender process in around year 16. The Silky Oak and She-oak species will be grown through their full rotation.

Willmott intends to establish the Silky Oak plantations at approximately 1,600 stems per hectare (Table 1). It is the current intention that an early non-commercial thinning of the Silky Oak will be carried out in year 5, reducing the stocking to 800 trees per hectare. A commercial thinning is expected to take place in year 11 to further reduce the stocking rate to 400 trees per hectare; with a clearfall harvest is expected to take place in year 16. Commercial trees are planned to be pruned annually to two thirds of tree height after year 5.

The She-oak plantations will be established and managed differently to the Radiata pine and Silky Oak. The She-oak will be planted at high density (between 20,000 and 24,000 stems per hectare) and will be regularly harvested from year 5. As outlined in Table 1, Willmott intends to harvest the She-oak component of the Project four times over a 9 year period. Willmott notes that the first harvest will not commence until 1 July 2013 to ensure that there are no implications from a taxation perspective. It aims to commence its first harvest approximately 3 years after planting (after 30 June 2013), with further harvests of the She-oak coppice expected to occur in year 6, 8 and 10.

Table 1 – Summary of Plantation Management Regime

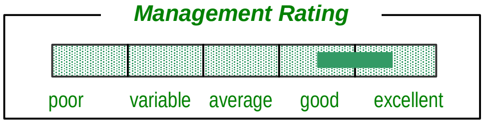
Species	Radiata pine	Silky Oak	She-oak
Genus	*Pinus radiata*	*Grevillea robusta*	*Casuarina cunninghamiana*
Stocking	~1,100 trees/ha	~1,600 trees/ha	~20,000 plants/ha
Rotation	25 years (investors will sell as standing timber after 15 years)	15 years	9 years
Pruning	No set timing, but may occur	Year 5 and Year 9	N/A
Harvests • Thinning • Clearfall	Year 14 N/A	Year 11 Year 16	Harvests will be undertaken in Year 5, Year 6, Year 8 and Year 10
Sale of standing timber	Year 16	N/A	N/A

For all three species, the RE provides a stocking guarantee which ensures a minimum survival rate of 85% of the original number of trees for up to two years from investment (approximately one year after planting). During the term of the Project, Willmott will monitor for any fungal or insect attack and immediate action will be undertaken to control any such outbreak.

Willmott will also regularly monitor nutrition levels of the plantations. If deemed necessary, Willmott has advised that it will implement a fertilser program to those plantations that are in need of application. AAG considers the control of weeds in the establishment phase of any timber plantation a key to successful establishment, especially those plantations located in northern NSW and southern Queensland, where weed growth can be rampant. Willmott has recognised the risks of weeds and has a stated objective of controlling competing weeds by slashing and spraying herbicide.

3 Management – who is running the business for me?

Management Rating



3.1 What is the Corporate Structure?

The Responsible Entity (RE) and on-ground manager for the Project is Willmott Forests Limited (Willmott).

Investors can gear their investment through the RE and Commonwealth Bank of Australia (CBA).

Hancock Victoria Plantations Pty Ltd (Hancock) will provide certain services including marketing and ongoing management for some plantations located on the Hancock estate in the Victorian region. These services will be provided under the direction of Willmott's senior forestry staff who have full marketing and operational control. Willmott has entered into an agreement with Visy Pulp and Paper Ltd (Visy) for the pulpwood produced from the Murray Valley region which will cover this and earlier projects.

3.2 Is the Responsible Entity Skilled and Experienced?

Willmott Forests Limited (Willmott) was established in 1979 and is a fully integrated forestry company specialising in the softwood industry. Willmott was listed on the Australian Stock Exchange in 2000 (code: WFL) and had a market capitalisation of $84 million at 1 July 2008.

Willmott has released 18 public forestry offerings since 1989, all of which have involved the establishment of Radiata pine. Willmott is also involved in the management of three additional forestry offerings after completing the acquisition of BioEnergy Australia Limited (BioEnergy) in February 2008. Willmott's forestry estate totals approximately 46,083 hectares of plantations.

Willmott is heavily involved in the processing of the softwood timber. Through its subsidiary Willmott Timbers Pty Ltd (Willmott Timbers), Willmott operates a timber processing mill in Bombala in southeast New South Wales. Willmott is also involved in the development and commercialisation of ethanol technologies after it acquired a 51% stake in Ethanol Technologies (Ethtec) in 2007. In January 2008, Willmott was selected as the preferred tenderer for the long term purchase of the Monaro region's timber resource from Forests NSW. According to Willmott, the timber supply agreement will provide the resource security to enable Willmott to construct a large scale fully integrated $60 million softwood timber processing facility in joint venture with Dongwha Holdings of Korea supporting returns in its projects with Bombala plantations.

Willmott is also involved in the development and commercialisation of ethanol technologies after it acquired a 51% stake in Ethanol; Technologies (Ethtec) in 2007.

The senior management team involved in the establishment and ongoing management of its plantation resource is highly experienced. In addition, the Willmott Board comprises Directors experienced in an array of industries including law, forestry and accountancy. For details on the Willmott Board of Directors please refer to the Part B Track Record Review.

3.3 Is the on-ground Manager Skilled and Experienced?

Willmott is the on-ground manager for all plantations under management. In plantations located on Hancock land Willmott will oversee Hancock staff who will be performing management tasks on the ground. Although considered to have vast experience in the management of softwood plantations, as a company, Willmott is significantly less experienced in the establishment and management of Silky Oak and She-oak species. The commercial growing of these two species is relatively new. The company has invested heavily in the employment of foresters skilled and experienced in the management of sub-tropical timber species. This addition of staff provides AAG with confidence in the company's ability to successfully establish and manage these plantations.

Willmott's on-ground management team is headed by the company's Senior Executive for Forestry Operations, David Smith and Resource Manager for Forestry Operations, Stephen Addicott. Reporting to David and Stephen are Phillip Green and Angus McEachern who are Operations Managers for the company's pine estate and Ross Sigley who heads the team involved with the management of the Silky Oak and She-oak species in the Northern Rivers region of NSW. Simon Penfold as Special Projects Coordinator, is involved with the development of logistical and marketing opportunities for the She-oak (*Casuarina*) bio-energy resource.

David Smith, Senior Executive – Forestry Operations

Dip For

- Involved in the forestry industry and with Willmott since 1990.
- Highly experienced in the establishment and management of softwood plantations.
- Controls day-to-day forestry operations and forestry related administration for Willmott's projects.
- Previously involved in the implementation and control of information systems and administration with the mining company CRA Ltd.

Stephen Addicott, Resource Manager – Forestry Operations

B Sc (For)

- Joined Willmott in 2004.
- 18 years forestry experience.
- Former Senior Consultant with URS Forestry in both Victoria and Canberra.
- Former Catchment Coordinator and Assistant Forester with Central Highlands Water Authority, Victoria.
- In his current position, is also responsible for the establishment and management of plantations in the Otway and Gippsland regions of Victoria.

Phillip Green, Operations Manager – Bombala / Braidwood

B Sc, Dip For

- Professional forester with in excess of 25 years experience in the management of softwood plantations.
- Previous Manager Plantation Investment at Auspine Limited.
- At Auspine was responsible for the establishment and maintenance of approximately 39,000 hectares of Radiata pine plantations.

Angus McEachern, Operations Manager – Murray Valley

B Sc (For)

- Joined Willmott in 2004.
- Has been involved in the forestry industry since 1994.
- Previously the sole proprietor of a small business providing forestry consulting services.
- Former Regional Forester at Treecorp Group.
- Former District Forester at Hancock Victorian Plantations.
- Former Forester with State Forests of New South Wales.

Ross Sigley, Operations Manager – North Coast

B Sc (For)

- Joined Willmott following its acquisition of BioForest in March 2007.
- Has 18 years experience in the forestry industry.
- Former Operations Manager at Sustainable Forest Industries Limited.
- Former Forest Manager at State Forests of NSW.
- Previously lectured on forest operations and fire management courses at Southern Cross University.

Simon Penfold, Special Projects Coordinator

Dip For, B For (Sc), MBA, FCID

- Joined Willmott in early 2008.
- Former General Manager, Forest Products at Pentarch.
- Former Plantation Manager at Western Australian CALM.
- Former Senior Forester at Treecorp Group.
- Former senior Officer at Victorian Plantation Corporation.

4 Market Overview – where will the product be sold?

4.1 Pine operations

As discussed previously, the pine component of the Project will be sold on the secondary market as standing timber at age 15. Investors will also receive income from the first thinning at age 13.

The primary market for the Australian softwood industry is the sawlog market, with the market for pulpwood products (such as woodchips) and wood based panels an important but less valuable component of the industry.

Most of the sawn softwood produced in Australia is consumed locally with excess demand met by imports, therefore resulting in a relatively small amounts of export. The majority of sawn softwood is used for house framing, with it also being a valuable resource for its use in decking, fencing, furniture and joinery. All of Australia's softwood woodchip exports are sent to Japan, with Australia being the major exporter of softwood woodchips into Japan.

The rate of development of new softwood plantation areas remains relatively low. With only limited capacity to increase the volume of softwood sawlogs harvested in coming years because of the relative low establishment rate of softwood plantations in addition to the continuing increase in demand for softwood products, it can be expected that competition for softwood resources in Australia will rise.

Changes in legislation allowing the sale of MIS interests on the secondary market occurred on 1 July 2007. This enables investors in long rotation timber crops, such as pine, to sell prior to the completion of the rotation. Willmott's new model takes advantage of these changes, but investors returns will be impacted by the market price of semi-mature standing Radiata pine plantations.

Secondary markets for plantations have been expanding both internationally and domestically, driven by increasing investment in plantations by financial institutions. These financial institutions include timberland investment management organisations (TIMO) and real estate investment trusts (REIT) who invest on behalf of institutional clients. Most of these firms are based in the USA. Financial institutions have been attracted to forest investment because of the characteristics they offer as an asset class, including providing a hedge against inflation and providing counter cyclical returns to other asset classes. However, Australian institutions do not currently have the level of understanding that USA pension funds have of timberland as an asset class.

Interest from institutional investors in Australian plantations assets have expanded significantly since the 1990's, reflecting the expansion of mostly USA based TIMO's over this period. The Independent Market Expert for the Project estimates that over 250,000 hectares of plantations have been purchased by institutional investors in the past decade.

4.2 Silky Oak operations

In Australia, sawn hardwood timber is predominantly sourced from native forests, with a small amount also being sourced from plantations. Due to the reduced availability of native forests for logging, production of sawn hardwood timber in Australia has declined significantly. As such, Australia relies on imports to meet demand for sawn hardwood.

Given its structural and aesthetic qualities, Silky oak timber is a valuable species that has been historically used in a number of applications, especially in the top end of the value chain such as cabinet making and decorative furniture. However, due to the large clearing of native stands and the conservation of remaining populations of Silky Oak in national reserves, there is now very limited supply of the timber species harvested from native stands.

Although Silky Oak has strong historical markets, the current lack of supply has meant that there is a very limited market for newly harvested Silky Oak timber. As a result, there will be a need to develop both domestic and export markets for the timber species produced from this Project. Assisting Willmott in the marketing of the timber resource is the fact that the demand for the timber remains high and the fact that many alternative timbers do not have the decorative features demanded by sawnwood and veneer processors that Silky Oak timber displays.

4.3 She-oak operations

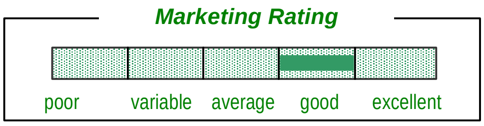
Due to its high calorific characteristics, the She-oak grown from this Project is expected to be harvested and used for bioenergy purposes. Bioenergy can be used to generate electricity, produce heat, and produce biofuels. Globally, due to increasing energy prices and the continued environmental concerns of fossil-derived energy, using bioenergy is becoming increasingly important with most industrialised and many developing nations legislating and mandating minimum renewable energy requirements.

The characteristics of She-oak timber makes it well suited for the manufacturing of wood fuel pellets. Although the market is currently limited in Australia, the European and North American pellet industry is well established with major producers and markets both domestic and export. In Europe and North America, high density wood pellets are predominantly used in home heating, large scale district heating and energy generation. Sweden, Canada, Russia, the US and Denmark are the leading producers of pellets, with Scandinavian countries being the largest consumers of the pellets.

Cogeneration, which is the mixing of renewable combustible material such as harvesting or sawmilling residues with coal or other fossil fuels, is another potential end market option for the She-oak harvested from the Project. Whilst there is a relatively small market in Australia, green energy produced from cogeneration plants already attract premiums from consumers in international markets. As demand for green energy continues across the world, including Australia, there is increasing emphasis on both voluntary and regulatory raising of the benchmarks for the production of renewable energy from cogeneration plants is expected to increase.

She-oak also has the potential to be used in ethanol production. The ethanol industry has been around for a number of years, especially is parts of South America and the USA. Ethanol fuel in these regions is primarily manufactured from common crops such as maize and sugar cane. As prices for fuel and major food crops continue rising, it is increasing viable for ethanol to be produced from waste fibre such as She-oak.

5 Marketing – how will the product be sold?



Under the Land Sourcing & Forestry Management Agreement for the Project, the RE is responsible for the marketing of the products produced from the Project. The proceeds of these sales will be pooled, with investors receiving a proportional share according to the number of interests held.

The marketing strategies employed by Willmott will vary according to the products being sold.

As discussed previously, Willmott intends to sell the Radiata pine plantations as standing timber in year 16. This is a unique marketing strategy and one which we haven't seen for an MIS forestry project previously. The sale will be undertaken via a tender process with Willmott seeking a Timberland Investment Management Organisation (TIMO) or institutional investor to purchase the standing timber.

Prior to commencing the tender process, the RE will engage an independent valuer to prepare a valuation analysis on the standing Radiata pine. Under the Project Constitution, this valuation analysis will be used by Willmott in determining a 'floor price' for the standing timber. In the event that the leading tender is less than 90% of the independently assessed value of the timber, Willmott will either 'top-up' the sale proceeds of a third party sale until they equal 90% of the value of the timber or alternatively, it will purchase the standing timber itself (for a price at least 90% of the assets value). Although we support the 'floor price' mechanism in place, we do note that there are risks involved with the arrangement, including the financial position of Willmott at the time of sale (please refer to Section 8.3.3).

Investors are expected to receive income in year 14 from the first thinning of the pine plantations prior to the sale of the standing timber. Pulpwood material will be the primary product harvested from this harvest, with preservation and small sawlogs produced in much smaller amounts. For those plantations established on Hancock Victorian Plantations Pty Ltd (HVP) land, including all land included in the Project located in the Green Triangle and Otway regions, HVP will assist in the marketing of timber produced. HVP is a major grower and processor of softwood pulpwood and sawn wood in Australia. Willmott has an agreement in place with Visy Pulp and Paper Pty Ltd (Visy) that covers pulpwood produced in the Murray Valley region. Timber harvested from the Bombala region will most likely be processed at the new $60 million sawmill which Willmott will be building in conjunction with Dongwha Holdings of Korea.

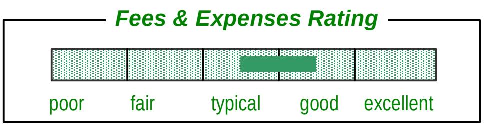
Willmott has informed AAG that it has yet to sign any contracts or heads of agreements for the Silky Oak timber produced from the Project. As part of its marketing strategy for the Silky Oak, Willmott does not intend to develop its own processing facilities but rather utilise the facilities of any number of small scale processors in the region. For investors to receive the projected premium prices for the Silky Oak timber, there will be a need for Willmott to develop both domestic and export markets for the product.

Willmott has yet to sign any contracts for the She-oak product harvested from the Project. There is a limited market for She-oak products in Australia. Willmott offers a Mill door price for the She-oak biomass whereby the cost of harvesting and haulage will be borne by Willmott. At present, Willmott intends to harvest and process the She-oak biomass into either biofuel pellets or renewable energy products. Willmott has advised AAG that it has commenced negotiations with several company's involved across a broad section of renewable energy industry sectors in Australia and overseas, presenting the company a number of options when the end product comes on line.

Willmott has advised AAG of its close relationship with Sunshine Electricity, a joint venture between the New South Wales Sugar Milling Co-operative and Delta Electricity. Sunshine Electricity was established in 2005 to construct and run two large scale co-generation facilities on the NSW north coast providing electricity to households and industries in the region. According to Willmott, Sunshine Electricity has expressed interest in purchasing She-oak biomass from Willmott to supplement the sugar cane material which will be the primary material used at the facility.

Through its majority shareholding in Ethanol Technologies (Ethtec), another option Willmott has in relation to its She-oak resource is the development and commercialisation of ethanol technologies. Given this technology has yet to be developed on a large scale, this option will probably be more applicable to later harvests from the She-oak plantations.

6 Fees and Expenses – What does it cost?



6.1 What are the subscription and on-going fees?

Table 2 outlines the relatively simple fee structure for the Project.

An upfront fee of $5,000 per Woodlot is payable upon application. Given our estimates for the cost of preparation and planting for the three timber species comprising the Project, AAG believes the application fee which is equivalent to approximately $9,600 per hectare is not unreasonable.

Willmott will not be charging GST on the application fee. However, if the court case between industry and the ATO finds in favour of industry, that is, the court finds that investors are carrying on a business, then Willmott will be required to charge all investors GST. Future investors will be charged $5,500 while investors who invested prior to the court decision will be required to pay an additional $500 beyond their initial payment of $5,000. Those investors registered for GST will be able to claim the $500 back in the BAS and the returns estimates included here should not change.

Table 2 – Fees and Expenses for the Project	
Application fee per unit	$5,000
Application fee per hectare	$9,615
Maintenance Fees	4% of Net Proceeds
Rent fees	5% of Net Proceeds
Marketing Fee	1% of Net Proceeds
Insurance • FY2010-FY2015 • FY2016+	Maintained by RE Compulsory
Average NPV of costs per hectare per year Note 1	$699 ($671 – $722)

Note: all costs exclude GST
Note: other projects include those in the previous financial year
Note 1: NPV = net present value of application costs, ongoing lease and management fees and marketing expenses assuming Base Scenario assumptions (figures in brackets are the Lower and Higher Scenarios).

Besides compulsory insurance which is payable from FY2016 onwards, investors pay no on-going costs for the term of the Project. Instead, investors pay maintenance, rental and marketing fees as a percentage of net proceeds (Table 2). AAG considers the deferred fee (totaling 10% of net proceeds) to be reasonable.

In addition to the cost of insurance, we note that the RE is entitled to an insurance administration fee of 10% of the insurance premium amount.

As projects vary in fee structures and amounts charged, we use a present value (PV) of costs (@7%) per hectare per year to compare between projects. To be clear, the PV of costs is the sum of all future costs of the Project (excluding harvesting and production costs) discounted to a present day value at 7% discount rate. Figure 1 compares the PV of costs of this Project to the average of all softwood and sawn hardwood projects released by AAG in the previous 12 months.

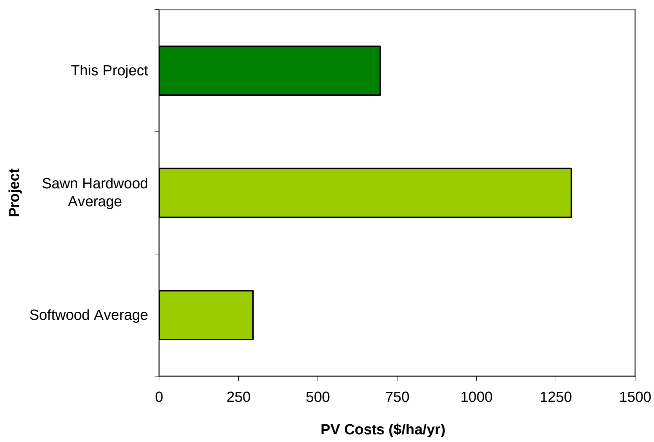


Figure 1 – Chart comparing the PV of costs ($/ha/yr) for the Project and other relevant projects AAG has reviewed over the past 12 months

As Figure 1 suggests, the PV of costs for this Project are significantly higher than the softwood average, but much less than the average PV of costs for the sawn hardwood projects it is compared against.

6.2 Is finance available?

The terms and conditions of the finance facilities available to investors are outlined in Table 3. We note that the 12-month interest free terms option is available through the RE, while the principle and interest options are available through MIS Funding.

Table 3 – Finance options for the Project	
Option	Details
12-month interest free	• 12 monthly installments of $417 per month
3-years P&I loan 5-years P&I loan 7-years P&I loan 10-years P&I loan 12-years P&I loan	• Fixed or variable interest rates are fixed for the term of each P&I loan. • Minimum 2 Woodlots required for fixed interest rate loan. • All P&I loans are available with 36 month interest only period. • Minimum of 10 Woodlots required for 10 and 12 year loan options • An application fee of 0.25% (or $250, which ever is greater) of the financed amount is payable by investors

I=Interest, P=Principal

Loans will be available both at fixed or variable interest rates plus margins as set out by CBA. The interest rates for fixed loans will be set for the period of the loan on the 30th June in the financial year of investment.

Potential investors should note that CBA has a break free clause in place for when loans repayments are paid prior to the scheduled loan payout date.

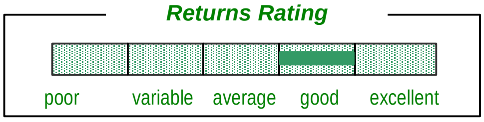
Given the current financial market environment, AAG strongly suggests that investors seek the advice of their advisors prior to committing to finance.

6.3 What commissions are paid?

Willmott has advised AAG that it may pay commissions or brokerage up to 5% of the application fees to financial planners and dealer groups. The RE may also provide financial planners and dealer groups with an allowance for costs related to reasonable marketing and administrative expenses.

AAG advises that operators in the in the agri MIS industry generally pay total commissions of between 5% and 15%. AAG would prefer to see commissions of between 5% and 8%.

7 Returns – What will I get back?



7.1 What are the underlying assumptions to the returns?

AAG generally model three scenarios when analysing a project's returns expectations:

- The Base Case scenario is our best estimate of the returns;
- The Lower Case scenario is a lower scenario based on the lower end of the underlying assumptions. This scenario is not necessarily the lowest returns possible, but is at the lower (not lowest) end of the potential sensible range of returns estimates; and
- The Higher Case scenario is a higher scenario based on the higher end of the underlying assumptions. This scenario is not necessarily the highest returns possible, but is at the higher (not highest) end of the potential sensible range of returns estimates.

Actual returns may fall outside of these ranges.

Those investors who are more risk averse, should focus on the Lower Scenario in their investment decisions and conversely, those investors who have a greater appetite for risk should focus on the Higher Scenario. This is due to the fact that the Lower Scenario has a greater chance of being exceeded than the Higher Scenario.

Average investors should focus on the Base Scenario outcomes with an understanding of the potential for variation, generally within the range of the Lower and Higher outcomes, but should note that returns may fall outside of the range specified.

Table 4 outlines a summary of the underlying assumptions used in the financial analysis. It is not meant to be limiting or absolute in the values outlined and should be used with caution and read in conjunction with the entirety of this report.

Investors and financial planners should refer to the cash flow calculator available from Willmott when considering the returns. It can be used to calculate returns based on their own considered underlying assumptions.

Table 4 – Underlying Assumptions Used in the Financial Analysis

	Scenario		
	Lower Note 1	Base Note 2	Higher Note 3
Project Costs	Refer to Section 6		
Timber Yield			
• Pine (thinning)	Base less 20%	Refer to Table 5	Base plus 10%
• Silky Oak	Base less 20%	Refer to Section 7.1.3	Base plus 15%
• She-Oak	Base less 20%	60 GMt per harvest	Base plus 20%
Timber Price			
• Pine (thinning)	Base less 10%	Refer to Table 6	Base plus 10%
• Silky Oak	Base less 20%	Refer to Section 7.1.3	Base plus 10%
• She-Oak	Base less 20%	$40 per GMt	Base plus 20%
Real discount rate	10.0%	8.0%	6.0%
Inflation Rate	2.2%	2.5%	2.8%
Price Growth Escalation Factor	2.2%	2.5%	2.8%

Note 1 – Towards the lower end of the potential range (not necessarily the lowest)
Note 2 – For use in quoting a base case assumption (not necessarily exactly between the Lower and Higher figures).
Note 3 – Towards the higher end of the potential range (not necessarily the highest)

7.1.1 Costs

Please refer to Section 6.1.

The cost of insurance has been included as part of the calculations for the Project from FY2018 onwards. Our estimates are based on those forecast by Willmott and are calculated as 1.17% p.a. of the initial investment by investors.

7.1.2 Pine Operations

The marketing of the pine component of the Project is unique in that it involves the sale of standing timber at age 15.

The most commonly adopted methodology used in evaluating forestry plantations is using a discounted cash flow. Net present value of the standing timber is used as the estimated sale price.

Choosing an appropriate discount rate is important. Willmott has used a nominal discount rate of 11% comprising 8.0% real and 3.0% inflation in their internal financial model. Willmott has advised AAG that their real discount rate estimate is consistent with rates provided by a major Australasian Timber Investment Management Organisation. AAG is comfortable with Willmott's real discount rate estimate and have used it in our financial model under the Base Scenario (with corresponding inflation rate as outlined in Section 7.1.5). For the Lower and Higher Scenarios, we have used a real discount rate of 10.0% and 6.0% respectively.

To estimate the expected cash flow of the plantations, we have estimated the volumes and prices of the different grades of logs that will be produced from the plantation over time (as outlined below in Table 5 and Table 6). Based on these assumptions and the assumed discount rate, we have calculated the proceeds from the standing pine component (after allowing for management costs) at age 15 to be worth $5,295 per Woodlot.

Investors will also receive income from thinning operations in year 14. Our yield and price assumptions for this thinning is outlined in Table 5 and Table 6 respectively.

Yield and Quality

Plantation yields are influenced by a number of factors including site selection, genetics, management and annual rainfall.

The Independent Forester's report for the Project has been prepared by Dr. John Turner from Forsci Pty Ltd. Dr. Turner advises that the highest average growth rates for Radiata pine plantations have been achieved in the areas with high rainfall together with deeper, well drained soils. According to the Independent Forester, these sites have demonstrated a total MAI of over 20 m^3/ha/year on a 25 to 30 year rotation. On lower rainfall sites (<600 mm), the productivity baseline can expect to be below 15 m^3/ha/year. We note that these growth rate estimates are in line with those prepared by the Victorian Department of Primary Industries and other industry groups.

Inventory data for projects released by Willmott show growth rates ranging between 16 and 22 m^3/ha/year. (please refer to Section 3 of the Part B Track Record Review).

The Independent Forester believes that based on the genetic stock used by Willmott and the management experience of the company, the expected growth rates of plantations in the Project over a 25 year rotation will be in the range of 15 to 25 m^3/ha/year, with the latter being achieved on the best sites with intensive silviculture, and the bulk of plantations in the mid range of this. Willmott has assumed a growth rate of 21.5 m^3/ha/year in their financial analysis.

Despite data from Willmott's previously released projects showing yields being down on those estimated for this Project, there is evidence of improvements in growth rates over time. As such, AAG has used the yield profile used by Willmott for the Base Scenario in our financial analysis (Table 5). For the Lower Scenario we have used -20% and for the Higher Scenario we have used +10%.

Table 5 – Timber Yields used in the Financial Analysis				
	Age 14	Age 19	Age 26	Total
Pulpwood (m^3/ha)	62	30	26	118
Preservation (m^3/ha)	16	18	-	34
Sawlog (m^3/ha) <24cm	12	35	100	147
Sawlog (m^3/ha) 24-32cm	-	30	59	89
Sawlog (m^3/ha) 32-45cm	-	27	61	88
Sawlog (m^3/ha) >45cm	-	-	63	63
Total (m^3/ha)	90	140	309	539

Note: Based on MAI of 21.5 m^3/ha/year

Timber Price

The PDS for the Project contains a Independent Market Report prepared by URS Forestry which discusses the market for softwood timber domestically and internationally. Within this report is information on log stumpage prices reported in the Australian Pine Log Price Index (APLPI). The APLPI is produced by KPMG in conjunction with URS Forestry and has provided data on the weighted average prices for domestic sales of sawlogs over the past 12 years.

AAG's price estimates for the softwood resource is based upon prices outlined in the APLPI for the period between over the past 12 years (Table 6). As prices reported in the APLPI provide a good indication to the market for the softwood industry, we have used the data outlined in Table 6 as our Base Scenario and ±10% as our Lower and Higher Scenario respectively.

Table 6 – Pine prices used in the financial analysis	
	Stumpage Price
Pulpwood (m^3)	\$9.91 m^3
Preservation	\$19.71 m^3
Sawlog (m^3) <24 cm	\$34.16 m^3
Sawlog (m^3) 24 to <32 cm	\$46.39 m^3
Sawlog (m^3) 32 to <45 cm	\$64.56 m^3
Sawlog (m^3) >45 cm	\$76.40 m^3

7.1.3 Silky Oak Operations

Yield and Quality

As there are no large scale commercial plantations of Silky Oak timber in Australia, there is limited information to provide guidance for yield estimates and there is no data available to identify optimal harvest time. As such, there is a large risk that the yields and prices targeted by Willmott will not be achieved.

Willmott has based their Silky Oak yield estimates on trials and reports of a small, approximately 15 year old stand of Silky Oak located in close proximity to Willmott's past forestry developments in northern NSW. According to the Independent Expert, these existing plots show that at age 10 years, a yield of about 90 m^3/ha could be expected with approximately 220 m^3/ha harvested at age 15 years. These harvest yield assumptions provide a Mean Annual Increment (MAI) of approximately 20.7 m^3/ha/year, a figure which has been used by Willmott in their internal financial model. We are comfortable with the growth rates assumed by Willmott and have used them in our financial model for the Base Scenario, with -20% for the Lower Scenario and +15% for the Higher Scenario respectively.

Willmott has assumed a recovery rate of 35% and 37% for the Silky Oak timber processed into sawlog at thinning in year 10 and for Silky Oak timber processed into sawlog and veneer at clearfall in year 16 respectively. We are comfortable with these estimates and have used them in our financial analysis. The recovery rates are unlikely to be higher given the young age of the trees being harvested.

Timber Price

Given the golden colour and natural features of the timber, the Silky Oak component of the Project is intended to produce high value hardwood sawlogs for several uses including decorative veneer and appearance grade timber.

Willmott has based their price estimates for Silky Oak on a range of current wholesale prices for similar native milled sawlog and veneer timber in domestic markets and after taking into account milling costs, processor margins, average recovery volumes (as discussed above), and harvest and haulage costs. The harvesting, transporting and milling costs assumed by Willmott are based on their own investigation and independent reports commissioned by the company.

Willmott has provided AAG with a price matrix, which based on the company's estimates for the factors above, produces a stumpage price of \$338 m^3. Whilst Willmott believe this stumpage is achievable, it has been more conservative in the estimates it has outlined in the PDS, assuming a stumpages of between \$100 m^3 and \$130 m^3 at thinning and between \$270 m^3 and \$290 m^3 at clearfall.

Given Silky Oak has a limited history of Silky Oak being grown in large scale commercial plantations, AAG has some trepidations about the quality of timber which can be produced from a tree which will be harvested at 15 years of age. We have as such been conservative with our pricing estimates for the Silky Oak component, using a stumpage price of \$100 m^3 at thinning and \$270 m^3 at clearfall. For the Lower and Higher Scenarios, we have used -20% and +10% from the Base Scenario respectively.

7.1.4 She-oak Operations

Yield and Quality

She-oak is native to Australia and can be found from coastal NSW to inland NSW, Queensland and Northern Territory. She-oak has never been planted on a significant commercial scale in Australia but is commonly grown in isolation as a street, wind break or paddock tree. Like the Silky Oak species, She-oak has been introduced to overseas where it is highly valued as a fuel wood.

Although She-oak in its natural habitat can grow to 35 metres in height and 150 cm in diameter, Willmott is planting the trees at a very tight spacing and aims to harvest the timber at age 3 and again at age 5, 7 and 9 from the coppice (the re-growth from the stump of the tree). Because yield information relating to achievable yields for She-oak is limited, there is a risk that the coppice harvests may not achieve growth rates and hence harvest yields as estimated by Willmott.

In their internal model for the Project, Willmott has targeted yields of 70 Green Metric tonnes (GMt) per hectare per harvest at age 3 and again at age 5, 7 and 9. Willmott has based these estimates on independent reports and their own productivity assessments of the species.

AAG has sourced a number of commissioned independent reports showing growth rates and yield estimates for the She-oak species but none that specifically deal with the species being grown under the expected management regime. Because of this, we have also taken a cautious approach to the yield estimates for the She-oak in the financial analysis. We have assumed that each harvest will provide yields of 60 Green Metric tonnes per hectare under our Base Scenario, with ±20% as our Lower and Higher Scenarios respectively.

Timber Price

There are a number of end markets Willmott are likely to pursue for the She-oak produced from the Project including converting it into high density wood pellets, selling it as a fibre to be used in cogeneration both in Australia and overseas and using it in ethanol production. Because She-oak is not currently not used in any of these processes on large scale, there is limited information available to provide any benchmark.

According to the Independent Expert, the reported prices for pellet raw material is about $40-$50 per green tonne at the mill door. Willmott has used the midpoint ($45 per green tonne) of the Independent Expert's estimates for pellet material as a basis for the She-oak prices in their internal model. Given the unknowns of the She-oak market going forward, especially when large volumes of the product comes on line, AAG has been conservative and assumed the lower range of the Independent Experts estimates in our financial model ($40 per green tonne). We have used ±20% for the Lower and Higher Scenario respectively.

Willmott has estimated harvest and haulage costs of approximately $22 per tonne based on evidence from independent reports and the results of trial harvests. As the cost of harvesting and haulage will be borne by Willmott, we have not accounted for same in our financial analysis.

7.1.5 Inflation Rate

The average rate for inflation for the past 10 years was 2.5%, with the inflation rate measured for the year ending March 2008 running at 4.2%. The Reserve Bank of Australia (RBA) has a mandated target rate for inflation of between 2% and 3%. Using the mandated target rate as a guide, we have used the midpoint (2.5%) as our Base Scenario and 2.2% and 2.8% as our Lower and Higher Scenarios respectively.

7.1.6 Price Growth Escalation Factor

Research suggests that real softwood sawlog stumpage prices have declined since the late 1990's, but have flattened out since 2003. Real softwood pulpwood stumpage prices have declined quite significantly over the last decade. AAG believe maintenance of real price is a reasonable prospect into the future given the recent investment in processing infrastructure in the southern highland region of NSW and Victoria. Our assumption in our analysis is that softwood sawlog and woodchip prices will move in line with inflation.

Although restrictions in the supply of sawn hardwood logs from native forests will assist with price growth for the Silky Oak harvested from the Project, there is limited public price information for sales of the plantation grown resource. Given the limited information available, we have been prudent and assumed that prices will move in line with inflation.

Given the unknowns associated with the She-oak component of the Project, we have taken a conservative approach and assumed that prices will move in line with inflation.

7.1.7 Other Assumptions

The 18-month forestry rule allows Willmott to establish the Project plantations throughout the year following investment. As a result, this financial analysis assumes that the Project will run for a year longer than the rotation length. As note previously, Willmott will not commence harvesting of the She-oak until 1 July 2013 to ensure that there are no implications from a taxation perspective. We have assumed that this harvest will take place in year 5, approximately 3 years after planting. Further harvests will occur in year 6, 8 and 10.

7.2 What are the estimated returns?

The expected cash flow for investors participating in the Project is illustrated in Figure 2 below.

Although the Project delivers income from three species of timber throughout the term of the investment, the Project is still essentially a 'lump sum' investment. The primary source of income to investors is the sale of Silky Oak from the clearfall harvest in year 15 as well as the sale of the standing pine plantations in the same year (Figure 2). As Figure 2 suggests, smaller income flows can be expected in year 11 (Silky Oak) and year 14 (pine). Investors will also receive income from She-oak harvests in year 5, 6, 8 and 10. Because of the small income received from these harvests, the net cash flows for same are barely visible in Figure 2.

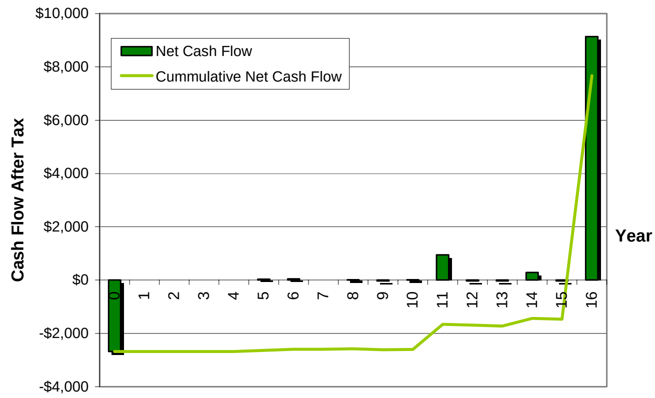


Figure 2 – Chart showing the net cash flow after tax and cumulative net cash flow after tax (@46.5%) under the Base Scenario

The split of net income by crop type under the Base Scenario is illustrated in Figure 3.

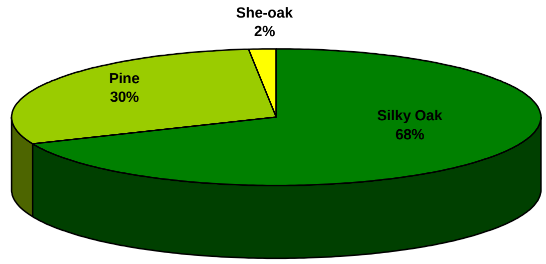


Figure 3 – Chart showing split of net income by crop type under the Base Scenario

It is clear from Figure 3 that sale proceeds from the Silky Oak harvest is the largest source of net income to investors (70% of total net income). This is despite the fact that Silky Oak only accounts for approximately 27% of Woodlot area. The sale proceeds from the pine component of the Project represents 28% of net income under our assumptions, whilst income from the She-oak harvests accounts for a very minor proportion of net revenue (Figure 3).

The potential returns for the Project under AAG assumptions are outlined in Table 7.

Table 7 – Rates of Return for the Project

AAG Estimated Returns (IRR after tax @ 46.5%) Notes 1, 2	Lower	Base	Higher
Cash	5.6%	9.3%	11.6%
12-months interest free	6.4%	10.7%	13.5%

Note 1 – As a standard across all projects, AAG Adjusted Returns assumes all GST and tax is refunded in the year the expense is paid.
Note 2 – AAG Estimated Returns uses the ranges and variables as outlined in the Section 3.1.

Overall the Project produces good returns of in excess of 9% compound after tax (Table 7). The relative robustness of the Project is reflected by the narrow range of returns between the Lower and Higher Scenarios and is primarily a result of the fee structure in place. This is a real advantage of investment in the Project.

For the benefit of comparison, we have also included the estimated returns under the 12-months interest free option. Returns under this payment option are increased noticeably under all scenarios.

AAG has included a graph comparing the potential returns for the Project with the average of all softwood and sawn hardwood projects we have researched in the previous 12 months (Figure 4). This graph should not be considered in isolation when comparing between projects.

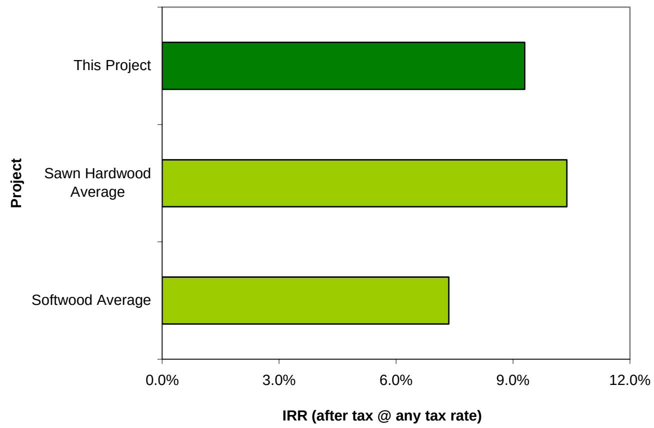


Figure 4 – Chart comparing IRR for the Project and another relevant project released in the past 12 months (dashed line represents average of the other two projects outlined)

Figure 4 shows that the returns for the Project are in excess of mainstream pine investments but less than the higher value sawn hardwood timber investments, reflecting the blended nature of this Project.

7.3 What is the sensitivity of these returns?

The Project is very robust to changes in yield or price. As the slopes of lines in Figure 4 illustrates, a 20% reduction in yield OR price across all crop types from the Base Scenario still provides investors with returns in excess of 7.5%.

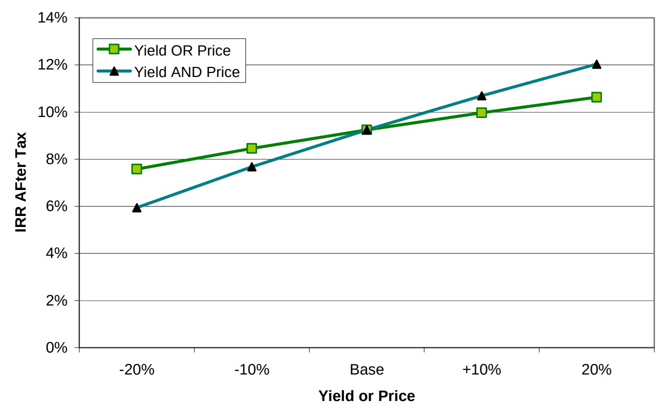


Figure 5 – Chart showing the impact of changes in yield and price on the Base Scenario returns at 46.5% tax rate.

The general robustness of the fee structure for this Project as seen in Figure 5 is also illustrated by the threshold figures outlined in Table 8 where we see that both yield and price each have to reduce by 47% to force a breakeven situation under the Base Scenario.

Table 8 – Financial Analysis and Sensitivities for the Project (Cash Basis)

	Lower	Base	Higher
Benefit Cost Ratio @ 7% Note 1	0.84	1.31	1.70
Breakeven Point (yrs)	16	16	16
Threshold analysis Note 2 – Yield OR Price	-54%	-72%	-79%
Threshold analysis Note 2 – Yield AND Price	-32%	-47%	-55%

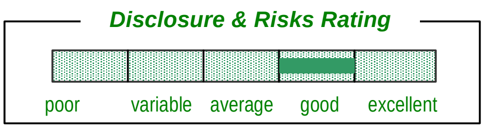
Note 1 Excluding any shares, options. Up front cash and before tax basis.
Note 2: Threshold analysis is the % reduction in price or yield where break even occurs (i.e. when IRR =0%)

Table 8 shows that investors under all Scenarios are not expected to be cash flow positive until year 16, highlighting the weighting of income that is incurred in this year.

A benefit cost ratio (BCR) is the ratio of the value of benefits to the value of costs (discounted at 7%). A BCR of less than a value of one means that the costs of the project over time outweigh the benefits paid while conversely a BCR value of greater than one means that benefits outweigh the costs after accounting for the time value of money. Larger positive BCR's mean that the benefits significantly outweigh the costs. A BCR of 1.0 equates to a before tax return of 7%.

AAG considers the BCR's under all Scenarios to be good (Table 8).

8 Disclosure and Risks



8.1 Disclosure

Willmott has a compliance committee in place which is comprised of three members including internal member, Betty Warner-Lehman and external members Peter Wickendon and non-executive Director of the company, Hugh Davies. There has been no change to the compliance committee since AAG's last review of Willmott's operations.

Betty Warner-Lehman joined Willmott as the company's Compliance Manager in November 2006. Prior to joining Willmott, Betty was employed by CGU Insurance as a Compliance Specialist. She has also previously acted as Team Leader of Credit Control at QBE (Vic) and Senior Recoveries Officer at Esanda Finance.

Peter Wickendon is a Chartered Accountant, a registered company auditor and a registered tax agent. Peter is currently the Principle of Burke Bond Partners and is a Compliance Officer for Acorn Capital Ltd, Australian Unity Funds Management Ltd and Australian Unity Property Ltd.

For a brief summary of external Compliance Committee member and non-executive Director of the company, Hugh Davies, please refer to Section 1.2 of the Part B Track Record Review.

8.2 Reporting to Investors

Willmott has advised that at a minimum, it will provide investors with an Annual Grower Report in every year of the Project. Investors will also have access to the company's secure website and have the opportunity to physically visit their investment.

AAG has been provided an example of the Annual Grower Report provided to investors in past projects and were very satisfied with the content and information it included.

8.3 Risks

8.3.1 Agricultural Risks

Agricultural risk refers to any physical risk which has the ability to impact on growth rates and subsequent yields at harvest time. In relation to plantation forestry, climatic and climatic associated risks such as fire, drought, frost, hail and wind are considered the main physical risks. These risks, which are largely out of the control of the RE, are mitigated to some degree by the geographic and species diversification of the Project plantations. Willmott's two year survival guarantee and compulsory insurance acts as a further risk mitigant.

AAG believes that risks such as weeds, pests, disease and nutrient deficiency also have the ability to impact on yields of plantations in the Project. These risks can largely be mitigated by the on-ground management team implementing best forestry management practices. In the northern NSW and southern Queensland regions where the Silky Oak and She-oak plantations will be located, weeds provide strong competition to tree crops. If left uncontrolled, competition from weeds can seriously damage the prospects of success for plantations.

A specific risk to the Project is the limited knowledge and experience behind the growing of Silky Oak and She-oak in large scale plantations in Australia. Although the management of Silky Oak is not expected to be to dissimilar to other hardwood species, the management strategies Willmott intends to implement for the She-oak component is quite different compared to other forms of 'traditional' forestry (please refer to Section 2.2). There is a large risk that the yields and quality of timber/fibre produced from these two species will be lower than those predicted.

It is evident from AAG research that years of dry conditions has impacted on predicted growth rates for many plantations established in the past five years across southern Australia, including those established by Willmott. There is a risk that extended periods of low or variable rainfall will impact on future growth rates of plantations included in this Project, impacting on predicted yields and returns to investors at harvest. Due to the time span of the Project, AAG considers fire to be a large risk to investors. Insurance paid by the Manager for the first seven years and compulsory insurance payable by investors thereafter assists in mitigating the risk of fire.

8.3.2 Management Risks

Management risk includes the loss of key personnel in the Project, impacting upon its performance. Willmott is considered one of Australia's leading operators in the softwood industry and we are confident in the company's ability to cover any loss of key management staff involved in the pine plantations during the term of the Project. AAG is less confident in Willmott's ability to source suitable staff to manage the Silky Oak and She-oak plantations should the need arise. This risk will decrease over time as Willmott increases the number of employees on site as the scale of plantations increases.

Other management risks include the lack of continuity of key entities to the Project. As Willmott is in a relatively strong financial position and is currently not entirely reliant on any one third party entity for operational or marketing activities, we believe this risk is currently minor.

8.3.3 External Risks

The main external risks for this Project relate to the price achieved from the Silky Oak and She-oak harvests as well as the price that is paid for the standing pine timber at age 15.

In relation to the price for timber produced from the Silky Oak and She-oak harvests, the supply and demand of the products at the point of sale will be the major influencing factor. Although no commercial scale Silky Oak plantations have yet been grown to maturity and harvested in Australia, market research suggests that there will be a ready market when timber from the Project comes on line. The main issue however, is how the market will react when a large volume of resource comes on line. Prices for the product may be negatively impacted upon as a result.

At the present time there is a limited market for bioenergy in Australia and plantation grown She-oak has not been developed at any significant scale. Willmott is working towards developing these markets and its silvicultural understanding. The continuation of the relationships it has developed both here and overseas will assist Willmott in achieving suitable returns from the resource.

The price paid for the standing pine timber will be largely influenced by the supply and demand for plantations sold on the secondary market in 16 years time. Any number of outside factors will influence the demand for the standing timber, including the performance of the investment environment at the time of sale, the attractiveness of plantations against other asset classes and changes in superannuation regulation.

The major determinant for the price paid will ultimately come down to the likely revenue that will be generated from the harvest of the timber subsequent to the sale of the plantations. As such the key influences on softwood log markets such as the performance of the housing market, increased competition from import countries and the implementation of new technologies will have a major bearing on the price paid for the standing pine timber.

Another risk relates to the sale of the standing timber. In the event that Willmott is required to purchase or 'top-up' the timber in its personal capacity, but for financial reasons is unable complete its duties, investors would be negatively impacted.

Other external risks to the Project include changes to government legislation and native title claims over the properties. Community risk is also an issue for the Project, particularly to plantations located in the southern highlands region of NSW, where there is strong negative community reaction to the continuing acquisition of land in the region by forestry companies, especially those operating in the MIS industry.

9 Taxation

9.1 Is there a product ruling?

Willmott has received Product Ruling (PR 2008/60) for 2009 Growers in the Project.

The product ruling notes that the "Commissioner has decided that it will be reasonable to expect that the '70% direct forestry expenditure rule' will be satisfied on 30 June 2009. The Tax Office may undertake review activities during the term of the Project to verify the information relied on for the purposes of the '70% DFE rule'." AAG has also reviewed the model provided by Willmott to the ATO. On the basis of the figures provided by Willmott it is apparent that it exceeds the 70% requirement of the Direct Forestry Expenditure (DFE) Rule.

As a consequence, the product ruling outlines that 100% of the application fee is tax deductible in the initial year. Please refer to section 6.1 in relation to GST.

We note that the Ruling will only apply if Willmott establishes all of the trees within 18 months of the end of the income year in which the first 'participant' in the Project is accepted. For this Project the Trees must be established on or before 31 December 2010.

The product ruling outlines that if any part of the plantations are harvested prior to 1 July 2013 the tax deductions claimed may be disallowed and all income would then be treated as capital. It is critical for investors in this project to receive the expected taxation deductions that Willmott does not harvest any plantations before 1 July 2013.

According to the Independent Taxation Expert and the product ruling capital gains tax (CGT) provisions will not apply in respect of the sale of the standing pine timber in year 16. Income received from will instead be taxed as assessable income.

9.2 How does the product ruling system work?

A product ruling is a binding statement by the Australian Taxation Office (ATO) regarding deductions of fees available under the current Australian Taxation Laws for an investment in a particular project. If there are material changes made to the expenditure, timing and establishment of a particular project, then that particular product ruling ceases to have any effect.

The product ruling system provides certainty to potential investors in the MIS industry confirming the taxation benefits for a particular project, where the scheme manager complies with the commitments made.

10 AAG Opinion

The AAG use a model that has been developed in-house to rate Managed Investment Schemes. Numerous points of assessment are made to ensure the important aspects of a project and project manager are assessed on an even basis.

Ratings are out of five stars in quarter star increments.

The report should be read in its entirety and in conjunction with Part A – Corporate Governance Review (William Buck) and Part B – Track Record Review (AAG).

The opinion of AAG is outlined throughout the report and a summary is found on page 1.

11 AAG Profile and Contact Details

The Australian Agribusiness Group was formed in 1997 and provides expertise in research, investment management and agribusiness consulting nationally.

AAG is the leading provider of research into the Managed Investments Sector (MIS) in Australia. It's research is read by over 9,100 financial planners and is distributed by Standard and Poors.

AAG sources and manages investments in the Australian agribusiness sector on behalf of national and international clients.

AAG undertakes research reports, feasibility studies, consulting projects and assists in facilitating funding for private and public clients. It provides the management skills, expertise, staff and office support to develop, incubate and launch new agribusinesses.

AAG focuses on agribusiness and particularly the commercial aspects of this dynamic sector.

For more information about AAG, please visit our website at www.ausagrigroup.com.au.

Australian Agribusiness Group Financial Services Guide

We are required to give this FSG to retail clients under the requirements of our Australian Financial Services License. It is an important document and provides you with information about Australian Agribusiness Group (AAG) to help you decide whether to use the financial services that we provide. This FSG explains the services we can offer to you and the types of products we offer. It also explains how we are remunerated in relation to those services and includes information on our internal and external complaints handling procedures.

You may also receive other documents in relation to the financial products which we may provide advice on, from other parties.

A Statement of Advice (SOA) describes the type of advice being given, and must be provided where an adviser is giving personal advice. As detailed below, Beckmont does not provide personal advice and therefore will not provide an SOA.

A Product Disclosure Statement (PDS) is a document which contains information about a particular financial product which will assist you in making an informed decision about that product. However, as we do not issue, sell, or offer to issue or sell financial products, or give personal advice, we are not required to provide a PDS.

This FSG is dated 28 February 2006.

1. Who are we?

Beckmont Pty Ltd (ABN 50 056 592 708) (Beckmont) trading as Australian Agribusiness Group (AAG) is licensed under the Corporations Act to provide particular financial services to you on its own behalf. These may be provided to you by Beckmont representatives.

Beckmont's Australian Financial Services License number is 244307.

2. What financial services do we offer?

Beckmont can provide, for the purpose of preparing research reports in relation to primary production managed investment schemes, financial product advice for interests in primary production managed investment schemes (excluding investor directed portfolio services) to retail and wholesale clients.

Beckmont does not provide personal financial advice. As such our employees and representatives will not be taking into account your personal objectives, financial situation and needs. If you require personal financial product advice, please consult a financial planner.

3. How can you do business with us?

You can register for access to our research and information on primary production managed investment schemes via our website (www.ausagrigroup.com.au). Information is accessed via that site by a personal login name and password.

4. How are we remunerated for the services we provide?

Wholesale clients do not currently pay anything for access to our services.

Retail clients pay a maximum $69 for access to each project report.

5. What commissions, fees or other benefits are received?

Beckmont is paid a standard and fixed fee by project managers (i.e. the product providers of agribusiness managed investment schemes) of $25,300 for the first project for each project manager and then $13,200 per project thereafter for that project manager. Any associated travel, accommodation and reimbursements are additional to this charge.

Employees of Beckmont Pty Ltd do not receive particular payments or commissions in respect of the authorised services and are employed on a salary basis in respect of these services.

You may receive advice from financial planners and dealer groups to whom we provide research. These financial planners and dealer groups do not receive remuneration from us, nor we from them.

6. How do we safeguard your private information?

Your privacy is important to us. In general we may collect information about you to manage your access to our website. You can access our Privacy Policy at our website (www.ausagrigroup.com.au).

7. What should you do if you have a complaint?

Please contact our Compliance Officer on (03) 9602-6500.

Our staff will review the situation and if possible resolve it immediately. If the matter has not been resolved to your satisfaction, please contact the Managing Director by writing to:

The Managing Director
Australian Agribusiness Group
Level 7, 99 Queen St
Melbourne VIC 3000

If, after giving us the opportunity to resolve your complaint, you feel we have not resolved it satisfactorily, you may be able to lodge a complaint with:

Financial Industry Complaints Service (FICS)
PO Box 579, Collins St West
Melbourne VIC 8007
or call them on 1300 780 808

8. You can contact us by

- phone on (03) 9602-6500
- fax on (03) 9642-8824
- visiting www.ausagrigroup.com.au
- writing to us at Level 7, 99 Queen St
  Melbourne VIC 3000
- email on info@ausagrigroup.com.au

2008/09

AUSTRALIAN AGRIBUSINESS GROUP

WILLMOTT FORESTS PREMIUM FORESTRY BLEND PROJECT – 2009 PDS

Retail Investment Research – July 2008

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