IN THE FEDERAL COURT OF AUSTRALIA
VICTORIA DISTRICT REGISTRY

No. VID 1019 of 2010

IN THE MATTER OF WILLMOTT FORESTS LIMITED (RECEIVERS AND MANAGERS APPOINTED) (ADMINISTRATORS APPOINTED)
ACN 063 263 650

WILLMOTT FORESTS LIMITED (RECEIVERS AND MANAGERS APPOINTED) (ADMINISTRATORS APPOINTED)
ACN 063 263 650
IN ITS PERSONAL CAPACITY AND IN ITS CAPACITY AS RESPONSIBLE ENTITY OF EACH OF THE MANAGED INVESTMENTS SCHEMES LISTED IN SCHEDULE 1 AND IN ITS CAPACITY AS MANAGER OF THE UNREGISTERED MANAGED INVESTMENT SCHEMES LISTED IN SCHEDULE 2
First Plaintiff

CRAIG DAVID CROSBIE
Second Plaintiff

IAN MENZIES CARSON
Third Plaintiff

CERTIFICATE IDENTIFYING EXHIBIT

This is the exhibit marked "CDC-9" now produced and shown to **CRAIG DAVID CROSBIE** at the time of swearing his affidavit on 4 February 2011.

Before me: .....

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FINAL REPORT

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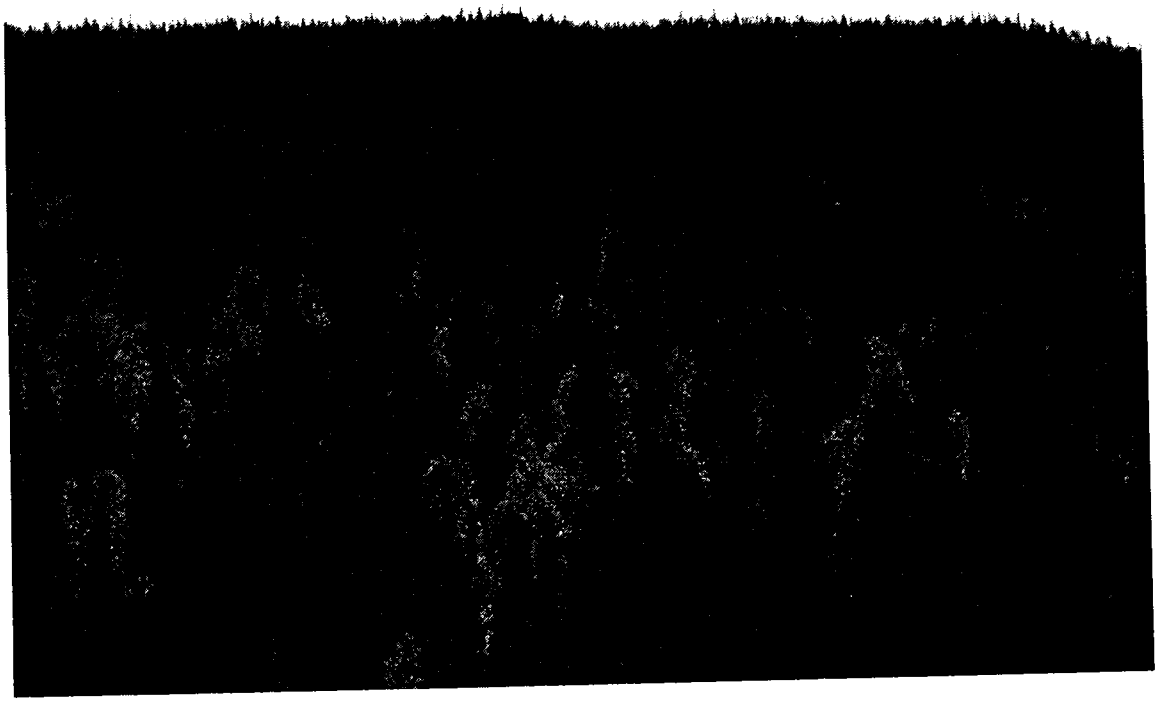
19 January 2010



IAN CARSON AND CRAIG CROSBIE (ADMINISTRATORS FOR WILLMOTT FORESTS LTD)

Viability Analysis of the Willmott Forestry Projects

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PREFACE

This report is issued by Poyry Management Consulting (Australia) Pty Ltd (Pöyry) to Ian Carson and Craig Crosbie the Administrators for Willmott Forests Ltd (the Administrators).

The report contains the opinion of Pöyry as to the Viability Analysis of the Willmott Forestry Projects. The provision of this report is subject to the terms of the Disclaimer provided on the following page.

We hope this report proves useful to you and we would be pleased to provide expert assistance to you on future assignments.

Rudolf Rensburg
ASSOCIATE PRINCIPAL

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- The report can be provided to individual Willmott Forest Ltd (Willmott) MIS investor growers, on the strict basis that the growers acknowledge and agree to the following:
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The report contains the opinion of Pöyry as to the viability of Willmott MIS projects based on a desktop review of forecast project cash flows prepared by Willmott.

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GLOSSARY

Term	Definition
a	Annum/year
A Grade	Japan (higher) grade
AKD	Australian Kiln Dryers
APLPI	Australian Pine Log Price Index
AUD/GMt	Australian dollars per green metric tonne
AUD/ha	Australian dollars per hectare
AUD/ha/a	Australian dollars per hectare per year
AUD/m^3	Australian dollars per cubic metre
AUD/t/km	Australian dollars per tonne per kilometre
Biofuel	Biofuels are a wide range of fuels which are in some way derived from biomass. The term covers solid biomass, liquid fuels and various biogases.
CAPM	Capital Asset Pricing Model
CF	Clearfell
CHHWPA	Carter Holt Harvey Wood Products Australia
cm	Centimetre (10 mm)
Dbh	Diameter at breast height
dbhob	Diameter at breast height over bark
DECC	Department of Environment, Climate Change and Water NSW
Dob	Diameter over bark
FNSW	Forests New South Wales
FOB	Free On Board
GMt	Green metric tonne
GMt/a	Green metric tonnes per year
GRP	Grand Ridge Plantations
Green Triangle	One of Australia's major forest regions, spanning the border area between the south-eastern part of South Australia, and the south-western part of Victoria. Processing activities are centred around the cities of Mt Gambier in South Australia and Portland in Victoria.
Ha	Hectare
HVP	Hancock Victoria Plantations
IDR	Implied Discount Rates
IDR	Implied Discount Rate
J Grade	Japan grade
JAS	Joint Accreditation System
JAS	Japanese Agricultural Standard
K Grade	Korean grade
KI Grade	Korean industrial/lower grade
km	Kilometre (1 000 metres)
LED	Large-end diameter
LVL	Laminated veneer lumber
m	Metre (100 cm or 1 000 mm)
m^3	Cubic metre
MAFF	Ministry of Agriculture Forestry and Fisheries (NZ)
MAI	Mean Annual Increment

Term	Definition
MARVL	Method of Assessment of Recoverable Volume by Log type.
MCF	Mature clearfell
MDF	Medium-density fibreboard
MGP10, 12 etc.	Machine-graded pine
MIS	Managed Investment Schemes
NCT	Non-commercial thinning
NPV	Net Present Value
PV	Present Value
RE	Responsible Entity
SED	Small-end diameter
t	Metric tonne (1 000 kg)
T1, T2, T3	First, second, third thinning
TIMO	Timber Investment Management Organisations
WACC	Weighted Average Cost of Capital
WSR	Wood supply region
YTGen	Yield Table Generation software

EXECUTIVE SUMMARY

The Assignment

Pöyry was engaged to undertake a technical review and verification of MIS project valuations prepared by Willmott to form an opinion on the viability of each project.

Willmott has developed a cash flow model to forecast costs, harvest timings, yields and revenues for the company's plantation projects. The scope of Pöyry's work for this report was to review and adjust, where necessary, the key inputs and functioning of the Willmott cash flow model and use it to form an opinion on the viability of each MIS project. The work has been completed as a desk top exercise, and no physical inspections of any of the plantations have been undertaken.

The model acknowledges that rent has been prepaid by the growers, thus the Willmott cash flow model excludes the cost of land. A review of these costs was therefore also outside the scope of work undertaken by Pöyry. In Pöyry's experience, and as per applicable national and international financial reporting standards, the cost of land rentals, or the opportunity cost associated with the use of freehold land, should be accounted for in appraising tree crops as these costs can have a very significant effect on crop value (project NPV).

Key Inputs from the Client

The Willmott cash flow model incorporates key input assumptions on:

- Plantation areas
- Growth rates and yield forecasts
- The cost of harvesting plantations
- The cost to haul logs from each region to the most likely end markets
- The fees required to cover plantation maintenance and supervision costs, road construction, other direct costs and payments to the old and a potential new responsible entity (RE)
- Market demand and log prices.

Willmott has adjusted the areas allocated to woodlots based on historic failure rates. The failure rates were estimated by Willmott using initial planted area estimates and later remapped boundaries from aerial photography of its older plantations. Willmott removed three plantations from the cash flow model as they had failed. The failed areas were in the Willmott Forests 1995 - 1999 project, prospectus years 1996, 1997 and 1999. The early biofuel projects have a mix of silky oak and sheoak trees. In this case, the net stocked area is split evenly between the species.

Pöyry Changes to Key Inputs

Pöyry has compared Willmott's cost estimates for future plantation operations with costs incurred by other Australian plantation growers. Pöyry has adjusted cost estimates in the cash flow model for fertiliser, road construction, harvesting,

haulage, insurance and non-commercial thinning to costs it believes are more likely to be incurred.

An estimated cost for the Administration relating to the projects has been included. Pöyry has adjusted Willmott's cost estimates for overheads. In Pöyry's opinion, the adjusted cost estimates are appropriate.

Pöyry Key Assumptions and Inputs

In the absence of field work, Pöyry has assumed that the plantations have been professionally managed and maintained to date, and that any maintenance operations that may have been missed due to Willmott's current financial situation will be brought up to date in 2011. This assumption is of particular importance in relation to the yield estimates made by Pöyry, as the quality of plantation maintenance work is generally known to have a significant impact on crop yield.

Pöyry has not audited the net stocked areas of any of the Willmott plantations and has assumed the area estimates in the cash flow model to be correct.

Pöyry has assumed that payments in arrears to HVP and FNSW for plantation maintenance will be made, and has allocated these costs to schemes with plantations managed by these organisations.

In developing its opinion on the viability of each project, Pöyry has made the assumption that funding will be raised/made available for the future maintenance and upkeep of the plantations. **Given the relative young age of the plantations, none of the existing projects will be viable in the absence of further and ongoing maintenance work.**

It has been assumed that an up-front contribution will be made by the growers, to cover the maintenance, overheads and administration costs. In some projects, the old RE (Willmott) receives a proportion of the maintenance fee for work done to date. Pöyry has assumed that growers will pay the estimated ongoing costs in 2011 to complete the schemes. Unless the costs are received for each specific scheme, the scheme will be non-viable. The estimated growers' contribution required to cover all costs (AUD123.2 million) including the 15% contingency are shown in Table S-2.

Areas of Uncertainty

Estimation of growth is a key driver of the volume and type (e.g. log quality and size) of the products yielded from a plantation. Growth rates are affected by the genetic makeup of the trees planted, site quality, the effectiveness of maintenance, fertilisation history, rainfall and other variables. Unfortunately, for most of the Willmott projects, there are no project-specific, reliable growth data available.

Limited inventory data was collected for the Bombala pine plantations in 2004-2007. Sheoak and silky oak plantations are not commonly grown in Australia and therefore experience with the possible yields that these crops may achieve is limited. The fact that 80% of the Willmott plantations are young (six years or younger) exacerbates the problem, as extrapolation of early growth performance may not provide a reliable yield estimate at the time of clearfell.

Given these limitations, Pöyry adopted alternative approaches to estimate yields for the various species. In the case of pine, log yield forecasts are based on historic regional average yields, with the exception of some Bombala plantations, where the 2004-2007 inventory data was used. In the absence of any alternative data, it is Pöyry's opinion that the use of regional average yields for the young pine plantations is appropriate.

The growth assumptions for the pine plantations managed by Hancock Victoria Plantations (HVP) and Forests New South Wales (FNSW) were based on the growth achieved by the previous rotation of plantations. In the absence of inventory data, previous crop yields can be used as a proxy for future yield estimates on the assumption that silvicultural treatments and climatic conditions remain comparable, and that the genetic material deployed is better than, or at least equal to, the previous crop.

As far as Pöyry is aware, no relevant yield projection data is available for silky oak, sheoak and African mahogany plantations on similar sites to the Willmott plantations. In the absence of available commercial plantation yield data, Pöyry has developed yield forecasts for these species using approaches as described below.

In the case of African mahogany, Pöyry undertook a review of limited research plot data available for African mahogany in northern Queensland, and reviewed available research literature for this species. Pöyry has assumed a growth rate within a typical range for this species. For sheoak, Pöyry has maintained Willmott's growth assumptions. Due to the uncertain growth forecast rates for silky oak, Pöyry has, based on Willmott's growth assumption and Pöyry's experience, reduced Willmott's growth assumption for this species by 7%.

Pöyry has relied on its internal databases and published export prices for the log prices applied in the cash flow model, and has used the log prices from an existing Willmott contract for pine pulp prices applied in the cash flow model. Pöyry has assumed that pine logs from the Bombala region, African mahogany logs and silky oak logs will be exported. In Pöyry's opinion, it is reasonable to assume that the non-Bombala pine sawlogs and all pine pulplogs can be absorbed by the domestic market at the log prices applied in the cash flow model.

Viability Findings

Pöyry has estimated the present value of future plantation maintenance, overheads and administration costs for all the Willmott projects to be in the order of AUD107.1 million. This estimate includes the cost of maintaining plantation projects owned by Willmott. Pöyry has assumed the growers' contribution to be AUD123.2 million, which is the estimated costs plus a contingency of 15%. Pöyry has assumed that this funding will be available immediately for an assumed new RE to manage the plantations, in order to ensure adequate funds are available to see the projects through to maturity.

In considering cash flows, Pöyry understands that existing growers have been participants in the projects from the onset, and may be interested in their overall return, i.e. total money invested from the onset versus expected future proceeds. However, from a perspective of evaluating the viability of the individual projects, as they currently stand, Pöyry recognises the breakpoint in the investment cycle that was brought about by the Willmott receivership, and Pöyry's cash flows are

forward looking, i.e. they only test viability by considering future costs against future returns.

Based on the expected future cash flows, Pöyry has classified the projects into three viability categories (as detailed in Table S-2 below):

1. **Long-Term Viable Schemes** are schemes that have a positive NPV and which, on the face of it, make commercial sense to be maintained by way of additional voluntary grower contributions.
2. **Potentially Viable Schemes** are listed as "Viable* or Non-viable*" in Table S-1. Non-viable* indicates that these schemes are non-viable unless there is an increase in yield/price/log grade of at least 25%, and further investment is made in the short term by way of additional voluntary grower contributions. Viable* indicates that the scheme has a positive NPV, but that a decrease in yield/price/log grade of 25% or more would make them non-viable. Pöyry has defined this category due to the uncertainty regarding the future yields and prices. The viability will depend on maintenance requirements, actual growth rates going forward and actual prices received.
3. **Long-Term Non-Viable Schemes** are schemes which are clearly unviable in the long term, and which, on the face of it, there is no commercial merit in maintaining. The project is estimated to have a clearly negative NPV. The project would require an increase of greater than 25% to net proceeds in order to generate a positive NPV to the grower.

The Schemes with silky oak and sheoak plantation on the North Coast of NSW have been assessed as financially non viable. The current and forecast price for sheoak chips results in minimal proceeds net of harvesting and haulage costs. Recent inspections by Willmott staff of the silky oak plantations has revealed intensive weed competition which will add to weed control costs and reduce growth rates. Increased cost estimates and reduced growth forecast have not been applied to the cash flow model. The north coast plantations will require a large cash injection to bring them up to a productive state while the expected returns from the plantations are modest.

All schemes require a large upfront contribution to cover costs. The estimated per-ha contributions required for each scheme are shown in Table S-2. The required contributions are estimated on the assumption that all growers expcept Willmott will contribute to the costs. If say, one third of growers by area does not contribute to costs, the required contribution per ha of the contributing growers will increase by 50%. In Pöyry's opinion, it appears likely that for younger schemes that require large contributions per-ha relative to their NPV per ha, many growers may not contribute to costs.

Sensitivity Analysis

Due to the long-term nature of the plantation investments, the NPV of the growers' cash flow estimate is strongly influenced by the discount rate applied. Pöyry has considered available market evidence, both in the form of implied discount rates from relevant recent plantation forest transactions and CAPM derivations. In Pöyry's opinion, the appropriate discount rate for the projects is 11%, applied to pre-tax cash flows in nominal dollars. Areas of uncertainty, where possible, have been addressed in the cash flows through the adjustments made by Pöyry and the

application of the 25% yield/price test. However, Pöyry has also undertaken a sensitivity analysis of viability at discount rates of 13% and 15%. The results of these analyses are presented in Table S-1 and Table S-2.

Table S- 1:
Summary of Sensitivity Analysis – Viabile Area at Alternative Dicount Rates

Discount Rate	Viable	Viable*	Non-Viable*	Non-Viable	Total
	NSA (ha)				
11%	38 072	1 316	4 495	9 008	53 208
13%	17 387	20 777	1 240	13 804	53 208
15%	6 648	6 642	12 681	27 237	53 208

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Table S- 2:
Viability Assessment and Estimate of Growers Contribution required to complete the Schemes

				Sensitivity analysis	
Willmott Scheme	**Viability Assessment at 11%**	**PV of Contributions Required (AUD 2010)**	**Growers Contribution per MIS area (AUD/ha)**	**Viability Assessment at 13%**	**Viability Assessment at 15 %**
1983 No Project Scheme	Viable	116 028	1 028	Viable	Viable
1984 No Project Scheme	Viable	70 531	1 915	Viable	Viable
1985 No Project Scheme	Viable	91 791	1 175	Viable	Viable
1986 No Project Scheme	Viable	151 008	1 082	Viable	Viable
1987 No Project Scheme	Viable	148 594	1 297	Viable	Viable
1989 No Project Scheme	Viable	75 321	2 430	Viable	Viable
Willmott Forests 1989 - 1991 Project - 1989 Prospectus	Viable	80 334	5 021	Viable	Viable
Willmott Forests 1989 - 1991 Project - 1990 Prospectus	Viable	172 268	1 526	Viable	Viable
Willmott Forests 1989 - 1991 Project - 1990 IM	Non-Viable*	63 071	5 256	Non-Viable*	Non-Viable
Willmott Forests 1989 - 1991 Project - 1991 Prospectus	Viable	413 870	1 598	Viable	Viable
1990 No Project Scheme	Viable	110 047	2 038	Viable	Viable
1991 No Project Scheme	Non-Viable*	54 132	7 868	Non-Viable*	Non-Viable*
1994 Grimsey and Associates - Forestry Partnership No 1	Viable	317 728	1 869	Viable	Viable
1994 Grimsey and Associates - Forestry Partnership No 2	Viable	358 728	1 878	Viable	Viable
1994 Grimsey and Associates - Forestry Partnership No 3	Viable	196 304	2 111	Viable	Viable
1993 McKenzie and Partners - Forestry Partnership No 1	Viable	142 107	2 292	Viable	Viable
1994 McKenzie and Partners - Forestry Partnership No 2	Viable	111 150	2 850	Viable	Viable
1995 No Project Scheme	Viable*	81 951	4 098	Non-Viable*	Non-Viable
Willmott Forests 1995 - 1999 Project - 1995 Prospectus	Viable	1 616 292	1 705	Viable	Viable
Willmott Forests 1995 - 1999 Project - 1996 Prospectus	Viable*	1 379 079	2 186	Non-Viable*	Viable
Willmott Forests 1995 - 1999 Project - 1997 Prospectus	Viable	2 664 961	2 107	Viable	Viable
Willmott Forests 1995 - 1999 Project - 1998 Prospectus	Viable	2 742 321	2 095	Viable	Viable
Willmott Forests 1995 - 1999 Project - 1999 Prospectus	Viable*	1 326 670	1 534	Non-Viable*	Non-Viable
Sharp Reed Plantation Project - 1998 IM	Viable	329 407	2 422	Viable	Viable
2001 No Project Scheme (entirely owned by Willmott)	Non-Viable	131 834	Negative	Non-Viable	Non-Viable
Willmott Forests - Professional Investor 2001 Scheme	Viable	580 751	2 016	Viable	Viable*
Willmott Forests - Professional Investor 2002 Scheme	Viable	541 977	2 038	Viable	Viable*

Willmott Scheme	Viability Assessment at 11%	PV of Contributions Required (AUD 2010)	Growers Contribution per MIS area (AUD/ha)	Sensitivity analysis	
				Viability Assessment at 13%	Viability Assessment at 15 %
Willmott Forests - Professional Investor 2003 Scheme	Viable	4 106 045	1 890	Viable*	Non-Viable*
Willmott Forests - Professional Investor 2004 Scheme	Viable	12 223 497	2 324	Viable	Viable*
Willmott Forests - Professional Investor 2006 Scheme	Viable	1 444 428	2 628	Viable*	Non-Viable
Willmott Forests Project - 1999 Prospectus	Viable*	154 428	2 808	Non-Viable*	Non-Viable
Willmott Forests Project - 2000 Prospectuses	Viable	1 206 703	2 011	Viable	Viable
Willmott Forests Project - 2001 Prospectus	Viable	1 577 957	2 065	Viable	Viable
Willmott Forests Project - 2002 Prospectus	Viable	1 476 326	1 958	Viable	Viable*
Willmott Forests Project - 2003 Prospectus	Viable	2 405 420	1 903	Viable*	Non-Viable*
Willmott Forests Project - 2004 PDS	Viable	9 909 458	1 976	Viable*	Non-Viable*
Willmott Forests Project - 2006 PDS	Viable	10 668 473	2 262	Viable	Non-Viable*
Willmott Forests Project - 2007 PDS	Viable	31 476 843	2 556	Viable*	Non-Viable
2005 BioForest Wholesale Project No 2	Viable*	203 216	2 128	Viable*	Non-Viable*
BioForest Dual Income Project 2006 PDS	Viable*	722 903	2 359	Non-Viable*	Non-Viable
BioForest Sustainable Timber and Biofuel Project 2007 PDS	Non-Viable*	10 746 515	2 328	Non-Viable	Non-Viable
Willmott Forests Premium Forestry Blend Project 2008 PDS	Non-Viable	20 088 881	2 897	Non-Viable	Non-Viable
Willmott Forests Premium Forestry Blend Project 2010 PDS	Non-Viable		Not Planted	Non-Viable	Non-Viable
Willmott Forests Premium Timberland Fund No 1	Non-Viable	703 521	38 215	Non-Viable	Non-Viable
		123 182 870			

CONTENTS

Appendices

1 INTRODUCTION

Messrs Ian Carson and Craig Crosbie (the "Administrators") have been appointed administrators for Willmott Forests Limited (Willmott). The Administrators have engaged Pöyry to undertake a technical review and verification of project valuations prepared by Willmott to form an opinion on the viability of each project.

Pöyry has provided an Independent Forestry Expert (IFE) perspective on the assumptions of the plantation cash flow models prepared by Willmott, and has formed an opinion on the viability of the forestry projects. Pöyry has also provided an opinion on each of the key assumptions that influence the project cash flows.

Pöyry's work has been undertaken as a desk top exercise utilising Wilmott supplied information and our own experience and databank information. No field work has been undertaken.

The Willmott cash flow model excludes the cost of land. A review of these costs was therefore also outside the scope of work undertaken by Pöyry. In Pöyry's experience, and as per applicable national and international financial reporting standards, the cost of land rentals, or the opportunity cost associated with the use of freehold land should be appropriately accounted for in appraising tree crops, as these costs can have a very significant effect on crop value, in the range of AUD250-350/ha/a. It therefore needs to be specifically recognised that in the absence of land costs, the cash flows presented by Pöyry cannot be used to estimate tree crop values. Instead, these cash flows only have utility in developing an opinion on the viability of the projects.

Pöyry has reviewed Willmott's cost assumptions and adjusted them where it is believed the likely costs to be incurred differ from the Willmott estimates. Pöyry introduced new costs for insurance, Administrator's costs and a profit margin for an assumed new RE. Pöyry used its existing log price information and published export prices. Pöyry did not contact exporters or domestic purchasers to gauge their intentions regarding supplier volume and price. Pöyry has used the cash flow model without auditing for internal calculation errors.

Pöyry has classified the projects into three categories:

1. **Long-Term Viable Schemes** are schemes that have a positive NPV and which, on the face of it, make commercial sense to be maintained by way of additional voluntary grower contributions.
2. **Potentially Viable Schemes** are listed as "Viable* or Non-viable*" in Table S-1. Non-viable* indicates that these schemes are non-viable unless there is an increase in yield/price/log grade of at least 25%, and further investment is made in the short term by way of additional voluntary grower contributions. Viable* indicates that the scheme has a positive NPV, but that a decrease in yield/price/log grade of 25% or more would make them non-viable. Pöyry has defined this category due to the uncertainty regarding the future yields and prices. The viability will depend on maintenance requirements, actual growth rates going forward and actual prices received.
3. **Long-Term Non-Viable Schemes** are schemes which are clearly unviable in the long term, and which, on the face of it, there is no commercial merit in maintaining. The project is estimated to have a clearly negative NPV. The

project would require an increase of greater than 25% to net proceeds in order to generate a positive NPV to the grower.

Pöyry has applied the 25% rule as an estimate in attempting to capture some of the uncertainties in the model such as, for example, future yield and product mix estimates, costs and log price movements, and foreign exchange fluctuations. It needs to be recognised that these uncertainties can have multiplicative effects.

Pöyry's cash flows also estimate the cash required for ongoing plantation maintenance work until the time of harvest (AUD123.2 million). In the absence of further maintenance work, none of the projects will be viable.

2 FOREST DESCRIPTION

2.1 Forest Inspection

No physical inspection of any of the Willmott plantations has been included in this project.

2.2 Forest Areas

Pöyry has not audited the net stocked area of the plantations. Willmott estimated the initial planted area with a GPS survey of the prepared land. Willmott conducts survival counts to determine the stocking at about 9 months after planting. The company has stated that it replants areas if the stocking is found to be 10% or more below the planted density. This statement has been accepted by Pöyry, without audit.

Willmott has a program of remapping the net stocked areas at about 3 years after planting. It has then calculated an area adjustment factor by comparing the remapping area estimates with the initial GPS estimates. These factors have been applied across similar plantation types. Three properties that had failed plantations due to snow damage were adjusted to have no area. These were in the Willmott Forests 1995 – 1999, 1996 prospectus and Willmott Forests 1995 – 1999, 1998 prospectus schemes. The net stocked area used for estimating log yields and maintenance costs in the cash flow is the initial net stocked area estimate at planting minus the percentage shown in the 'Willmott area adjustment' column in Table 2-1.

The adjusted areas have been used in the cash flow model for forecasting revenues and costs. The areas are shown in Table 2-1. Figure 2-1 and Figure 2-2 present the adjusted area-age-class distribution of radiata pine and the other minor species respectively.

Table 2-1:
Net Stocked Area Estimates after Adjustments

Willmott Schemes	Total	Pine	Silky Oak	Sheoak	Mahogany	Wilmott Area Adjustment	Adjusted Area
	Area (ha)					(%)	(ha)
1983 No Project Scheme	114	114				-8	105
1984 No Project Scheme	37	37				-8	34
1985 No Project Scheme	78	78				-8	72
1986 No Project Scheme	146	146				-8	134
1987 No Project Scheme	125	125				-8	115
1989 No Project Scheme	31	31				-8	29
Willmott Forests 1989 - 1991 Project - 1989 Prospectus	28	28				-8	26
Willmott Forests 1989 - 1991 Project - 1990 Prospectus	120	120				-8	110
Willmott Forests 1989 - 1991 Project - 1990 IM	12	12				-8	11
Willmott Forests 1989 - 1991 Project - 1991 Prospectus	288	288				-8	265
1990 No Project Scheme	54	54				-8	50
1991 No Project Scheme	7	7				-8	6
1994 Grimsey and Associates - Forestry Partnership No 1	170	170				-8	156
1994 Grimsey and Associates - Forestry Partnership No 2	196	196				-8	180
1994 Grimsey and Associates - Forestry Partnership No 3	93	93				-8	86
1993 McKenzie and Partners - Forestry Partnership No 1	62	62				-8	57
1994 McKenzie and Partners - Forestry Partnership No 2	39	39				-8	36
1995 No Project Scheme	20	20				-8	18
Willmott Forests 1995 - 1999 Project - 1995 Prospectus	970	970				-8	892
Willmott Forests 1995 - 1999 Project - 1996 Prospectus	1 030	1 030				-50	518
Willmott Forests 1995 - 1999 Project - 1997 Prospectus	1 288	1 288				-7	1 200
Willmott Forests 1995 - 1999 Project - 1998 Prospectus	1 309	1 309				-8	1 204
Willmott Forests 1995 - 1999 Project - 1999 Prospectus	876	876				-61	339
Sharp Reed Plantation Project - 1998 IM	136	136				-8	125
2001 No Project Scheme (entirely owned by Willmott)	40	40				-8	37
Willmott Forests - Professional Investor 2001 Scheme	288	288				-8	265

PÖYRY

Willmott Schemes	Total	Pine	Silky Oak	Sheoak	Mahogany	Wilmott Area Adjustment	Adjusted Area
	Area (ha)					(%)	(ha)
Willmott Forests - Professional Investor 2002 Scheme	266	266				-8	245
Willmott Forests - Professional Investor 2003 Scheme	2 173	2 173				-8	1 999
Willmott Forests - Professional Investor 2004 Scheme	5 420	5 420				0	5 420
Willmott Forests - Professional Investor 2006 Scheme	551	551				0	551
Willmott Forests Project - 1999 Prospectus	55	55				-8	51
Willmott Forests Project - 2000 Prospectuses	600	600				-8	552
Willmott Forests Project - 2001 Prospectus	764	764				-8	703
Willmott Forests Project - 2002 Prospectus	770	770				-8.5	713
Willmott Forests Project - 2003 Prospectus	1 265	1 265				-8	1 163
Willmott Forests Project - 2004 PDS	5 025	5 025				-4.5	4 805
Willmott Forests Project - 2006 PDS	4 758	4 758				-3	4 615
Willmott Forests Project - 2007 PDS	12 334	12 334				-1	12 166
2005 BioForest Wholesale Project No 2	96		48	48		-3	93
BioForest Dual Income Project 2006 PDS	307		153	153		-3	297
BioForest Sustainable Timber and Biofuel Project 2007 PDS	4 617		2308	2308		-3	4 478
Willmott Forests Premium Forestry Blend Project 2008 PDS	6 912	4 653	1861	399		0	6 912
Willmott Forests Premium Forestry Blend Project 2010 PDS	2 217	1 663	111		443	0	2 217
Willmott Forests Premium Timberland Fund No 1	159				159	0	159
	55 841	**47 849**	**4 481**	**2 908**	**602**	-5	**53 208**

Figure 2-1:
Adjusted Area & Age-class Distribution for Radiata Pine

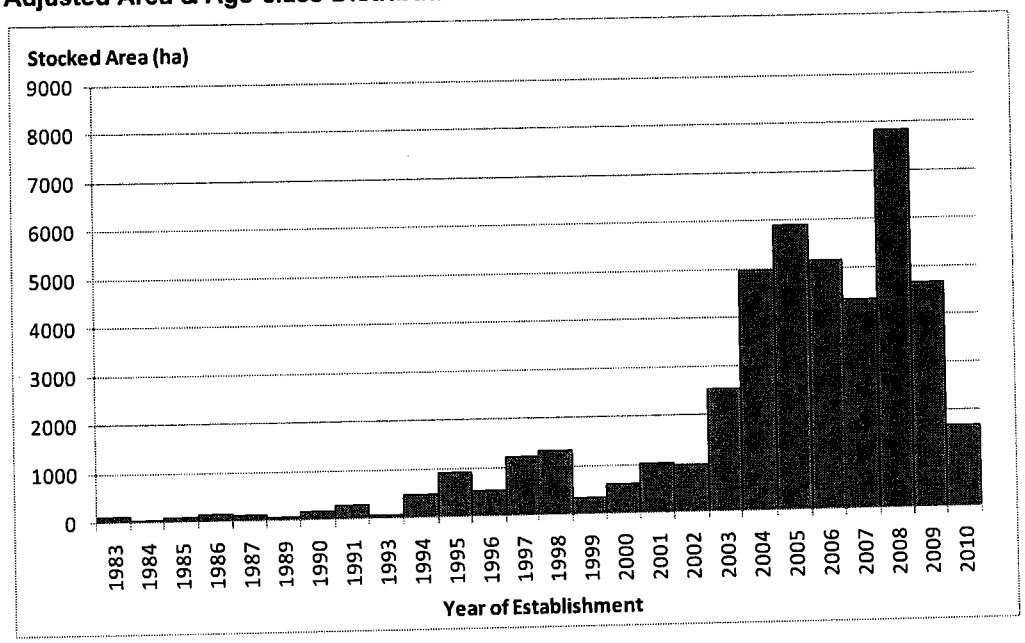
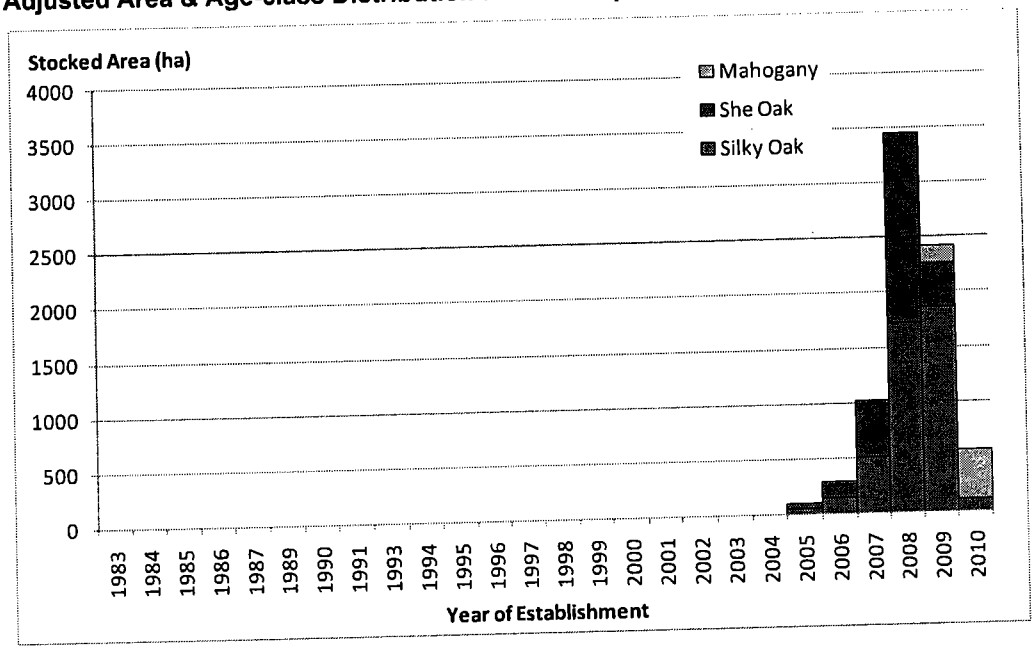


Figure 2-2:
Adjusted Area & Age-class Distribution for Minor Species



2.3 Plantation Types

Stocking, Regimes, Species

In Australia it is a common practice to harvest a proportion of trees before the final clearfell (CF). These operations are called thinnings. Willmott has intended that its pine plantations will be thinned at about ages 15 and 21. The thinnings will produce logs to be sold to pulpwood and sawlog markets.

The main objectives of thinnings are:

- Remove poorly formed and small trees to redistribute the growth potential of the stand to the well-formed, high-quality trees
- To maintain the growth rate of the stand
- To increase the financial returns from merchantable timber produced by the stand.

The silvicultural regime intended by Willmott has been driven by the economics of maximising the recovery of high value sawlogs. Only the 1983 to 1991 projects have received a thinning. The proportions of these that are thinned are shown in Table 2-2. These projects have only received a first thinning.

Table 2-2:
Thinning Areas of Bombala Pine Plantations

Project	Age	First Thinning (ha)	Unthinned (ha)	Thinned Proportion (%)	Stocking (stems/ha)
1983 Project	27	110	3	97	591
1984 Project	26	19	14	58	407
1985 Project	25	70	5	93	600
1986 Project	24	132	86	61	580
1987 Project	23	8	122	6	600
1989 Project	21		32		
1990 - Interest Only Offer	20	48		100	450
1991 Project	19	4	2	69	600
Total		**391**	**264**		

3 INVENTORY

3.1 Sources of Data

Three sets of MARVL[1] inventory were undertaken in 2004 and 2007 of the Willmott estate by inventory contractors directed by Wilmott. A total of 463 inventory fixed area (bounded) plots were measured by Willmott's contractors. A summary of the MARVL plots information is provided in Table 3-1.

Table 3-1:
MARVL Inventory Plots Information

Inventory Year	Population	Plant Year	Avg Age at Inventory	Current Age	No. of Plots	Plot size (ha)	Sampled Area (ha)	Planted Area (ha)
2007	Bendoc 3	1987	18	21	52	0.02	1.04	100
2007	Bendoc 3	1987	18	21	44	0.02	0.88	100
2007	Bendoc 3	1987	18	21	43	0.02	0.86	100
2007	Bendoc 5	1992	15	18	15	0.02	0.30	170.6
2007	Bendoc 5 South	1992	15	18	13	0.02	0.26	170.6
2007	Bendoc 2	1985	15	18	13	0.02	0.26	184.7
2007	Bendoc 7	1994	13	16	4	0.02	0.08	57.3
2007	Bendoc 4B	1989	13	16	8	0.02	0.16	57.3
2007	Bendoc 5 + 7	1994	15	18	19	0.02	0.38	170.6
2007	Bendoc 6	1992	15	18	15	0.02	0.30	184.7
2007	Cabanandra	1996	12	15	79	0.02	1.58	890.7
2007	Cabanandra East	1996	12	15	48	0.02	0.96	890.7
2007	Cabanandra West	1996	12	15	32	0.02	0.64	890.7
2007	Cabanandra South	1996	12	15	31	0.02	0.62	890.7
2004	Bendoc 1	1983	20	26	25	0.02	0.50	98.3
2004	Bendoc 2	1985	20	26	5	0.025	0.13	98.3
2004	Bendoc 3	1987	20	23	17	0.01	0.17	98.3

The following measurements were taken at each plot:

- The diameter at breast height over bark (dbhob) was measured at 1.3 m above ground on all trees.
- The distance from ground-level to the highest point of the tree (height) was measured on a sample of trees. The sample included the height of the three fattest trees. Broken, badly leaning and malformed trees were excluded from height samples.

[1] MARVL - Method of Assessment of Recoverable Volume by Log type is an inventory method developed by SCION (Formally Forest Research Institute) in New Zealand.

- All of the height measurements were used to build a regression model of height on dbhob specific to the plot. The regression model was used to estimate the heights of trees for which height measurements had not been recorded.
- Each was also described using a system of coding tree stem lengths for wood quality from a MARVL dictionary (Table 3-2) relevant to market requirements. The log quality codes are used to forecast the proportion of each log grade at harvest.

Table 3-2:
MARVL Appraisal/Quality Codes

Inventory Year	Log Quality Code	Description
2007	A	Branch<=6 cm, Sweep<=SED/5 over 3.6 m length, wobble<5 cm
2007	B	Branch<=15 cm, Sweep<=SED/5 over 2.4 m length, wobble<5 cm
2007	C	Branch<=10 cm, Sweep<=SED/2 over 2.4 m length, wobble<5 cm
2007	D	Logs not exceed 55 cm cylinder drum
2007	F	Waste
2004	A	Branch<=5 cm, Sweep <= SED/10 over a 1.8 m length
2004	B	Branch<=10 cm, Sweep<=SED/5 over a 3.6 m length
2004	C	Branch<=15 cm, Sweep<=SED/5 over 2.4 m length
2004	D	Branch<10 cm, Sweep<=SED/2 over 2.4 m
2004	E	Logs not exceed 10 cm cylinder drum
2004	P	Pulp, Logs not exceed 10 cm cylinder drum
2004	W	Waste

3.2 Derivation of Yield Tables

The 2004 and 2007 inventories were analysed by Pöyry using YTGen, which is a set of software applications for processing forest inventory data into yield estimates. It does so by modelling the growth of trees, simulating the log making process and summarising logs into per hectare yield estimates to produce output.

In processing the data, a population file is required, representing the forest being modelled. MARVL inventory data were converted into YTGen population files. The population file specifies information collected in the MARVL inventory:

- The age of the trees
- The frequency/ha of the trees (allows stems/ha to be calculated)
- Information about the stem (DBH, height, stem quality attributes).

The harvest volume is then projected using a specified growth model. The log grade output from YTGen is determined by the population used, growth model selected and log making strategy employed.

Table 3-3 lists the mathematical functions used in estimating stem volume and log products. Pöyry applied the Sands growth model to project Willmott forest growth as it is likely to produce comparable growth rates.

Table 3-3:
Models Used in YTGen

Model Type	Model No.	Model Name
Volume	311	P.RAD Tumbarumba 1994
Taper	311	P.RAD Tumbarumba 1994
Breakage	1	P.RAD RO KANG 1976
Growth Model	Sands	New Zealand North Island Sands stand model

The Cutting Strategy used in the inventory analysis is presented in Table 3-4. It defines the product specifications and estimated relative value of each product grade. The estimated relative values for each product grade were used in the analysis of inventory data to ensure the best value grades were prioritised.

Table 3-4:
Cutting Strategy Used in YTGen

Inventory Year	Log Grade	Value (AUD/m^3)	Min SED	Max SED	Max LED	Length	Branch Size
2007	A	90	30	80	80	4,8,12	150
2007	K/J	80	20	34	-	3.6, 4.5, 7.3, 8,11,12	150
2007	KI	75	26	80	80	3.7,5.3,11	250
2007	Pulp	50	10	-	-	3.1-6.1 at 0.1	-
2004	A	90	30	80	80	4,8,12	150
2004	K/J	80	20	34	-	3.6, 4.5, 7.3, 8,11,12	150
2004	KI	75	26	80	80	3.7,5.3,11	250
2004	Pulp	50	10	-	-	3.1-6.1 at 0.1	-

4 GROWTH AND YIELD

4.1 Growth

The value of a plantation is closely related to its growth rate, with the associated log product mix.

4.1.1 Radiata Pine

Willmott has provided growth estimates for its plantations. Growth rates are expressed as mean annual increment (MAI). The MAI is the average volume of wood under bark grown each year. Willmott's growth rates are for the recovered volume, and are therefore net of waste wood. The growth rates applied in the cash flow model are shown in Table 4-1.

Table 4-1:
Pine Growth Assumptions

Region	Plant Years	MAI (m^3/ha/a)
Murray Valley	1982+	18.0
Bombala	1983	10.2
Bombala	1984	10.6
Bombala	1985	7.0
Bombala	1986	7.0
Bombala	1987-1997	14.6
Bombala	1998+	15.3
HVP plantations	2006-2010	20.0
Forests NSW plantations	2009-2010	16.0

The Willmott Murray Valley plantations growth rate assumptions are based on Willmott's inspections of these plantations. The growth estimates for the Bombala plantations are based on the inventory plot measurements discussed in Section 3. The Bombala plantations vary between years depending on the quality of land purchased each year and the growing conditions experienced.

The growth estimates for the Bombala plantations planted from 1983 to 1986 are based on clearfell volumes only. Therefore thinning volumes are not included.

The Bombala plantations established in 1986 suffered snow damage and have been assumed to not yield any logs.

The HVP and FNSW plantations are on land that has had a previous crop of pine plantations. The growth estimate is based on the growth achieved from the previous rotation. HVP and FNSW have provided Willmott with volume information from inventories of the previous plantations from which the growth estimates were derived. In the absence of inventory data, previous crop yields can be used as a proxy for future yield estimates on the assumption that silvicultural treatments and climatic conditions remain comparable, and that the genetic material deployed is better than, or at least equal to, the previous crop.

Pöyry has not inspected any of the pine plantations or the land they are planted on. However, as regional averages for well-managed plantations, the growth assumptions appear to be within a reasonable range.

4.1.2 Sheoak

Willmott manages about 2 908 ha of sheaoak plantations, planted between 2006 and 2010. Sheoak is grown on a short rotation for the production of biofuel. The growth rates shown in Table 4-2 were provided by Willmott. Willmott has based its growth assumption on the results of a harvesting trial of two year-old sheoak, on an area of less than 1 ha. Willmott's sheoak plantations are unique in Australia and therefore Pöyry has been unable to compare the growth assumptions against other sources.

The sheoak plantation is regenerated from shoots, also known as coppice, growing from previously-harvested stumps. Willmott has observed reduced coppice from stumps after the second harvest, and has therefore assumed that the growth rate for the third rotation is less than the first. The growth rate applied in the cash flow model for the third rotation is 25% less than for the first and second rotations.

Table 4-2:
Growth Rates for Sheoak

Rotation	Plant Years	Growth (GMt/ha/a)
First	0-4	15.5
Second	4 to 7	15.5
Third	7-10	11.6

4.1.3 Silky Oak

Willmott manages about 4 370 ha of silky oak plantations planted between 2005 and 2010. Only 48 ha were planted in 2005, the remainder being planted in 2007 or later. Due to the young age of the plantations Willmott does not have any inventory measurements from which to forecast growth rates. Information on growth rates of silky oak plantations in Australia is very limited.

Willmott has assumed that the plantations will have a growth rate of 14.7 m^3/ha/a of recoverable log volume. Pöyry has reduced the estimated growth rate to 13.7 m^3/ha/a in an attempt to adjust for the risk concerning the growth rate assumption. Pöyry has not inspected the plantations to form an opinion on their conditions. While information on silky oak growth rates is very limited, it is Pöyry's opinion that the growth rate adjusted by Pöyry is achievable, given good plantation management.

4.1.4 African Mahogany

Willmott has assumed growth rates for the African mahogany plantation of 12 m^3/ha/a. In Pöyry's opinion well managed African mahogany plantations grown in Australia are expected to achieve growth rates between 8 and 12 m^3/ha/a for recoverable log volume. The trees were planted in 2010 and therefore it is not yet possible to accurately forecast growth rates for the plantations. Pöyry has not physically inspected the plantations to determine if a lack of recent tending has reduced their growth. Pöyry has reduced the growth expectation to 10.4 m^3/ha/a for recoverable log volume (excluding waste). Pöyry's view on African mahogany yields is based on a literature review and a sighting of some preliminary growth trial results in northern Queensland.

4.2 Yield Projections

4.2.1 Radiata Pine

Pöyry has estimated yields by log grade using the growth estimates and log specifications. The yield forecasts for the Bombala plantations were derived from a number of plots.

Pöyry has assumed that the most likely destination for sawlogs from the Bombala region will be Asian export markets. As such it has applied the export log grades shown in Table 4-3. Willmott has a contract to supply the Visy Pulp & Paper mill at Tumut with pulplogs from Bombala and therefore the pulplog specification is for domestic use. Logs grades stipulate a small end diameter (SED), a large end diameter (LED) and length requirements.

Table 4-3:
Export Log Grades

Log Grade	Minimum SED (mm)	Maximum SED (mm)	Maximum LED (mm)	Length (m)	Branch Size (mm)
A	300	800	800	4,8,12	150
K/J	200	340	No Limit	3.6, 4.5, 7.3, 8,11,12	150
KI	260	800	800	3.7,5.3,11	250
Pulp	100	No Limit	No Limit	3.1-6.1 at 0.3 increments	No Limit

Domestic sawmills typically purchase logs in grades with 20 mm diameter increments. These classes have been grouped by Pöyry in order to simplify the estimation of revenue.

Table 4-4:
Domestic Log Grades

Log Grade	Minimum SED (mm)	Maximum SED (mm)	Maximum LED (mm)	Length (m)
Pulp	100	800	800	3.1-6.1 at 0.3 increments
Small Sawlog	180	240	No Limit	3.7, 4.9, 5.5, 6.1
Intermediate Sawlog	240	320	No Limit	3.7, 4.9, 5.5, 6.1
Medium Sawlog	320	450	No Limit	3.7, 4.9, 5.5, 6.1
Large Sawlog	450	No Limit	No Limit	3.7, 4.9, 5.5, 6.1

The yield tables applied in the pine cash flows are shown in Table 4-5.

Table 4-5:
Clearfell Yield Tables Bombala Pine Planted 1983 to 1986

Plant Year	1983	1984	1985	1986
Clearfell Age (years)	28	27	26	26
	Volume (m^3/ha)			
Pulpwood	140	140	43	43
A Grade	32	32	5	5
KI Grade	18	18	4	4
K/J Grade	96	96	131	131
Total	286	286	182	182

Plantations planted before 1986 have had or are likely to receive only one thinning. The expansion of the Visy pulpmill in 2010 has increased demand for pulpwood which has allowed private plantations to be thinned on time. Therefore, Bombala plantations planted after 1987 are scheduled for two thinnings (see Table 4-6 and Table 4-7).

Table 4-6:
Bombala Pine Planted 1987 to 1997

Operation	First Thinning	Seccond Thinning	Clearfell
Age (years)	15	21	26
	Volume (m^3/ha)		
Pulpwood	52	77	76
A Grade			22
KI Grade	9	21	81
K/J Grade			39
Total	61	99	218

Table 4-7:
Bombala Pine Planted 1998+

Operation	First Thinning	Seccond Thinning	Clearfell
Age (years)	15	21	26
	Volume (m^3/ha)		
Pulpwood	64	71	52
A Grade			51
KI Grade	10	22	67
K/J Grade			58
Total	74	93	229

Table 4-8:
Murray Valley Pine Planted 1982+

Operation	First Thinning	Seccond Thinning	Clearfell
Age (years)	15	21	28
	Volume (m^3/ha)		
Pulpwood	64	53	34
Small Sawlog	11	29	100

Operation	First Thinning	Seccond Thinning	Clearfell
Age (years)	15	21	28
	Volume (m^3/ha)		
Intermediate Sawlog		29	59
Medium Sawlog		6	62
Large Sawlog			56
Total	75	117	311

Table 4-9:
HVP Pine

Operation	First Thinning	Seccond Thinning	Clearfell
Age (years)	15	21	28
	Volume (m^3/ha)		
Pulpwood	80	65	35
Small Sawlog	14	36	103
Intermediate Sawlog		36	61
Medium Sawlog		7	64
Large Sawlog			58
Total	94	145	321

Table 4-10:
FNSW Pine

Operation	First Thinning	Seccond Thinning	Clearfell
Age (years)	15	21	26
	Volume (m^3/ha)		
Pulpwood	50	103	59
A Grade			58
KI Grade	11	11	76
K/J Grade			66
Total	61	114	261

Pöyry has maintained Willmott's pine growth estimates except for the Bombala plantations estimates, which Pöyry based on its analysis of Willmott's inventory plots. In Pöyry's opinion, the Willmott log yield forecast for other pine regions contain too high a proportion of large sawlogs and too low a proportion of pulpwood. For these pine plantations, Pöyry has adjusted Willmott's log yield forecasts while maintaining Willmott's growth rate assumptions. Based on the available information, Pöyry considers the pine yield tables applied in the cash flow to be reasonable.

4.2.2 Sheoak

The forecast yields applied to the sheoak biomass crop is shown in Table 4-11. This table shows Willmott's yield estimates, based on its assumptions as a result of a harvesting trial of two year-old sheoak, on an area of less than 1 ha. The details of this trial were not made available to Pöyry, thus no comparison with the yield forecast could be made.

Table 4-11:
Sheoak

Operation	First Thinning	Seccond Thinning	Clearfell
Age (years)	4	7	10
	Volume (m^3/ha)		
Biomass	62	47	35
Total	62	47	35

4.2.3 Silky Oak

The forecast yields applied to the silky oak crop is shown in Table 4-12. They are Pöyry estimates, but are not based on any quantitative measurements of the plantations or yield achieved from other silky oak plantations in Australia. Pöyry has not inspected the condition of the plantations, and has assumed that the plantations will have a good form and that sawlog volume will be a high proportion of total volume. In the absence of any data, Pöyry has based its yield estimates for silky oak on eucalyptus plantations in northern NSW. Pöyry has assumed that the logs from first thinning will be of smaller size, with a minimum SED of about 20 cm and will be sold at a lower price than the logs from clearfell which will have a higher average diameter.

Table 4-12:
Silky Oak

Operation	Thinning	Clearfell
Age (years)	13	20
	Volume (m^3/ha)	
Thinning	86	
Clearfell		189
Total	86	189

4.2.4 African Mahogany

The yield table applied to the African mahogany crop is shown in Table 4-13. The forecast yields are a Pöyry estimate but are not based on any measurements of the plantations or yield achieved from other African mahogany plantations in the same region. Pöyry did undertake a literature review, including a review of limited growth trial data for African mahogany in northern Queensland. Pöyry has not inspected the condition of the plantations Pöyry has assumed that a non-commercial thinning (NCT) will be applied at age 8. In an NCT trees are thinned without any logs being produced. There are no existing markets for short rotation grown African mahogany logs from Australia and therefore log specifications do not yet exist. However in Pöyry's opinion a SED of about 20 cm is reasonable.

Table 4-13:
African Mahogany

Operation	Non-commercial Thinning	Second Thinning	Clearfell
Age (years)	8	12	18
	Volume (m^3/ha)		
Thinning		30	
Clearfell		15	143
Total		45	143

4.3 Conclusion - Growth and Yield

In Pöyry's opinion, the yield forecasts are a reasonable estimate given the limited information available. The estate is immature with 80% of the estate aged six or younger. This portion of the estate is too young for inventory, and even if inventory data were available, the extrapolation of early growth achievable to clearfell age is unlikely to provide a very reliable estimate. No recent independent inventory is available for the older plantations. The inventory that does exist is between three and seven years old. Silky oak and African mahogany plantations have not been grown through to clearfell in Australia. Therefore there is little information available with which to validate the yield forecast. The yield assumptions made by Willmott are shown in Appendix 2.

Given these uncertainties, Pöyry has adopted growth assumptions that are within the typical growth ranges for pine in Australia, and with reasonable expectations for the other species. In testing project viability, Pöyry has assumed a 25% adjustment to yield and log price combinations of projects deemed to be non-viable at the base growth and log price rates.

5 COSTS

The costs incurred in maintaining the plantations and producing and selling the logs have been classified by Pöyry into the following categories:

1. **Direct maintenance costs** cover activities including slashing firebreaks, fence maintenance, weed control, fertiliser and its application, pest control, and road construction and maintenance. The fees for plantations managed by HVP and FNSW are included in direct costs as a contract management service fee.
2. **Production costs** are the costs incurred in harvesting trees, loading trucks and hauling logs to the mills and port. The forest manager requires working capital due to timing differences between paying contractor invoices and receiving payment for logs. Since production costs occur in the same period as revenues they are not included in the discounted costs incurred by an assumed new RE.
3. **Indirect costs** cover Willmott's staff, offices, vehicles, and other costs that are incurred while managing plantations directly by Willmott, and oversee the management agreements with HVP and FNSW.

5.1 Plantation Direct Maintenance Costs

5.1.1 Fire Prevention Costs

The fire prevention costs include maintenance of fire breaks and general maintenance activities to reduce the fuel load. The fire prevention costs of plantations managed by HVP and FNSW are included in the contracted management services fee, in Section 5.1.9.

Table 5-1:
Fire Prevention

Species and Regions	Age (year)		
	Planting	1	2+
	(AUD/ha/a)		
Pine, Bombala	0	3	3
Pine, Murray Valley	0	3	3
Silky Oak, North Coast	3	3	3
Sheoak, North Coast	0	3	3
Mahogany, Northern Territory	0	35	10

The high fire prevention cost of African mahogany is primiarily due to the plantations being located in a fire-prone area. Willmott provided the above costs for fire prevention and Pöyry believes they are reasonable for the species and region.

5.1.2 Rates and Taxes

Rates and taxes include fees and levies paid to the government. An example of such cost is the NSW rural land protection landowner levy for services relating to livestock and pasture health. Willmott pays the rates and taxes of plantations

managed by HVP and FNSW, and they are included in the contracted management services fee, in Section 5.1.9.

Table 5-2:
Rates and Taxes

Species and Regions	Age (year)		
	Planting	1	2+
	(AUD/ha/a)		
Pine, Bombala	8	8	8
Pine, Murray Valley	8	8	8
Silky Oak, North Coast	8	8	8
Sheoak, North Coast	8	8	3
Mahogany, Northern Territory	8	8	8

Willmott has supplied these costs. Pöyry has not sighted the documents related to these costs and is therefore unable to confirm their validity. However, they are comparable to local government rates for other Australian plantations on private land.

5.1.3 Land Costs

Willmott has stated that no land costs will be incurred by the growers. Pöyry has not included lease or land holding costs in the cash flows. The lease costs for the plantations managed by HVP and FNSW were paid up front. If these costs were to be incurred by the growers, the viability of the projects would be greatly reduced.

5.1.4 Fencing Costs

Fencing costs are provided by Willmott. Fencing costs are higher for African mahogany due to the properties being located in the Douglas/Daly and Katherine region which is primarily pastoral and grazing area, Furthermore, the size of the property is small, resulting in a higher ratio of perimeter to area. The fencing costs of plantations managed by HVP and FNSW are included in the contracted management services fee in Section 5.1.9.

Table 5-3:
Fencing Costs

Species and Regions	Age (year)		
	Planting	1-2	3+
	(AUD/ha/a)		
Pine, Bombala	0	3	3
Pine, Murray Valley	0	3	3
Silky Oak, North Coast	8	8	8
Sheoak, North Coast	8	8	8
Mahogany, Northern Territory	33	0	0

Pöyry believes these fencing costs provided by Willmott are reasonable.

5.1.5 Roading

The roading costs include both harvest and general maintenance costs. Pöyry has made adjustments to the timing of the roading costs of African mahogany and southern silky oak provided by Willmott. Pöyry has also increased the roading costs prior to first thinning of pine in all regions. These adjustments were made to reflect the potential productivity, timing of the thinning and clearfell operation, and standard practice. Pöyry increased Willmott's roading cost estimate by an average of 35%. The roading costs of plantations managed by HVP and FNSW are included in the contracted management services fee in Section 5.1.9.

Table 5-4:
Roading Cost Schedule:

Species and Regions	Age (year)						
	Planting	1	2	3	4	5	6
	(AUD/ha/a)						
Pine, Bombala	154	34	4	4	4	4	4
Pine, Murray Valley	154	34	4	4	4	4	4
Silky Oak, North Coast	54	24	14	4	4	4	4
Sheoak, North Coast	104	24	14	4	34	4	4
Mahogany, Northern Territory	10	10	10	10	10	10	10

Species and Regions	Age (year)						
	7	8	9	10	11	12	13
	(AUD/ha/a)						
Pine, Bombala	4	4	4	4	4	4	280
Pine, Murray Valley	4	4	4	4	4	4	550
Silky Oak, North Coast	4	4	54	4	4	450	4
Sheoak, North Coast	34	4	4	34			
Mahogany, Northern Territory	10	10	10	10	320	10	10

Species and Regions	Age (year)						
	14	15	16	17	18	19	20
	(AUD/ha/a)						
Pine, Bombala	4	4	4	29	4	4	74
Pine, Murray Valley	4	4	4	29	4	4	74
Silky Oak, North Coast	54	4	4	4	4	4	4
Sheoak, North Coast							
Mahogany, Northern Territory	10	10	10	85	10		

Species and Regions	Age (year)						
	21	22	23	24	25	26	27
	(AUD/ha/a)						
Pine, Bombala	4	4	4	29	4	4	4
Pine, Murray Valley	4	4	4	29	4	4	4
Silky Oak, North Coast							
Sheoak, North Coast							
Mahogany, Northern Territory							

Roading costs are conventionally expressed on a per-m^3 basis. Pöyry has converted the above roading cost schedule to a per-m^3 basis based on the productivity of each species and region combination. Pöyry changed the timing of some roading costs to reflect the changes in the timing of thinning operations. The m^3 unit roading costs are listed in Table 5-5.

Table 5-5:
Unit Roading Costs per m^3 by Species and Regions

Species and Regions	Planted From	Roading cost AUD/m^3
Silky Oak North Coast	2009	2.09
Sheoak North Coast	2009	1.87
Mahogany Douglas Daly	2009	3.07
Pine Murray Valley	1980	2.13
Pine Murray Valley	1981	2.13
Pine Murray Valley	1982	1.44
Pine Bombala	1982	1.78
Pine Bombala	1983	2.01
Pine Bombala	1984	2.01
Pine Bombala	1985	2.61
Pine Bombala	1986	2.61
Pine Bombala	1987	1.72
Pine Bombala	1998	1.72

These costs are consistent with generally accepted roading costs between AUD1.50/m^3 and AUD2.50/m^3. The charge for the African mahogany roading cost is higher than the range; this is primarily due to the smaller size of the estate and the difficulty associated with road maintenance in the tropics.

5.1.6 Weeding and Vermin Costs

Weeding and vermin costs of plantations managed by HVP and FNSW are included in the contracted management services fee in Section 5.1.9.

Table 5-6:
Weeding and Vermin Costs

Species and regions	Age (year)					
	Planting	1	2	3	4	5+
	(AUD/ha/a)					
Pine, Bombala	301	301	6	6	6	6
Pine, Murray Valley	301	301	6	6	6	6
Silky Oak, North Coast	545	330	5	5	5	5
Sheoak, North Coast	425	295	5	5	5	5
Mahogany, Northern Territory	520	280	250	60	60	10

The weeding and vermin costs are higher in African mahogany due to the prolific weed growth in the tropics. In addition, termite infestation is a serious concern in the Northern Territory. Willmott's costs estimate for weed control in Afrrican mahogany appears to be conservative. Pöyry has reduced this estimate by 25% to match its understanding of actual costs from other African mahogany plantations.

The overall weeding and vermin costs applied in the cash flow model are reasonable.

5.1.7 Fertiliser and Application Costs

The scheduled fertiliser and application costs is shown in Table 5-7. Fertiliser and application costs of plantations managed by HVP and FNSW are included in the contracted management services fee, in Section 5.1.9.

Table 5-7:
Fertiliser and Application Costs

Species and Regions	Age (year)						
	Planting	4	5	7	8	9	11
	(AUD/ha)						
Pine, Bombala	300	0	0	0	0	0	0
Pine, Murray Valley	300	0	0	0	0	0	0
Silky Oak, North Coast	285	350	0	0	0	350	0
Sheoak, North Coast	250	0	454	0	454	0	0
Mahogany, Northern Territory	450	300	0	300	0	0	300

Pöyry has added a fertiliser application at planting to reflect Pöyry's experience with the species and soil quality in the Douglas Daly region. Most of the softwood regimes have multiple fertiliser applications. Given that the growth assumption of Willmott's pine is modest, Pöyry believes a fertiliser application at planting is adequate. In Pöyry's view, other fertiliser and application costs are reasonable.

5.1.8 Utilisation Costs

Utilisation costs refer to harvesting-related costs such as form pruning of African mahogany and silky oak plantations, tree marking, and other minor costs like signage, docket books, etc. Utilisation costs of silky oak at age four and African mahogany at age three are high in some years due to the cost of form pruning operations. The utilisation costs of plantations managed by HVP and FNSW are included in the contracted management services fee, in Section 5.1.9.

Table 5-8:
Utilisation Costs

Species and Regions	Age (year)						
	Planting	1	2	3	4	5	6
	(AUD/ha/a)						
Pine, Bombala	2	2	2	2	2	2	2
Pine, Murray Valley	2	2	2	2	2	2	2
Silky Oak, North Coast	2	17	2	2	252	2	2
Sheoak, North Coast	0	15	0	10	30	0	0
Mahogany, Northern Territory	5	5	5	255	5	5	255

Species and Regions	Age (year)						
	7	8	9	10	11	12	13
	(AUD/ha/a)						
Pine, Bombala	2	2	2	2	2	48	2
Pine, Murray Valley	2	2	2	2	2	48	2
Silky Oak, North Coast	2	2	2	2	2	2	2
Sheoak, North Coast	30	0	0	30			
Mahogany, Northern Territory	125	255	5	5	125	5	5

Species and Regions	Age (year)						
	14	15	16	17	18	19	20
	(AUD/ha/a)						
Pine, Bombala	2	2	2	2	48	2	2
Pine, Murray Valley	2	2	2	2	48	2	2
Silky Oak, North Coast	32	2	2	2	2	2	2
Sheoak, North Coast							
Mahogany, Northern Territory	5	5	5	5	5		

Species and Regions	Age (year)						
	21	22	23	24	25	26	27+
	(AUD/ha/a)						
Pine, Bombala	2	2	2	2	48	2	2
Pine, Murray Valley	2	2	2	2	48	2	2
Silky Oak, North Coast							
Sheoak, North Coast							
Mahogany, Northern Territory							

Pöyry believes that first thinning of African mahogany at age 8 is unlikely to produce commercially-sized logs. Hence, Pöyry has moved the non-commercial thinning cost from age 3 to age 8. In Pöyry's view, the utilisation costs for all other species are reasonable.

5.1.9 Contracted Management Services Fee

Part of Willmott's plantations is managed by HVP or FNSW. HVP and FNSW are responsible for the establishment and maintenance of these plantations. Willmott pays contract management service fees to HVP and FNSW. The total contracted management costs of HVP and FNSW are commercial in confidence, thus Pöyry cannot disclose these costs in this report.

Pöyry has compared the contracted management costs to Willmott's own direct management costs and costs from other Australian forestry companies. In Pöyry's opinion, the contracted management services costs are reasonable.

Willmott owes AUD335 000 to HVP, and AUD111 000 to FNSW for work completed up to and after Willmott's insolvency. PPB Advisory has stated that these debts will have to be repaid from growers' contributions. Pöyry has allocated the costs on the basis of area managed by each company in each project.

5.1.10 Establishment Costs

The establishment costs include land preparation, pre-planting weed control, planting etc. The establishment costs of plantations managed by HVP and FNSW are included in the contract management costs in Section 5.1.9.

Table 5-9:
Establishment Costs

Species and Regions	Age	
	Planting	1
	(AUD/ha/a)	
Pine, Bombala	1 200	170
Pine, Murray Valley	1 200	170
Silky Oak, North Coast	1 950	253
Sheoak, North Coast	2 585	327
Mahogany, Northern Territory	2 220	213

These costs will not be incurred on the assumption that unplanted Willmott Forests Premium Forestry Blend Project 2010 will not be established. Pöyry found the establishment costs provided by Willmott to be reasonable.

5.1.11 Other Costs

This refers to costs such as wilding control, or land assessment, and woody weed control or insect control that did not warrant their own cost categories. The other costs of plantations managed by HVP and FNSW are included in the contract management costs in Section 5.1.9.

Table 5-10:
Other Costs

Species and Regions	Age (year)						
	Planting	1	2	3	4	5	6
	(AUD/ha/a)						
Pine, Bombala	18	7	7	17	7	7	7
Pine, Murray Valley	18	7	7	17	7	7	7
Silky Oak, North Coast	7	7	7	18	9	10	11
Sheoak, North Coast	7	6	7	8	9	10	11
Mahogany, Northern Territory	11	3	2	2	2	2	2

Species and Regions	Age (year)						
	7	8	9	10	11	12	13
	(AUD/ha/a)						
Pine, Bombala	7	7	7	7	7	7	7
Pine, Murray Valley	7	7	7	7	7	7	7
Silky Oak, North Coast	12	13	24	15	16	17	18
Sheoak, North Coast	12	13	14	15	13	13	13
Mahogany, Northern Territory	2	2	2	2	2	2	2

Species and Regions	Age (year)						
	14	15	16	17	18	19	20
	(AUD/ha/a)						
Pine, Bombala	17	7	7	7	7	7	17
Pine, Murray Valley	17	7	7	7	7	7	17
Silky Oak, North Coast	19	20	20	20	20	20	20
Sheoak, North Coast	63	13					
Mahogany, Northern Territory	2	2	2	2	2		

Species and Regions	Age (year)						
	21	22	23	24	25	26	27+
	(AUD/ha/a)						
Pine, Bombala	7	7	7	7	7	7	7
Pine, Murray Valley	7	7	7	7	7	7	7
Silky Oak, North Coast							
Sheoak, North Coast							
Mahogany, Northern Territory							

Pöyry believes these costs to be reasonable.

5.1.12 Insurance Cost

Insurance costs typically increase with the age and therefore value of the plantations. The cash flow model used does not easily allow for costs to vary with plantation age, therefore Pöyry has applied a standard cost across ages. Pöyry has estimated the insurance cost at AUD30/ha/a in the model. This cost is consistent with observed costs from other Australian plantations.

5.2 Conversion Costs

Willmott has stated that there is no requirement to return land to its previous land use following clearfell. Therefore the cash flow model does not include costs for removing stumps, wind-throwing debris, repairing fences or establishing pasture.

5.3 Harvesting Costs

Pöyry has applied the green log densities in Table 5-11 for converting harvest and haulage costs between green metric tonnes and cubic metres.

Table 5-11:
Conversion Factors

Species	Density (kg/m^3)
Radiata Pine	925
Sheoak	1000
Silky Oak	1 100
African Mahogany	960

5.3.1 Radiata Pine

Pöyry has estimated harvesting costs based on its "Softwood Plantations Harvest and Haulage Cost Benchmarking Study 2009". Costs from the study were adjusted for inflation. The harvesting rates applied in the cash flow model are shown in Table 5-12. Projects that are forecast to have a proportion of unthinned clearfell (UCF) have a clearfell harvesting rate that is calculated from the UCF and clearfell rates in Table 5-12 in proportion to the area of each plantation type. A log loading cost of AUD1.5/m^3 was applied to pine projects in the cash flow model.

Table 5-12:
Pine Harvesting Costs Applied in the Cash Flow Model

Operation	Age	Cost (AUD/GMt)	Cost (AUD/m^3)
First thinning	15	19.69	18.22
Second thinning	18	16.90	15.63
Unthinned clearfell	26/28	16.38	15.15
Clearfell	26-28	12.96	11.98

5.3.2 Sheoak

Harvesting young sheoak plantations for bio-fuel is a unique operation in Australia. Willmott is still in the process of trialling equipment. Pöyry does not have suitable cost benchmarks and so has applied Willmott's estimate of AUD20/GMt. This cost is based on Willmott's harvest trial to evaluate equipment. While the cost appears to be reasonable, future harvest cost might be significantly different.

Table 5-13:
Sheoak Harvesting Costs Applied in the Cash Flow Model

Operation	Age	Yield	Cost (AUD/GMt)	Cost (AUD/m^3)
Clearfell 1	4	62	20	20
Clearfell 2	7	46	20	20
Clearfell 3	10	35	20	20

5.3.3 Silky Oak

Pöyry has estimated the silky oak harvesting costs based on its experience with the species and other exotic sawlog species in Australia. The low per hectare yields lead to higher costs than for pine plantations. In the cash flow model, a log loading cost of AUD1.5/m^3 has been applied to silky oak projects.

Table 5-14:
Silky Oak Harvesting Costs Applied in the Cash Flow Model

Operation	Age	Yield	Cost (AUD/GMt)	Cost (AUD/m^3)
First thinning	13	85.5	41	46
Clearfell	20	209	23	25

5.3.4 African Mahogany

Pöyry has estimated the African mahogany harvesting costs based on its experience with other exotic sawlog species in Australia. Pöyry believes the first thinning will not produce commercial-sized logs. Pöyry has assumed that the first thinning will

be a thinning to waste, and has included an area-based cost of AUD250/ha for the first thinning/thinning to waste under utilisation costs. A log loading cost of AUD1.5/m^3 has been applied to African mahogany project in the cash flow model.

Table 5-15:
African Mahogany Harvesting Costs Applied in the Cash Flow Model

Operation	Age	Yield	Cost (AUD/GMt)	Cost (AUD/m^3)
Thin to waste	8	0		
Second thinning	12	45	45	43
Clearfell	18	142.5	24	23

5.4 Harvest Cost Conclusion

The unadjusted cash flow model provided to Pöyry by Willmott has applied stumpage-based prices. Stumpage prices are net of harvesting, loading and haulage costs. Pöyry has applied a delivered price point in the model and has estimated harvest costs for each operation and species as well as haulage cost based on the distance from the plantations to the expected markets.

Pöyry's pine harvesting cost estimates are based on its previous benchmark study. Harvesting costs for silky oak and African mahogany were estimated based on the expected yields per hectare. Willmott has not yet determined a firm harvesting cost for sheoak as it is still trialling harvesting equipment. Pöyry has estimated the harvesting cost based on statements from Willmott. In Pöyry's opinion the harvesting costs applied in the cash flow model are reasonable.

5.5 Haulage Costs

Pöyry derived the harvest schedule using its own 2009 harvest haulage data based and assumed to 50/50 split of Tri axle and B Double configuration. Rates were adjusted for inflation to September 2010. Pöyry also adopted the same haulage schedule for all the species and region combinations in the cash flow model.

The haulage rates applied in the cash flow model are shown in Table 5-16.

Table 5-16:
Haulage Cost Schedule

Km	Rate (AUD/GMt/km)	Total AUD/GMt
0-65	0.45	9.24
65-70	0.15	9.75
70-75	0.15	10.30
75-80	0.14	10.83
80-85	0.14	11.57
85-90	0.14	11.94
90-95	0.14	12.52
95-100	0.14	13.07
100-105	0.14	13.61
105-110	0.14	14.28
110-115	0.14	14.84
115-120	0.14	15.50
120-125	0.13	15.78

Km	Rate (AUD/GMt/km)	Total AUD/GMt
125-130	0.13	16.42
130-135	0.13	16.78
135-140	0.13	17.42
140-145	0.13	17.85
145-150	0.13	18.46
150-155	0.13	19.01
155-160	0.13	19.62
160-165	0.13	19.86
165-170	0.13	20.46
170-175	0.13	21.04
175-180	0.13	21.64
180-185	0.12	22.01
185-190	0.12	22.61
190-195	0.12	23.01
195-200	0.12	23.60

In Pöyry's opinion, the haulage rates applied in the cash flow are a reasonable estimate of the costs that will be incurred.

5.6 Overhead Costs

The costs incurred have been classified by Pöyry into the direct costs summarised above and indirect costs. The indirect costs are allocated on a net stocked area basis.

5.7 Estate Overhead Costs

Estate overheads have been estimated on a per area basis. The overheads cover costs including:

- **Indirect costs** associated with managing the plantations. They include costs such as rent, vehicles, telephone, travelling expenses, stationery, and fuel.
- **Regional wages** cover the wages and on-costs required to manage the forestry business. Staff are employed to supervise contractors, schedule operations, and suppress fires.
- **Head office wages** include the cost of staff to manage the regional staff, comply with regulations, manage log sales and other contracts, receive payment from and make payments to the growers.
- **Administrators' cost** includes the estimated cost of both administrators. This includes legal fees, consultant and valuers fees, corporate advisory costs and interest.

Pöyry has examined budgets prepared by Willmott for 2010/11 prior to its receivership and an adjusted budget for the post-receivership company structure. Willmott's and Pöyry's estimate of the required staff numbers are shown in Table 5-17. The Willmott head office budget covers staff that work directly on forestry matters. They exclude staff to manage compliance, accounting, finance and administration of grower receipts and payments. Pöyry has estimated that 13 people

are required for the head office functions, as detailed in Table 5-18. The estimated head office costs are shown in Table 5-19.

Table 5-17:
Forecast Staff Numbers

Area	Willmott Budget 2010/11 Pre-Receivership	Willmott Budget 2010/11 Post-Receivership	Pöyry Estimate Assumed New RE	Operational Area (ha)
	Staff Number			
Head Office	5	8	13	
North Coast	4	5	3	5 600
Murray Valley	2.25	2.25	3	12 000
Bombala	5	5	5	19 000
Total	16	20	24	36 600

Table 5-18:
Head Office Positions assumed by Pöyry

Position	Number
General manager	1
Harvesting manager	1
Plantation manager	1
Roading manager	1
Forest information specialist	1
Accountant	1
Legal advisor	1
MIS administration	3
Log sales administration	2
Receptionist	1
Total	13

Table 5-19:
Head Office Costs

Activity	Willmott Budget 2010/11 Pre-Receivership	Willmott Budget 2010/11 Post-Receivership	Pöyry Estimate Assumed New RE
	(AUD/a)		
Wages & on costs	1 312 000	796 000	1 942 000
Compliance & Legal	86 000	86 000	86 000
Consultants	130 000	130 000	130 000
IT and communications	62 500	62 500	62 500
Travelling	213 000	25 000	100 000
Vehicles	1 500	1 500	1 500
General Expenses	63 000	34 000	34 000
Total	1 868 000	1 135 000	2 356 000

The following sections detail the cost estimates for each region.

In Pöyry's opinion, three staff members should be sufficient for the North Coast plantations which has reduced the estimated costs shown in Table 5-20.

Table 5-20:
North Coast Overhead Costs

Activity	Willmott Budget 2010/11 Pre-Receivership	Willmott Budget 2010/11 Post-Receivership	Pöyry Estimate Assumed New RE
	(AUD/a)		
Wages & on costs	306 000	262 500	204 000
IT and communications	10 000		4 444
Utilities	22 000	23 000	9 778
Rent	7 000	7 000	3 111
Travelling	72 000	72 000	32 000
Vehicles	27 000	11 000	12 000
General Expenses	157 100	157 100	69 823
Total	601 100	532 600	335 156

Table 5-21:
Murray Valley Overhead Costs

Activity	Willmott Budget 2010/11 Pre-Receivership	Willmott Budget 2010/11 Post-Receivership	Pöyry Estimate Assumed New RE
	(AUD/a)		
Wages & on costs	207 000	207 000	276 000
IT and communications	22 500	22 500	22 500
Utilities	1 000	1 000	1 000
Rent	16 000	16 000	16 000
Travelling	23 000	8 000	8 000
Vehicles	21 000	21 300	21 300
General Expenses	81 400	81 400	81 400
Total	371 900	357 200	426 200

Table 5-22:
Bombala Overhead Costs

Activity	Pre-Receivership	Receivership	Assumed New RE
	(AUD/a)		
Wages & on costs	407 000	400 000	407 000
Compliance & Legal	1 000	1 000	1 000
IT and communications	41 000	41 000	41 000
Utilities	16 000	16 000	16 000
Rent	4 200	4 200	4 200
Travelling	30 000	15 000	30 000
Vehicles	42 300	42 300	42 300
General Expenses	125 200	125 200	125 200
Total	666 700	644 700	666 700

The estimated total costs for head office and forest management to be allocated as overheads are shown in Table 5-23.

Table 5-23:
Total Overhead Costs

Activity	Pre-Receivership	Receivership	Assumed New RE
	AUD/a		
Head Office	1 868 000	1 135 000	2 356 000
North Coast	601 100	532 600	335 156
Murray Valley	371 900	357 200	426 200
Bombala	666 700	644 700	666 700
Total	3 507 700	2 669 500	3 784 056

Pöyry has allocated the overhead cost estimate of AUD3 784 056 on a net stocked area basis. This cost has been reduced to AUD3 448 300 in 2030, following the clearfell of the last silky oak plantations and the assumed closure of the North Coast office (see Table 5-24). From 2032, the area of plantations remaining is 14 500 ha, and the proportion of plantations managed by FNSW and HVP increases. These plantations require much less staff and lower expenses than the Willmott-magaged plantations. Pöyry has reduced the head office head count to eight staff, and estimated expenses in 2032. Pöyry has also assumed that one regional office can manage the regionally-based work. In 2035, the plantation area reduces to 6 870 ha. Pöyry has reduced its estimate of head office and regional costs for 2035 to AUD1 193 200.

Table 5-24:
Pöyry estimated Overhead Costs over Time

Activity	2011- 2029	2030 - 2031	2032-2034	2035-2038
	AUD/a			
Head Office	2 356 000	2 356 000	1 346 000	767 000
North Coast	335 156			
Murray Valley	426 200	426 200		
Bombala	666 700	666 700	666 700	426 200
Total	3 784 056	3 448 900	2 012 700	1 193 200

The plantations that are managed by HVP and FNSW under a service contract have been allocated 22% of the overheads per ha of the plantations to be managed by an assumed new RE. The reduced overheads associated with these areas relate to the costs of interacting with the contractors and reviewing their performance. Willmott has made an estimate of overhead costs of AUD90/ha for Willmott-managed plantations and AUD20/ha for all years for plantations managed by HVP and FNSW. These estimates are less than Pöyry's estimates which increase over time as a result of reduced plantation area.

Table 5-25 shows the average estimated overhead costs.

Table 5-25:
Area Based Overhead Costs

Year	2011	2012	2013	2014	2015	2016	2017
Cost (AUD)	3 784 056	3 784 056	3 784 056	3 784 056	3 784 056	3 784 056	3 784 056
Cost (AUD/ha)	94.51	95.02	95.42	95.69	95.69	96.05	96.05

Year	2018	2019	2020	2021	2022	2023	2024
Cost (AUD)	3 784 056	3 784 056	3 784 056	3 784 056	3 784 056	3 784 056	3 784 056
Cost (AUD/ha)	96.78	98.83	103.26	103.96	105.28	108.02	109.63

Year	2025	2026	2027	2028	2029	2030	2031
Cost (AUD)	3 784 056	3 784 056	3 784 056	3 784 056	3 784 056	3 448 900	3 448 900
Cost (AUD/ha)	113.57	118.46	121.87	127.03	134.52	133.96	183.07

Year	2032	2033	2034	2035	2036	2037	2038
Cost (AUD)	2 012 700	2 012 700	2 012 700	1 193 200	1 193 200	1 193 200	1 193 200
Cost (AUD/ha)	138.75	185.49	218.24	173.76	207.46	367.93	851.55

In Pöyry's opinion, the estimate and distribution of head office overheads is reasonable.

5.7.1 Benchmarking Overhead Costs

Pöyry has considered evidence of overhead costs from other commercially-focused forestry organisations in both Australia and in the wider Asia-Pacific region. Appropriate industry-wide overhead rates were compared with the rates in the cash flow model.

Table 5-26 summarises the overhead cost ranges observed and the cost estimates in the cash flow model.

Table 5-26:
Willmott Area and Volume-based Indirect Overhead Unit Costs

Activity	Area Based Cost (AUD/ha/a)	Volume Based Cost (AUD/m³)
Observed Industry Variation	65-95	1.50-4.00
Willmott (Area of Operational Management)	94.51 to 200	0

It is typical of Australian forestry companies to allocate overheads on both an area and volume basis. The cost of planning and supervision of roading and harvesting operations is usually allocated on the basis of the harvested log volume. When considering that the overhead costs are applied on an area basis only, from 2011 to about 2030, the estimated overhead costs for Willmott are in the middle to upper range of observed costs.

5.7.2 Overhead Costs - Conclusion

Actual staffing and other indirect costs will depend on the scale of any new RE. In Pöyry's opinion, the assumed indirect costs applied in the cash flow model are appropriate for an assumed new RE with some ability to reduce staff dedicated to the Willmott schemes in their later years, when the estate area is reduced. In Pöyry's opinion, the estimated overhead costs are reasonable.

5.8 Administrators' Costs

The final costs incurred by the administration of the projects are unknown as it is incomplete. PPB Advisory has estimated the final cost to be AUD1.935 million (see Table 5-27). The Administrator has assumed that 60% of costs will be payable on 31 March 2011 with the balance in monthly instalments. This does not include costs for administration of non-project-related aspects of the Willmott administration.

The valuer's fees relate only to the Bombala plantations, and have been allocated only to schemes with Bombala plantations. The cost estimate of administration costs for schemes containing Bombala freehold land is AUD43 173/scheme. The estimate for the remaining schemes is AUD41 851/scheme. The allocation of Administrator's costs on an equal rather than a per-area basis has resulted in the "1991 No Project Scheme" and the "Willmott Forests 1989 - 1991 Project - 1990 Information Memorandum", which have 7 and 12 ha respectively being assessed as non-viable.

The estimate of Administration costs, discounted to 30 September 2010, is AUD1.836 million.

Table 5-27:
Estimated Costs for Administration

Item	Cost Estimate (AUD)
Current Administrator	977 000
Former Administrator	280 000
Legal Fees	412 000
Bank Interest	52 000
Corporate Advisory	59 000
Consultants	116 000
Valuers Fees	39 000
Total	1 935 000

5.9 New RE Margin

Any new RE will not manage the projects for a further 27 years simply to break even. Therefore, Pöyry has assumed that an assumed new RE will charge a profit margin to the growers in order to complete the schemes. Currently, there is no proposal from a potential RE to base a cost estimate on. Pöyry has included the cost of administrating grower receipts and payments in the head office. An assumed new RE will incur costs acquiring the RE position and managing the schemes, and these include:

- Staff to set up and monitor the schemes

- Professional indemnity insurance
- Legal
- Compliance costs.

Pöyry has discussed with some REs of other MIS projects their typical fee structures. Pöyry has applied both area-based and net proceeds-based fees in the cash flow model. The area-based fee is required to appropriately charge the young schemes more than the older schemes that are soon to be completed, as the younger schemes require many more years of management and responsibility. The net proceeds-based fees are required to extract an appropriate fee from schemes that are ready for harvest. Pöyry has applied an area-based fee of AUD10/ha/a to all plantations. The estimated NPV of the area-based fees is AUD3.986 million. This is approximately 4.2% of the NPV of annual maintenance, overhead and administration costs. Pöyry has assumed that a net proceeds-based fee is 5% of net proceeds. This replaces existing net proceeds-based fees for an assumed new RE under the current scheme constitutions. The estimated NPV of the volume-based fee is AUD7.127 million. The total estimate of fees for an assumed new RE is AUD11.023 million, which is 10.3% of the estimated maintenance cost.

Pöyry has assumed that an assumed new RE will take over the schemes under a new constitution, and that the fees described above will replace all existing fees payable to an assumed new RE under the current scheme rules.

Pöyry estimates that Willmott will receive AUD4.66 million in RE fees for the maintenance work performed to date.

Pöyry has estimated an RE profit margin required in order to attract a new RE that is stable enough to take the projects through to their completion. Pöyry would expect a competitive process to occur in order to select a new RE. The selection criteria would include the actual proposed fees and the new RE's capabilities.

5.10 Conclusion of Cost Estimates

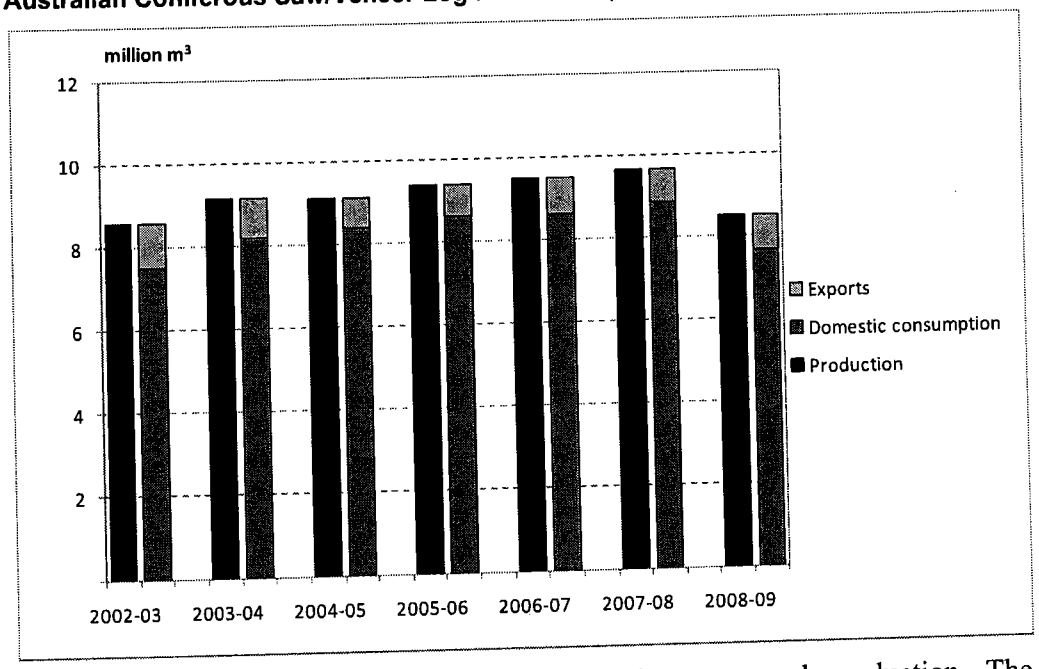
Pöyry has compared Willmott's cost estimates for future plantation operations with costs incurred by other Australian plantation growers. Pöyry has adjusted cost estimates in the cash flow model for fertiliser, road construction, harvesting, haulage, insurance and non-commercial thinning to costs it believes are more likely to be incurred. Pöyry has added the cost of a new RE's profit margin to the cash flow. Pöyry has included an estimated cost for the administration relating to the projects. Cost estimates for overheads and some of the direct plantation costs have been adjusted. Pöyry believes the estimates of costs used in the cash flow model after adjustment by Pöyry are reasonable.

6 MARKETS AND PRICE

6.1 Radiata Pine

Australian radiata pine is primarily marketed domestically. Reported trade statistics indicate some volume of softwood logs being exported however the specification of these logs is not fully understood (Figure 6-1). Pöyry believes the actual quantity of saw-quality log exports to be minimal, and limited to areas without domestic processing capacity.

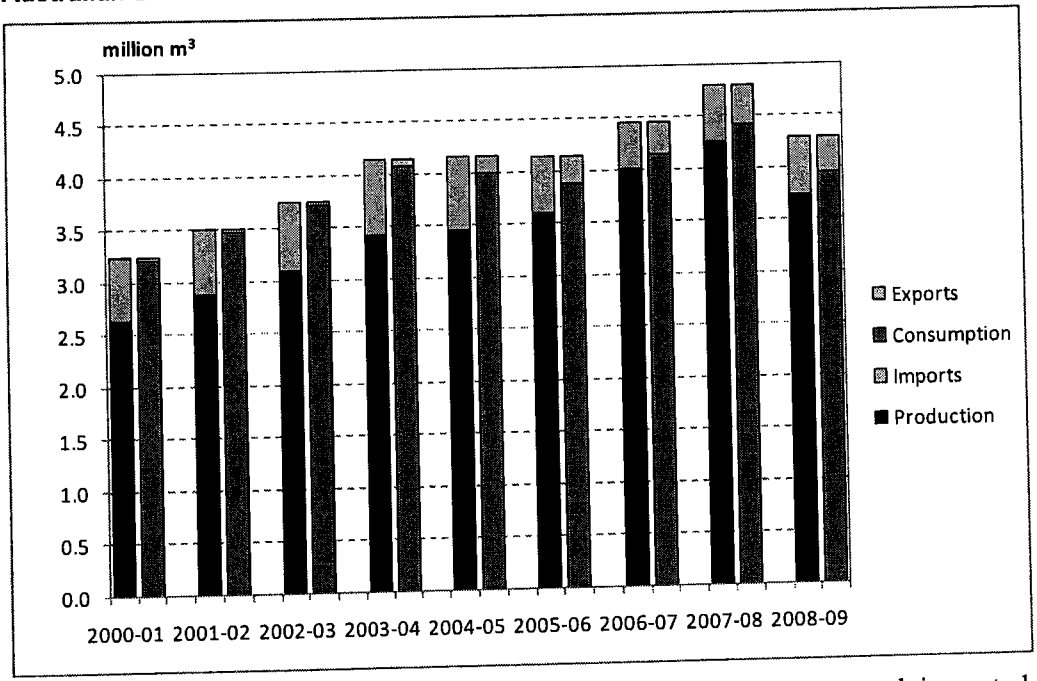
Figure 6-1:
Australian Coniferous Saw/Veneer Log Production, Consumption and Trade



Logs consumed locally are utilised primarily in sawnwood production. The Australian softwood sawnwood market has expanded steadily over recent years driven largely by construction growth. Most of the domestic softwood sawnwood is utilised for structural purposes. The export of non-structural sawnwood has increased in recent years as construction growth in the Middle East has created an outlet for this lower value product.

Domestic sawnwood capacity and production growth has increased in line with domestic market growth. Imports have been reasonably consistent over the last decade and perhaps reflect the competitiveness of New Zealand supply into some Eastern Australian markets. It may also reflect the ownership structure of the industry providing market access in Australia.

Figure 6-2:
Australian Softwood Sawnwood Production, Consumption and Trade



As production capacity has kept pace with market development, and imported product has provided some price cap in some markets, the Australian domestic prices for sawnwood have remained relatively flat. Depressed new housing starts in recent years has also limited positive price movement for structural sawnwood. As MGP10 pricing is a component of many sawlog pricing mechanisms, this has had a flow on effect to growers.

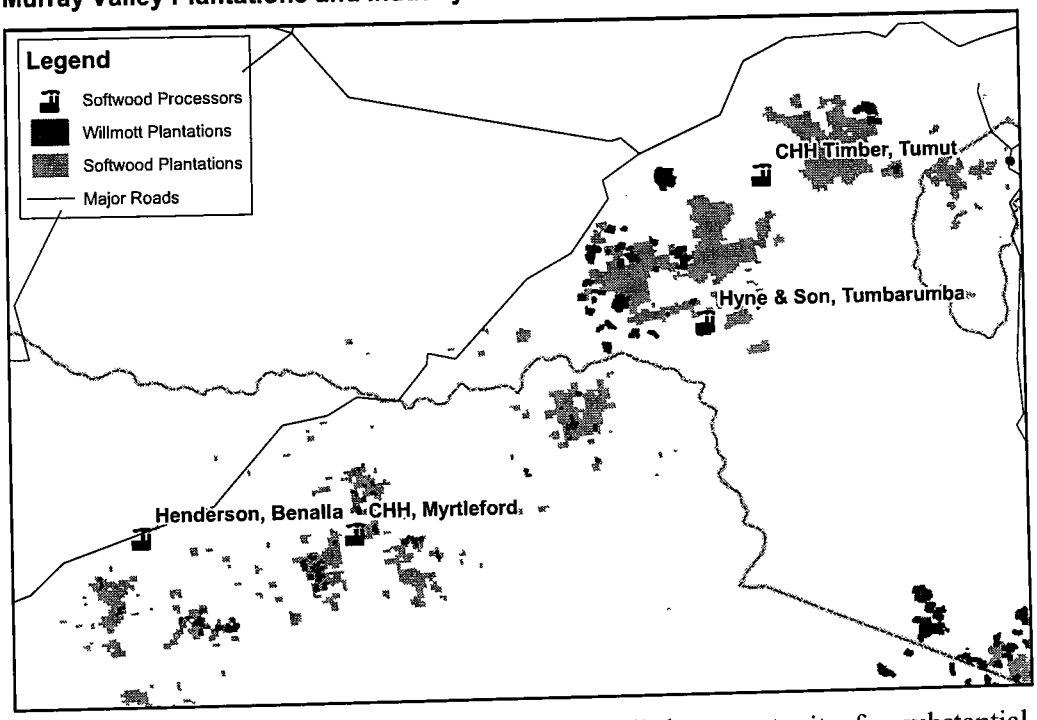
6.1.1 Domestic Sawlog and Pulpwood

The domestic market can be split according to the distribution of the plantations. The domestic market regions detailed are the Murray Valley, Gippsland, the Green Triangle and Colac. Each region is discussed in more detail in the following sections.

The Murray Valley

The Murray Valley wood supply region supports large-scale integrated processing industries. Major Australian sawmilling companies with assets in the region include Hyne & Son at Tumbarumba, CHHWPA at Myrtleford and Tumut. Smaller operations include D&R Henderson at Benalla and Big River Timbers (Ausply) at Wagga Wagga (Table 6-1 and Figure 6-3).

Figure 6-3:
Murray Valley Plantations and Industry



Like most forestry regions in Australia, there is little opportunity for substantial capacity expansion of facilities because all available sawlog supplies have been committed. There may be some room for small capacity expansions, as some excess resources may be available in the short term from private growers in the region. The softwood plantation estate should continue to keep expanding in the region, as the low sawlog-yielding private plantations are replaced with better growing stock, and more consistent silvicultural regimes are undertaken in the second rotation. If this happens, there may also be increased supplies of sawlog available in the medium to long term. The excess capacity of domestic sawmills in the Murray Valley should lead to greater competitive tension for sawlogs.

Hyne completed a major expansion of its Tumbarumba plant in 2005, making it the largest structural sawmill in Australia, with a maximum design input capacity of up to 1 million m^3/a in its current configuration. CHHWPA is also completing a capacity upgrade at its Tumut site, which will enable the processing of 650 000 to 750 000 m^3/a of sawlog. As a result, for the foreseeable future, demand for softwood sawlogs should not be constrained by capacity.

Further to the south the current market for Willmott resource is the D&R Henderson mill at Benalla and the CHHWPA sawmill at Myrtleford. CHHWPA is currently undertaking a project to convert the current Myrtleford sawmill and plywood mill into one large scale softwood plywood mill. When the Willmott resource is mature this will provide a potential market, particularly for the larger diameter logs.

Table 6-1:
Potential Purchasers of Willmott Pine Sawlogs

Company	Mill/Location	Est. Distance to Mill (km)	Main Product Type	Resource Inputs (000 m³/a)
D & R Henderson	Benalla	30	Structural timber, remanufacturing	100
CHHWPA	Myrtleford Plywood mill	20	Softwood plywood	250
CHHWPA	Tumut Sawmill	80	Structural timber, remanufacturing	640
Hyne & Son	Tumbarumba Sawmill	30	Structural timber, remanufacturing, edge & face glued products	1 000
Big River Timbers (Ausply)	Wagga Wagga Plymill	110	Plywood	50

Source: Pöyry

The logical markets for the Willmott pulpwood are Norske Skog near Albury, Visy near Tumut and Alpine MDF at Wangaratta. Key market information for these processors is summarised below.

Table 6-2:
Potential Purchasers of Tumba Pine Pulplogs

Company	Mill/Location	Distance to mill (km)	Resource Inputs (000 m^3/a)			
			Sawmill Chips	In-forest Chip	Pulplogs	Total
Visy Pulp & Paper	Pulp & Paper Mill, Tumut	80	650	0	1 250	1 900
Norske Skog	Pulp & Paper Mill, Albury	140	45	0	380	425
Alpine MDF	MDF panel	220	50		200	250

Stage 2 of Visy's mill in Tumut has recently started operating. This significant expansion will require a substantial increase in the fibre resource inputs for the mill. Although the majority of this supply will be obtained locally from the Murray Valley region, some pulplogs will have to be sourced further afield, from neighbouring regions. Visy estimates that it will require up to 270 000 m^3/a from the Central Tablelands region, mainly sourced from Forests NSW (FNSW). However, up to 50 000 m^3/a will be supplied from other private growers in the region.

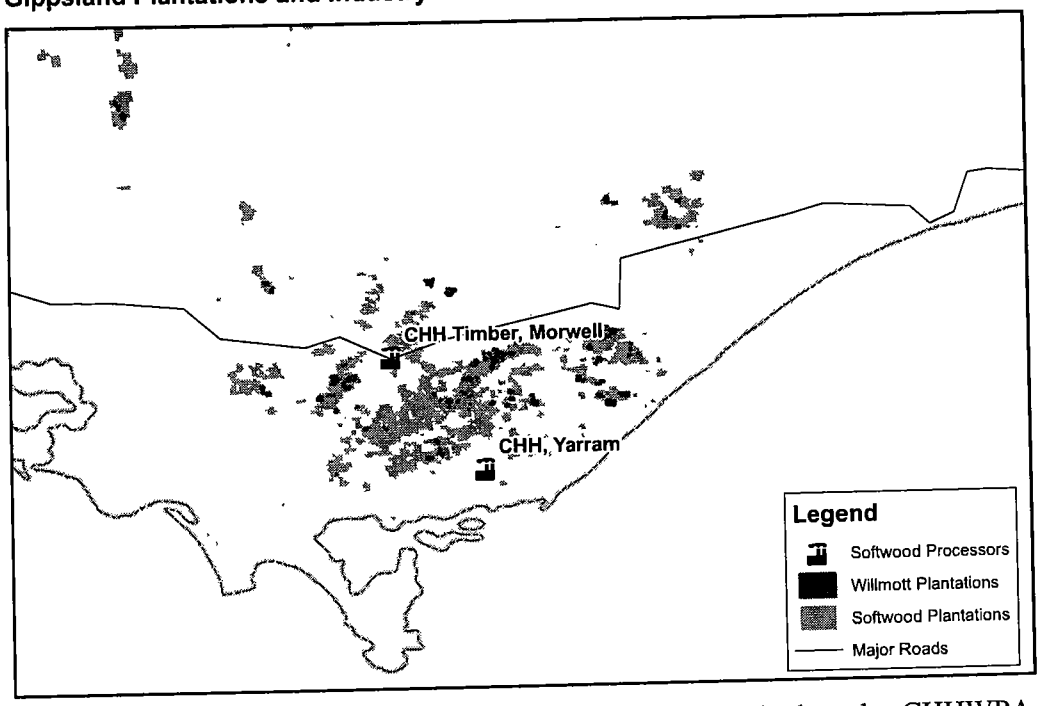
The Norske Skog newsprint mill near Albury has an intake of about 425 000 m^3/a of pulplog. Norske Skog purchases pulplogs loaded on a truck at the roadside for between AUD25/m^3 and AUD34/m^3.

Gippsland

The central Gippsland wood supply region extends east of Melbourne to Bairnsdale with the Great Dividing Range forming the northern boundary. There are an estimated 58 000 ha of radiata pine plantations in the region. Grand Ridge Plantations (GRP), a subsidiary of Hancock Victoria Plantations (HVP) owns and manages almost the entire softwood plantation estate.

The softwood plantation estate is in a mature development phase, with a relatively even spread of areas planted, up to 30+ years old. An increase in the area planted in the 2001-05 age-class is owing to the replanting of older lower yielding hardwood plantation areas, with higher yielding radiata pine, and areas burnt in the 2003 bushfires. The current available supply of softwood sawlog/veneer is estimated to be 650 000 to 700 000 m^3/a.

Figure 6-4:
Gippsland Plantations and Industry



The softwood sawlog market in Gippsland is currently limited to the CHHWPA sawmills at Morwell and Yarram (Table 6-1). With no significant competitors for softwood plantation sawlogs in the region, and the forecast increasing log supply, prices may be below those achieved in more fibre constrained regions.

Table 6-3:
Potential Purchasers of Willmott Pine Sawlogs

Company	Mill/ Location	Est. Distance to Mill (km)	Main Product Type	Resource Inputs (000 m^3/a)
CHHWPA	Morwell	45	Structural timber, remanufacturing	420
CHHWPA	Yarram	45	Structural timber, remanufacturing	180

Source: Pöyry

The major pulpmill in the region is the Australian Paper mill at Maryvale, owned by Nippon Paper of Japan. This mill takes both softwood pulpwood (from plantations) and hardwood (from native forest and plantations) and residues from the CHHWPA mills at Morwell and Yarram.

Table 6-4:
Potential Purchasers of Willmott Pine Pulplogs

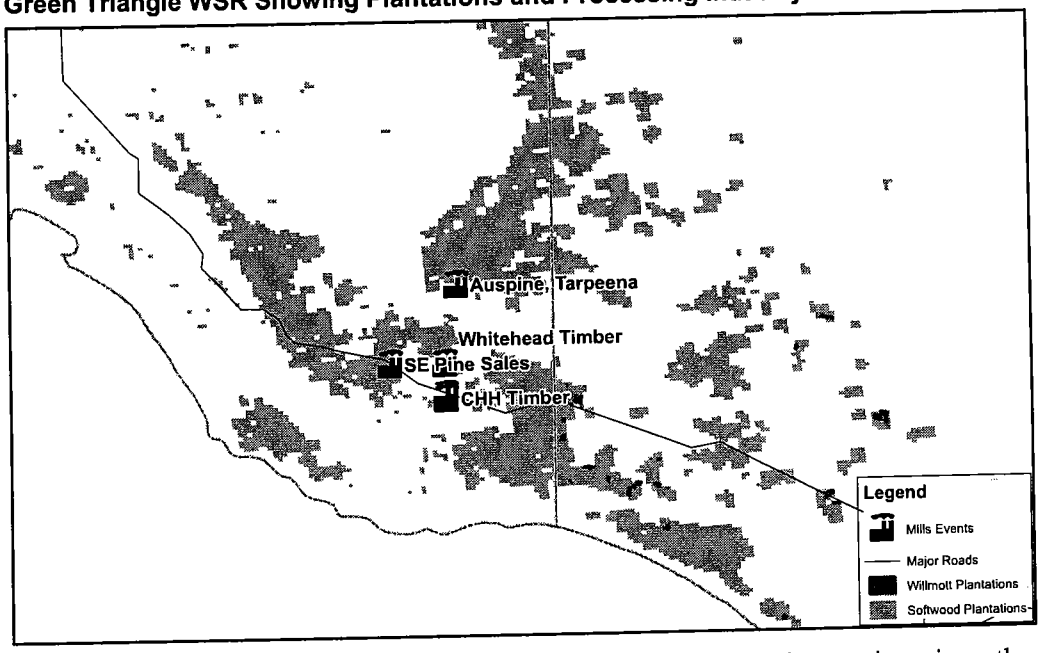
Company	Mill/Location	Distance to Mill (km)	Resource Inputs (000 m^3/a)			
			Sawmill Chips	In-forest Chip	Pulplogs	Total
PaperlinX	Maryvale	55	180	0	500	680

This mill is expected to absorb all available pulpwood supply in order to reach targeted production level. The mill is also likely to expand capacity incrementally if supply allows..

Green Triangle

The Green Triangle wood supply region (WSR) straddles the border of south-east South Australia and south-west Victoria. All of the Willmott plantations are located on the Victorian side of the border (Figure 6-5).

Figure 6-5:
Green Triangle WSR Showing Plantations and Processing Industry



The Green Triangle region has been a major softwood plantation region since the early 20th century, and has some of the most productive radiata pine plantations in Australia. As would be expected, the region's softwood plantations and associated industry are well established and highly developed. The age-class profile of the region's softwood plantations indicates a very mature estate with significant areas of plantation evenly spread over 30+ years. In recent years, there has been a conscious strategy by the major growers, in particular ForestrySA, to reduce the rotation age and thinning events to 28-35 years and 3-4, respectively. This has in turn led to a slightly higher level of harvesting.

The current available supply of softwood is estimated to be 2.1 million m^3/a sawlog/veneer, and 900 000 m^3/a pulpwood. Despite the recent increase in harvest levels and reduction in rotation age, it is predicted that the current volume of wood available will be stable for the foreseeable future albeit with reduced log diameters. The Willmott supply will be a relatively minor contributor to total supply.

The Green Triangle WSR supports large scale integrated processing industries, located at Mt Gambier, Tarpeena, Millicent and other locations around the region, as well as export woodchip operations from the port of Portland. Competition for wood resources is strong. The sawlog resource supply situation in the Green Triangle WSR is tight and competitive, with little apparent opportunity for supply expansion well into the medium term.

The sawmills in the region are provided in Table 6-5.

Table 6-5:
Potential Customers for Willmott Sawlogs in the Green Triangle WSR

Company	Mill/Location	Est. Distance to Mill (km)	Main Product Type	Resource Inputs (000 m³/a)
CHHWPA	Mt Gambier sawmill	50	Structural timber, remanufacturing, preservation timber	520
CHHWPA	Lakeside sawmill (Mt Gambier)	50	Structural timber, remanufacturing/mouldings	350
Gunns (Auspine)	Tarpeena sawmill	65	Structural timber, remanufacturing, glulam beams	600
NF McDonnell & Sons	Mt Gambier sawmill	50	Structural timber, finger-jointed products	60
Whiteheads Timber Sales	Mt Gambier sawmill	50	Structural timber, preservation timber	50
South-east Pine Sales	Compton sawmill	55	Structural timber, preservation timber	45

The CHHWPA LVL mill at Nangwarry has been excluded as this aging mill has reduced production in recent years and is likely to close within the next few years. Pöyry is unaware of any plans for new LVL capacity and believes the resource will be diverted to sawmill operations in the region.

In addition to the above customers, Pentarch exports sawlogs through the port of Portland to South Korea, India and China. These exports are mostly of low quality softwood sawlogs (break trees and small diameter sawlogs) combined with surplus pulpwood.

The market for pulpwood is also strong in the region. CHHWPA owns and operates two particleboard manufacturing facilities in the Green Triangle at Mt Gambier. These mills receive raw resource inputs from sawmills as residues (woodchips, shavings, etc) as well as pulpwood (roundwood). Other pulpwood markets include the Kimberly-Clarke tissue mill at Millicent and export chip operation at the port of Portland (Table 6-6). The Millicent mill is a considerable distance from the Willmott resource and may not be a viable market.

The pulpwood availability for the domestic processing industry in the Green Triangle is in excess of the requirements of the domestic processors, the two CHHWPA particleboard mills and the Kimberley-Clarke tissue mill. However, the export market created for the excess pulpwood over and above the domestic demand can potentially absorb surplus pulpwood if market conditions and AUD/USD exchange rate are favourable. At times, the export market can provide strong competition for fibre, but it is not as secure or predictable as the domestic market.

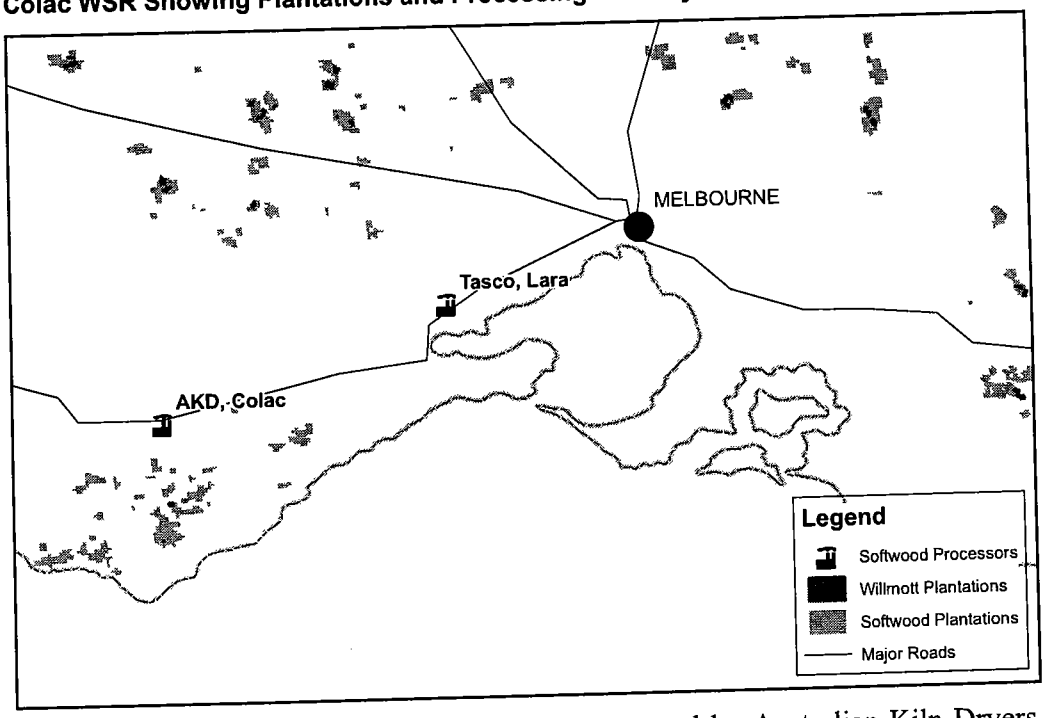
Table 6-6:
Potential Purchasers of Willmott Pine Pulplogs

Company	Mill/Location	Distance to Mill (km)	Resource Inputs (000 m^3/a)			
			Sawmill Chips	In-forest Chip	Pulplogs	Total
CHHWPA	Lakeside Particle Board Mill	50	200	0	135	335
CHHWPA	Mt Gambier - White Ave Particle Board Mill	50				
Kimberly-Clarke	Millicent	100	30		450	480
Export	Export ex Portland	65				

Colac

The Colac WSR is relatively small scale and the resource is rather fragmented. Willmott plantations are expected to yield an average of 20 000 m^3/a.

Figure 6-6:
Colac WSR Showing Plantations and Processing Industry



There are two softwood sawmills in the region owned by Australian Kiln Dryers (AKD) and Tasco (Table 6-5).

Table 6-7:
Potential Purchasers of Willmott Pine Sawlogs

Company	Mill/Location	Est. Distance to Mill (km)	Main Product Type	Resource Inputs (000 m³/a)
AKD	Colac	100	Structural timber, remanufacturing	400
Tasco	Lara	100	Structural timber	150

The market for pulpwood appears limited to woodchip exports through Softwood Plantation Exporters (SPE) at Geelong.

Domestic Sawlog and Pulplog Prices

The Australian forest products industry is characterised by long-term log supply contracts (up to 20 years), with stable price review mechanisms based on various revenue or cost indicators. Not much wood is sold on a strictly free market basis. As a result, details of individual log sales transactions are limited, making it difficult to identify market log prices. Pöyry has compared available price data with the Australian Pine Log Price Index (APLPI). This publication provides weighted average stumpage prices[2] and indices for various grades of sawlogs and pulpwood as sold by key log sellers throughout Australia.

The average weighted softwood sawlog and pulpwood stumpage prices reported by APLPI are detailed in Table 6-8.

Table 6-8:
Latest Weighted Average Softwood Sawlog and Pulpwood Stumpage Prices Reported by the APLPI (July-December 2009)

Log Grade	Description	Weighted Average Log Price (AUD/m³)
Small sawlogs	< 24.0 cm SEDUB[3]	39.24
Intermediate sawlogs	24 to 32.0 cm SEDUB	52.87
Medium sawlogs	>32.0.to 43.9 cm SEDUB	74.12
Large sawlogs	> 43.9 cm SEDUB	86.58
Preservation logs	All logs sold to domestic timber treatment plants including rails, poles and posts.	22.88
Pulpwood	All logs sold to domestic manufacturers of pulp and paper, woodchip/flake-based panels and other such products, including logs processed from export woodchip.	12.91
Salvage sawlogs	All logs excluded from the above products on the basis of price and wood quality.	28.84

Source: KPMG 2009

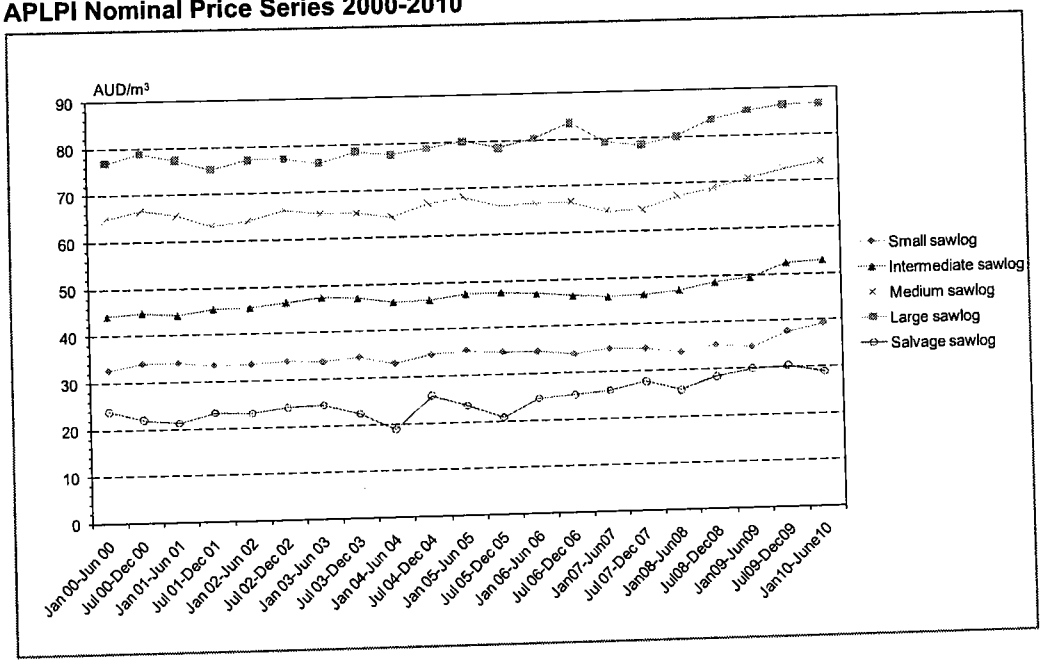
Historically, private plantation owners have not achieved APLPI stumpage prices. Negotiated stumpages prices may be lower for private growers due to the quality of the resource, distance to markets, inadequate roading infrastructure and the small volumes involved. However, increasing demand for pulpwood and small sawlogs

[2] Stumpage prices are the prices paid for the wood at the stump (excluding the costs of harvest, loading and transport to the mill or wharf gate).
[3] Small End Diameter Under-Bark.

resulting from the expansion of the Visy pulp and paper mill at Tumut and the ATP mill at Bathurst are expected to increase demand for small logs. This increase is expected to allow greater market access for products from thinning operations from private growers which in turn will improve the quality of products produced and returns from their plantation resources at clearfell.

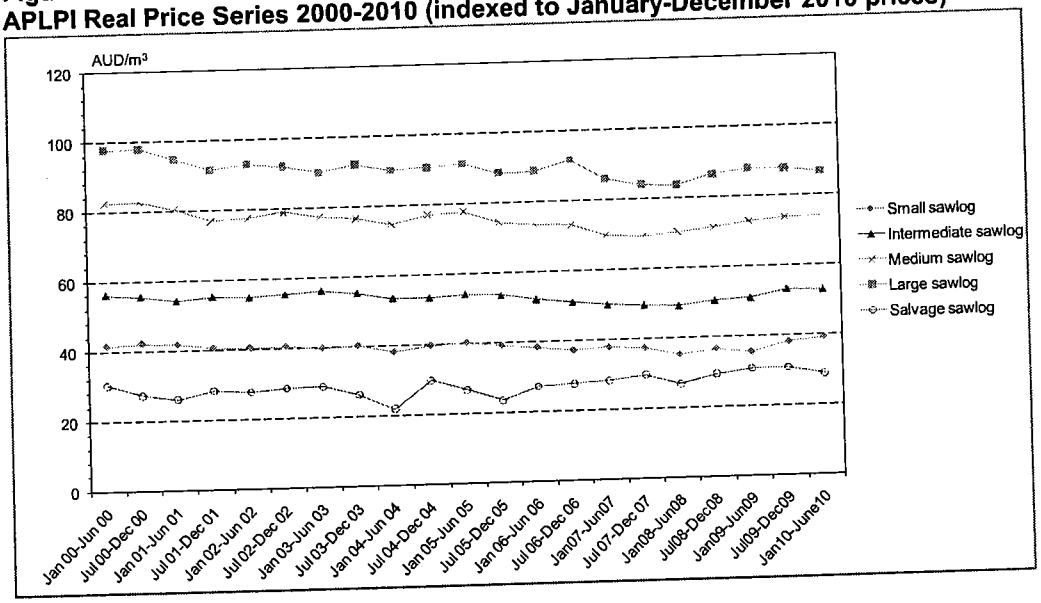
Nominal and real price movements for sawlog and salvage log stumpages since 1995 are shown in Figure 6-7 and Figure 6-8. From 2000, prices have increased slightly in nominal terms, but have declined in real terms by around 1%/a.

Figure 6-7:
APLPI Nominal Price Series 2000-2010



Source: KPMG 2010

Figure 6-8:
APLPI Real Price Series 2000-2010 (indexed to January-December 2010 prices)

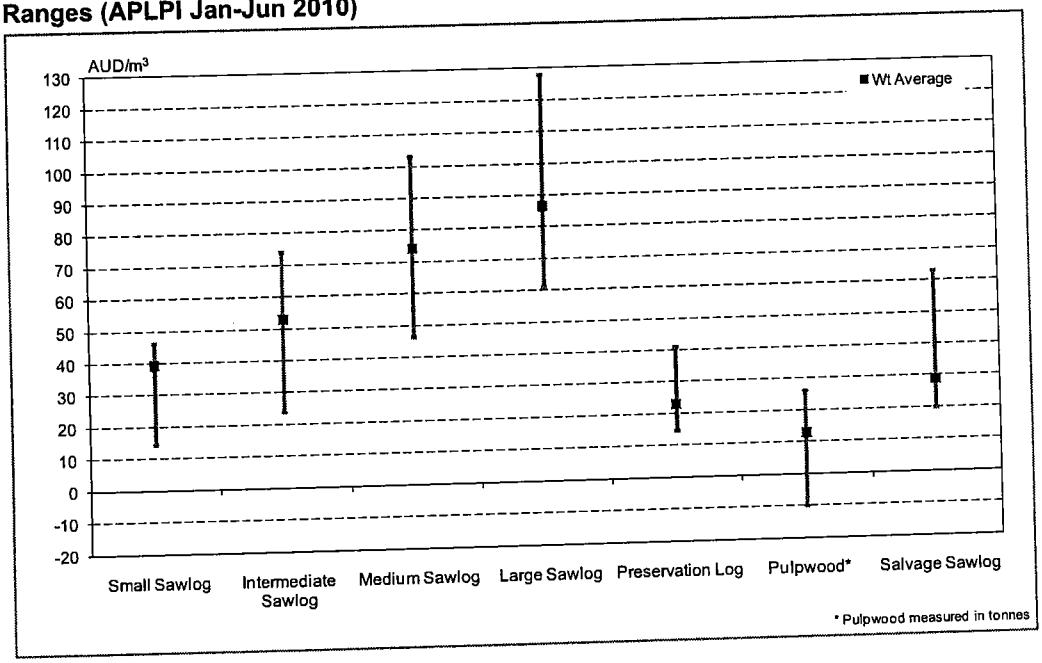


Source: KPMG 2010

Sawlog prices tend to vary according to log price mechanisms. These mechanisms tend to be weighted towards prices for MGP10 or MGP12 grade structural softwood sawn timber. Furthermore, Australia's logs sales are primarily into the domestic market, and thus do not face exchange rate fluctuations or the significant changes in demand that are encountered by some countries, such as New Zealand, that export high volumes of logs.

The average range in stumpage prices for domestic logs per size class is considerable (Figure 6-9) and particularly evident in the intermediate, medium and large sawlog diameter classes. This perhaps reflects differences in prices depending on the level of competition for wood resources in particular regions. In Pöyry's experience, regions with large, varied and integrated markets for softwood sawlogs tend to achieve higher log prices than areas without, which would contribute to the broad range of prices reported by the APLPI.

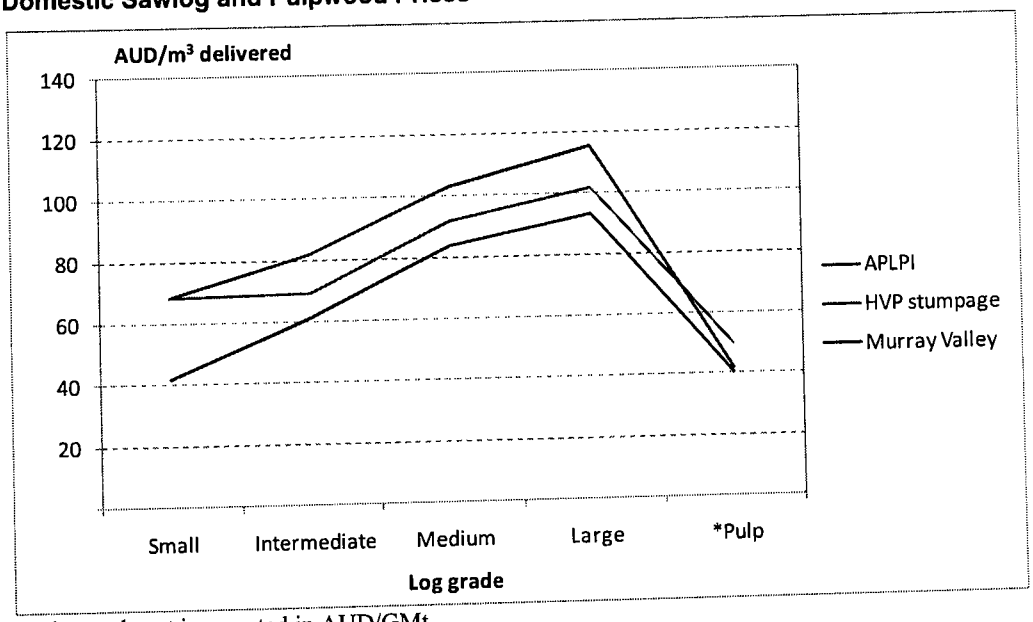
Figure 6-9:
Latest Weighted Average Domestic Sawlog and Pulpwood Stumpage Prices and Ranges (APLPI Jan-Jun 2010)



Source: KPMG 2010

Pöyry has estimated delivered sawlog prices based on available delivered prices or stumpage values and estimated harvest and haul costs.

Figure 6-10:
Domestic Sawlog and Pulpwood Prices



*Pulpwood cost is reported in AUD/GMt

Table 6-9:
Domestic Log Prices AUD/m³ Delivered

	Small	Intermediate	Medium	Large	*Pulp
HVP managed	68.3	69.4	91.7	101.7	22
Murray Valley (Willmott)	42	61	84	93	11.3
Bombala					10.84

*Pulpwood is reported in AUD/GMt stumpage

The outlook for domestic sawnwood prices may be more positive as the total softwood log supply has limited expansion potential (based on current plantings and available/suitable land) while the market is expected to continue growing at the long term trend rate of 2.7%/a.

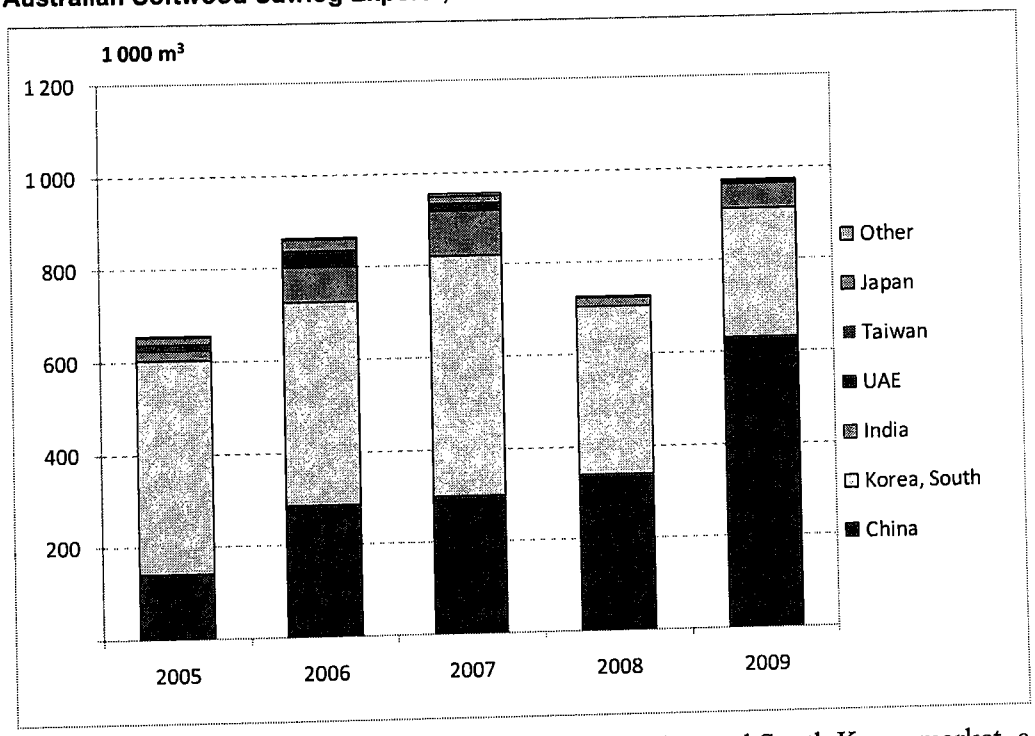
In the medium term, price increases will depend on housing activity and the flow on effect to structural timber prices.

6.1.2 Export Market

There are few domestic processing options for the Bombala resource. Plans to establish a new sawmill appear to be on hold unless a developer steps up. There remains a possibility that this will eventuate providing a domestic market for the Bombala sawlogs however it is prudent to look at the market as it exists today and this appears limited to the log export market.

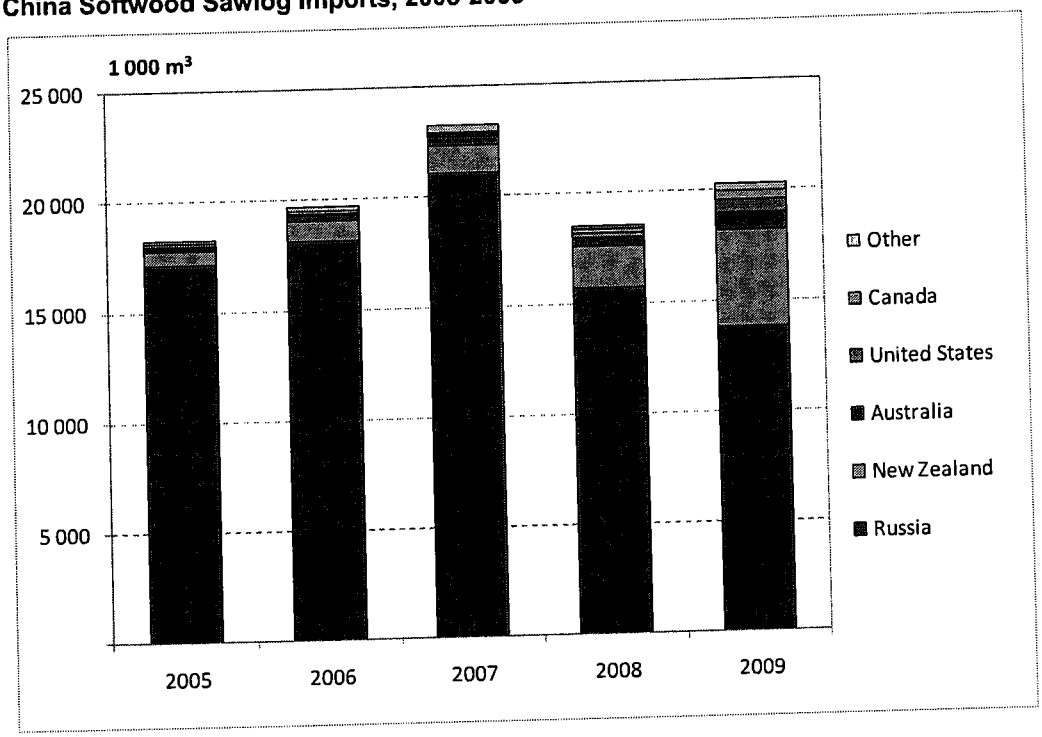
South Korea and China are the primary markets for logs exported from Australia under the classification of coniferous sawlog. In recent years the China market has grown while South Korea has contracted. If Australian supply is sold competitively, which appears to be possible, whilst providing a positive stumpage, the Bombala sawlog supply should find a market in either South Korea or China.

Figure 6-11:
Australian Softwood Sawlog Exports, 2005-2009



As Australia is a relatively small supplier into the China and South Korea market, a review of the key (competing) supply countries has been undertaken. This provides a basis for estimating an export parity price that can be applied to the cash flow model.

Figure 6-12:
China Softwood Sawlog Imports, 2005-2009



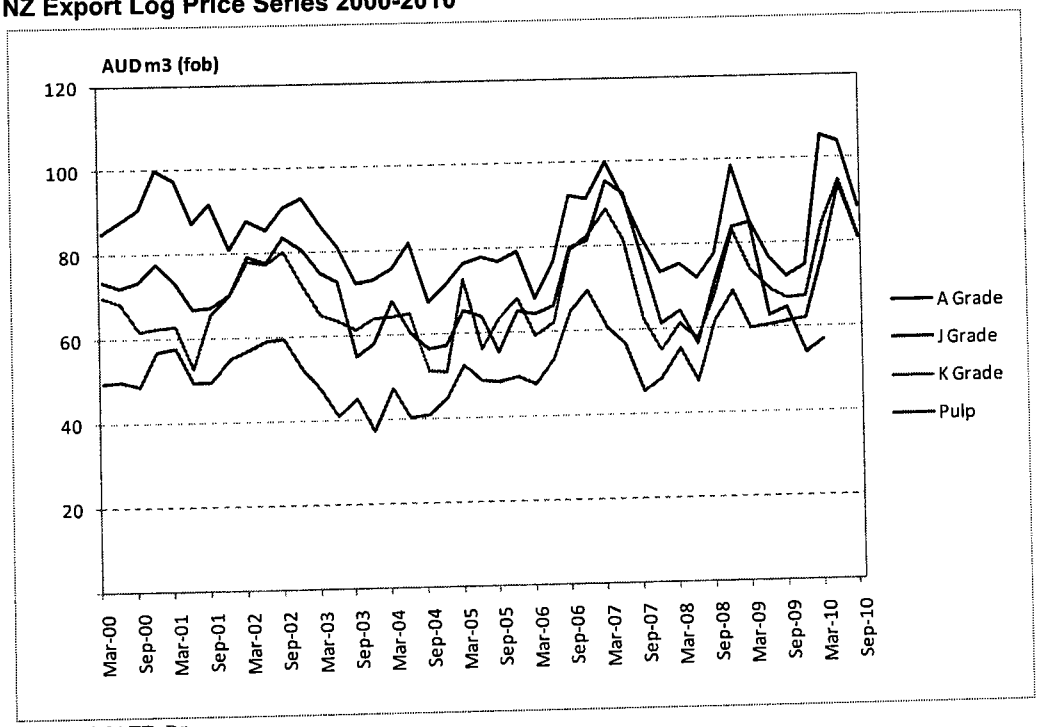
The share of New Zealand supply in the China market has increased in recent years as Russia announced log export duties. The introduction of full duties has been delayed and further delays are expected however Chinese importers are already increasing supply from New Zealand. Given the proximity to Australia and similarities in log quality, New Zealand export log prices are a good indicator of what Australian exporters may expect. The Chinese market can easily absorb the small volumes exported from Australia if the price is at parity or better.

6.1.3 Export Log Prices

As the volume of log exports from Australia is relatively minor and trade data/prices may not be representative of the true market value. Pöyry has based the anticipated export price on New Zealand export prices.

New Zealand radiata prices are reported by the Ministry of Agriculture Forestry and Fisheries (MAFF). These prices are reported as NZD/m^3 JAS. The price data available has been converted to AUD/m^3 (Figure 6-13).

Figure 6-13:
NZ Export Log Price Series 2000-2010



Source: MAFF, Pöyry.

Export logs will most likely be sold as A grade, K grade, KI grade or possibly J grade. The volume of J grade log trade has been insufficient in recent months to provide a reliable data point post March 2010. Generally, the prices of various grades have historically tracked in a similar fashion and at a similar price level to each other. Pöyry has assumed that K and J grade logs will attract the same FOB price in USD terms.

In developing a view on the export price outlook Pöyry has considered a number of drivers as detailed in Table 6-10.

Table 6-10:
Export Log Price Drivers

Factors	Influences	Impact on Prices
Supply Volume	The increased supply and an apparent softening in Asian economies are causing what appears to be a slump in export log prices. Prices expected to be weak during the next 12 months.	↓
	Russia's log exports to North Asia will decrease due to log export tax and rising costs.	↑
	Canada's log supply, and volumes available for export, is expected to decline in the long term due to mountain pine beetle.	↑
	In the long term, USA's ability to increase its log supply into North Asia will be affected by stronger domestic demand and a decrease in log and lumber supply from Canada.	↑
	Declining availability of wood fibre in Asia Pacific region with declining resources from natural forests in South East Asian suppliers. Shortage of supply should increase log prices gradually in the future.	↑
Export Market Demand Conditions	Near term outlook: China's commodity import demand is starting to slow down considerably as the central government's economic stimulus package initiatives are gradually coming to an end.	↓
	In the medium to long term, the China market will continue to grow, albeit slowly, supported by strong construction industry and economic growth. Strong demand for logs is expected to account for firm log prices.	↑
	South Korean economy and construction industry are expected to be healthy. But the country will eventually move towards processing overseas where the cost structure is more competitive, and/or importing an increased volume of processed products.	↑
	Japan's log demand is gradually declining with stagnant construction growth. Prices for logs are expected to be stable with stable demand and supply balance.	-
Cost Competitiveness of Suppliers	Russia's cost of production is expected to increase in the medium term. Combined with likely export tariff increases, we expect to see significant increases in the price of Russian exported logs. The competitiveness of New Zealand logs will improve allowing for increases in Australian log export prices.	↑
	Russian government is planning to impose the scheduled 80% of export tax on the export value on softwood logs.	↑
Foreign Exchange Rates	Forecast long term weakening of the AUD may allow for positive price movement. (Access Economics forecast)	↑
Ocean Freight Rates	Freight rates are expected to soften as China's non-wood product demand eases and new ships come online.	↑

The forecast export log prices are based on the demand and price drivers as detailed in Table 6-10. There remains potential for further price improvement if the AUD does in fact weaken against the USD, as predicted by Access Economics. Pöyry considers that the approach taken is conservative and does not include exchange rate movement as a driver. The log prices applied in the cash flow model are shown in Table 6-11. These prices are free on board (FOB). Pöyry has estimated port costs to be AUD10/m^3, therefore delievered to port gate costs are AUD10/m^3 less than the FOB prices.

Table 6-11:
Export Log Price, AUD/m³ FOB

Export grade*	Current	Forecast
J/K	81	87.8
A	88.0	95.0
KI	71	77.8

*See glossary for definition.

6.2 Existing Contracts

Visy has a contract to purchase pulpwood from the Willmott's Bombala and Murray valley plantations. Willmott has stated that the volume to be supplied is between 48 000 m^3/a and 65 000 m^3/a. The harvest and haulage contractors are managed by Visy and the logs are purchased on a stumpage basis.

Logs from plantations managed under contract by HVP and FNSW will be marketed by the contract manager. Willmott has stated that these organisations have included the supply from the Willmott plantations they manage in their long term supply contracts. HVP and FNSW have the supplier power needed to achieve log prices greater than those achieved by small private growers and can ensure that in times of reduced demand, logs supplied by them are prioritised over logs from small private growers. The prices applied in the cash flow model for existing contracts are set out in Table 6-9.

6.3 Conclusion of Pine Prices

The domestic sawlog market is primarily driven by sawnwood demand which is in turn a reflection of housing and construction activity. Historically, sawnwood capacity and production has increased in line with market growth. Surplus capacity and depressed domestic markets in recent years have limited positive price movement.

The future supply and demand dynamics will impact on the sawlog price outlook. The supply of sawlog is better understood than demand as plantations generally require 25-30 years to mature. Based on the limited availability of suitable land, and the known areas of established softwood plantations, supply growth is expected to be limited.

The domestic market outlook is also positive. Housing and construction activity is forecast to be cyclical but demonstrate reasonable long-term growth. Although substitute products will take some market share, timber will remain an important construction product. The Australian sawmill industry has consolidated and rationalised in recent years, and mill investment has improved scale and efficiency. Reduced operating costs and a constrained sawnwood supply should provide room for improved structural lumber prices which has a flow on effect to pine sawlog growers.

Where a domestic market is unavailable, primarily due to distance, log exports may be a viable solution. Pine sawlog exports from Australia are minimal and generally include lower sawlog grades. Australian exporters should expect to achieve FOB export prices at parity with New Zealand supply. The demand for export sawlogs in Asia remains strong and most drivers point towards improving prices in the medium to long term. Australian exporters will be affected by the Australian dollar.

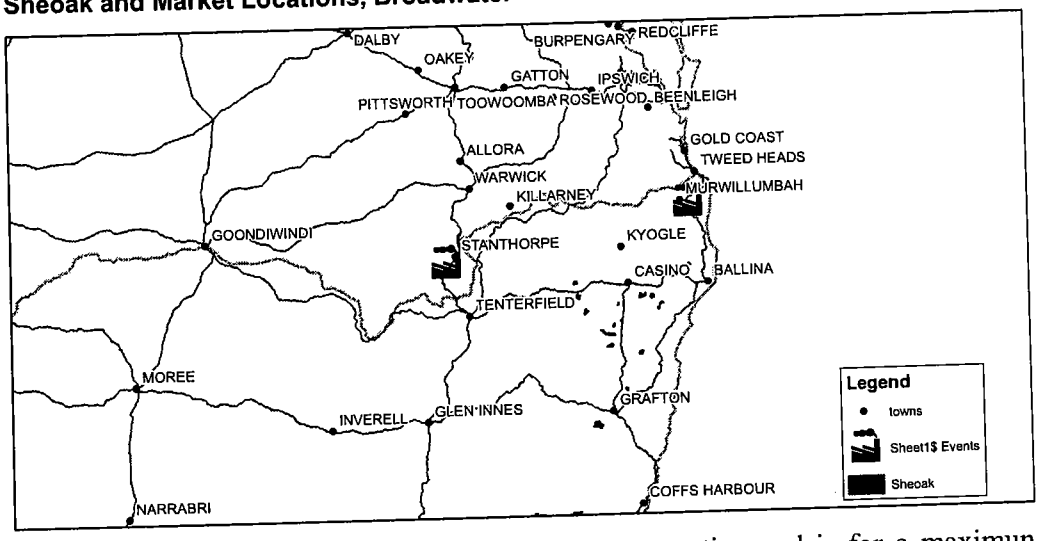
There is general consensus amongst leading economic forecasters for a weakening Australian dollar. If the Australian dollar, returns to a long-term average of around 0.78, there would be an opportunity for increased stumpages for exported sawlogs. By contrast, if the AUD continues to rise, pricing would be affected negatively.

Forecasting long-term price forecasts is difficult due to the uncertainty in predicting the development of the demand and supply factors mentioned above. However, in Pöyry's opinion the pine log prices used in the cash model are reasonable.

6.4 Sheoak

Most of the sheoak resource has been developed in Northern NSW however there is a very small area planted in Queensland near Maryborough. The sheoak has been grown as an energy crop and it is envisaged that this resource will be utilised by local energy producers (co-generation plants). To our knowledge Willmott has entered into a supply arrangement with Sunshine Renewable Energy Pty Ltd (Sunshine Energy) and Delta Electricity Aus Pty Ltd (Delta). These two parties entered into a joint venture arrangement, Sunshine Electricity Management Pty Ltd, and developed cogeneration plants based primarily on bagasse at Broadwater and Condong (Figure 6-14).

Figure 6-14:
Sheoak and Market Locations, Broadwater



The supply contract is with the Broadwater Power station and is for a maximun supply of 10 000 GMt/a. Pöyry has not attempted to throughly review the supply contract, nor intends to offer any legal opinion of the agreement. However, some terms should be highlighted.

- The supply is dependent on the DECC approval of sheoak as an energy feedstock.
- Willmott needs the consent of the purchasers to assign the rights of the contract.
- The months when delivery of fibre will be accepted are limited to the period from 01 November to 30 April.
- The contract has a short 30 day cancellation clause.

- The price offerred is stated as AUD39/GMt. Details of any price change mecahnism are unknown.

If the yields are as forecast in the cash flow model, the overall annual production from this area will be around 32 500 GMt/a. The Broadwater Power station, if the contract is continued, is expected to consume all of the available volume.

The other potential purchaser is the Condong mill, also owned by Sunshine Electricity Management Ltd.

There are two other planting areas; 278 ha to the north near Maryborough (Figure 6-15) and 342 ha to the south near Kempsey (Figure 6-16). Further to the north lies a planting of sheoak of around 460 ha.

Figure 6-15:
Sheoak and Market Locations, Maryborough

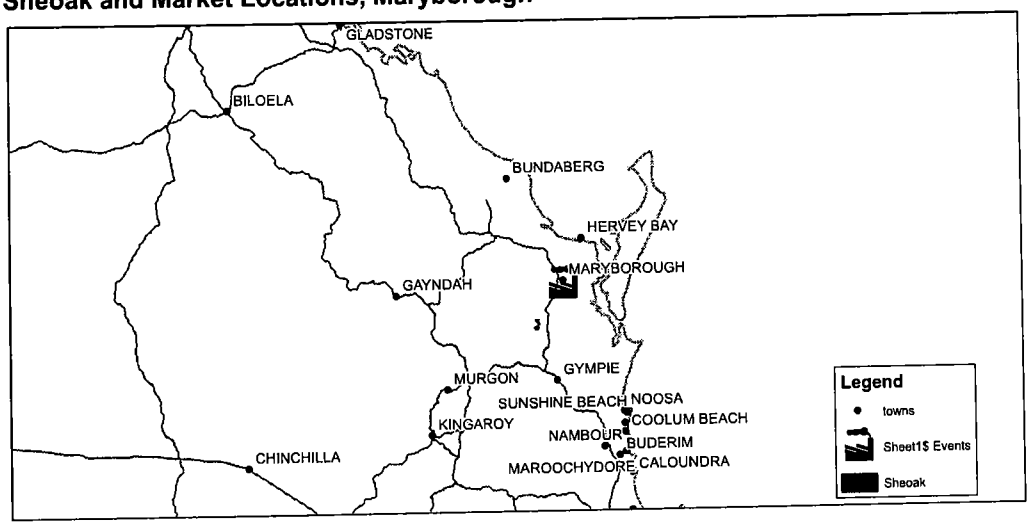
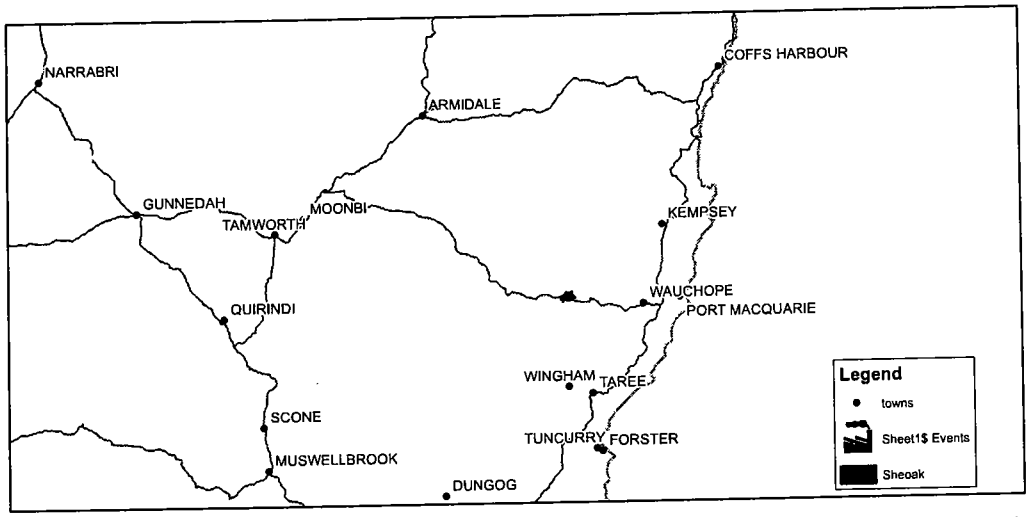


Figure 6-16:
Sheoak and Market Locations, Kempsey



There is some potential to sell the Maryborough resource to the Maryborough Sugar Factory. The volume is small and it may be a welcome seasonal fibre supply.

A market for the resource south of Kempsey has not been identified. There are a number of coal fired power stations that could potentially utilise this material if they move to co-firing.

6.4.1 Conclusion – Sheoak

Willmott has existing contracts to supply sheoak at prices that are close to the estimated costs to harvest and haul the chips. The very low net proceeds is the primary driver making the sheoak plantations financially non-viable.

6.5 Southern Silky Oak

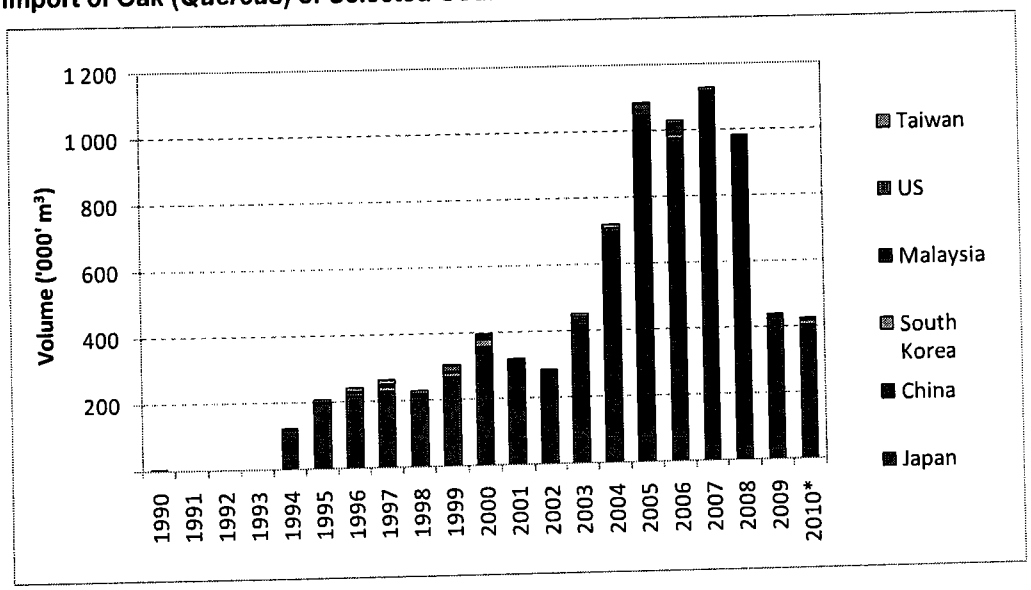
6.5.1 Characteristics and Uses

The heartwood of southern silky oak is pale pink to red-brown with a silky lustre and prominent rays of darker colour. Southern silky oak is prized for its lace-like features and the heartwood is easy to work with. The sapwood is pale in colour and susceptible to pinhole borers. Southern silky oak is similar to South American mahogany (*Swietenia*) in most strength properties. It is used for fine furniture, moulding, cabinet making and other decorative applications. The timber has been used by local furniture makers and craftsmen for well over a century. Southern silky oak also peels very well. Radially-peeled veneer produces a very attractive and unique pattern. Other uses include panelling and the manufacture of small wooden items such as pen and gift boxes.

The potential market driver for southern silky oak is the demand from furniture and cabinet makers in the Asia-Pacific region and the domestic market. These manufacturers then sell the finished products domestically or internationally.

In the Pacific Rim region, the import of oak logs has increased dramatically since 1998. This increase was driven by demand from China to supply its wood product industry, including furniture manufacturing. The Chinese demand for raw material is driven by demand for manufactured goods both domestically and from other countries such as the US. Russia is, by far, the major supplier of oak logs into China. However, Russian log supply is set to decline in the future. The Russian government had announced the implementation of steep log export tariffs, although these are now delayed until at least January 2011. Given the expected Russian log export decline, Chinese buyers are expected to explore alternative sources.

Figure 6-17:
Import of Oak (*Quercus*) of Selected Countries in the Pacific Rim



Source: World Trade Atlas
*to October 2010 only. No Malaysia data for 2010.

Pöyry has adopted delivered to Brisbane as silky oak's price point. This price point gives the option to process the silky oak log locally or to export via Port of Brisbane.

6.5.2 Market Outlook for South Silky Oak

As there is no international market for Southern silky oak, the market outlook is difficult to estimate. However, several factors contribute to an encouraging outlook for potential international markets for this wood.

- Good potential marketability, stemming from its unique features.
- Compatibility with existing and widely adapted species such as oak, in a large consumer market such as the US.
- Popular with users such as furniture and cabinet makers, therefore demand is expected to be reasonable.

However, the success of this species on the international market depends on factors such as:

- Market demand from existing international processors.
- Ability to consistently supply a sufficient volume of good quality logs in order to develop a Southern silky oak -based processing industry.

6.5.3 Southern Silky Oak Price

6.5.4 Southern Silky Oak Price

Plantation-grown southern silk oak has yet to reach harvest age in Australia. Most of the southern silky oak logs harvested are sourced from mature street and garden trees. Furthermore, it is hard to compare southern silky oak log with other

high-value logs due to its unique aesthetic feature. Therefore, a market price for plantation-grown sawlog is difficult to estimate.

Since there is very little transaction evidence of the trading of this species, Pöyry has used a variety of other high-value species from native forest of similar end uses to estimate the log prices. These high-value species logs are often larger in size and better in quality than plantation logs, thus commanding higher prices.

Table 6-12:
Selected Prices for International High-Value Sawlog and Australian Sawlog AUD/m^3

Species	Price Point	Price Range
African mahogany	West Africa FOB	205-275
Sapele	West Africa FOB	228-329
Iroko	West Africa FOB	255-349
Meranti	Sarawak FOB	294-323
Kapur	Sarawak FOB	257-355
Keruing	Sarawak FOB	283-315
Northern NSW eucalyptus sawlog	Local mill gate	80-85

Source: ITTO 2010 and Pöyry.

In order to estimate the likely southern silky oak log prices, Pöyry has used the above high-value log prices, and has applied various adjustments such as shipping advantages of Australia, log price discount for estimating plantation log prices from native forest logs, market risk discount factor and port cost to derive likely delivered log prices. Pöyry has also included the northern NSW eucalyptus sawlog prices for comparison purposes.

For southern silky oak, Pöyry estimates a hypothetical delivered log price from thinning operation of AUD88/m^3 and clearfell log price of AUD160/m^3.

6.6 African Mahogany

6.6.1 Characteristics and Uses

African mahogany (*Khaya senegalensis*) is a hardwood tree native to central and western tropical Africa. It was first planted in Australia in the 1950s as roadside plantings and in public parks, initially with limited research as to its potential as a possible plantation species. Over the past decade, significant interest has developed in the plantation potential of this species, as natural resources in Africa become increasingly depleted following years of over-harvesting. To Pöyry's knowledge, about 7 500 ha of African mahogany has been planted to date in Australia.

The wood of African mahogany is highly sought after, and is used in the manufacturing of fine cabinetry and furniture, musical instruments such as pianos, trimming of fine boats, as well as turnery, carving and others. The wood is distinguished by its colour, which varies from yellowish, reddish, pinkish, or salmon-coloured when freshly cut, to a deep rich red, to reddish brown as the wood matures with age. Mahogany has a fine to medium texture, with uniform to interlocking grain, ranging from straight to wavy or curly. It polishes well, with excellent working and finishing characteristics. It also responds well to hand and machine tools, has good nailing and screwing properties, and turns and carves very well.

Currently there is no domestic market to process African mahogany in the Northern Territory. Pöyry has assumed the African mahogany log will be exported via Port of Darwin to Asian countries with strong manufacturing bases such as China.

6.6.2 Market Outlook for African Mahogany

The key price driver of African mahogany is the imbalance between the world's demand for wood products such as veneer and furniture, and the supply availability of high-value sawlogs. The decreasing supply of South American mahogany forces processors to seek alternate species with similar features, such as African mahogany. This increasing shift in demand and the general decline in supply of natural forest tropical hardwood, including African mahogany, make the long-term outlook for native African mahogany log prices very positive. The prospects for plantation-grown African mahogany should also benefit from this as processors are increasingly searching for alternatives.

6.6.3 African Mahogany Price

No published market data is available for plantation-grown African mahogany, as the plantations have yet to reach maturity.

In 2007, Pöyry reviewed plantation mahogany (*swietenia spp.*) log prices achieved in Fiji, Indonesia and Vietnam. Pöyry adjusted these prices for inflation and exchange rate movements, and assumed a delivered price of AUD220/m^3 for clearfell logs, and AUD170/m^3 for logs produced from second thinning operations.

6.7 Markets and Prices – Adopted Assumptions

Pöyry has reviewed current prices where they exist, and has estimated possible prices for as-yet undeveloped markets. Pöyry can conclude that the prices for existing markets used in the Willmott model are sound, and depict the current situation. For future markets, there is uncertainty, but from what Pöyry knows from similar-grade products, they are reasonable. The cash flow model has prices remaining flat in real terms. In Pöyry's opinion, this is a reasonable assumption. The prices applied in the cash flow model are summarised in Table 6-13. The prices shown are delivered prices to mill or port gate with the exception of pine pulpwood prices that are stumpage based.

Table 6-13:
Current Prices and Forecast Prices applied in the Cash Flow Model (AUD/m^3)

Product	Region	Grade	Current	Forecast
Pine Domestic	HVP	Small	68.3	68.3
		Intermediate	69.34	69.34
		Medium	91.7	91.7
		Large	101.7	101.7
		Pulp	20.5	20.5
	Murray Valley (Willmott)	Small	42	42
		Intermediate	61	61
		Medium	84	84
		Large	93	93
		Pulp	11.3	11.3
	Bombala	Pulp	10.84	10.84
Pine export	Bombala	A	78	85
		J/K	71	77.8
		KI	61	67.8
Silky Oak	North Coast	Thinning		88
		Clearfell		160
Sheoak	North Coast		39	39
Mahogany	NT	Thinning		170
		Clearfell		220

Pöyry's opinion is that its estimates of price, demand and log specifications applied in its estate model are reasonable.

7 DISCOUNT RATE

A most visible application of discount rates in Australasian plantation forestry is in forest valuations. Two forms of discount rate are distinguished:

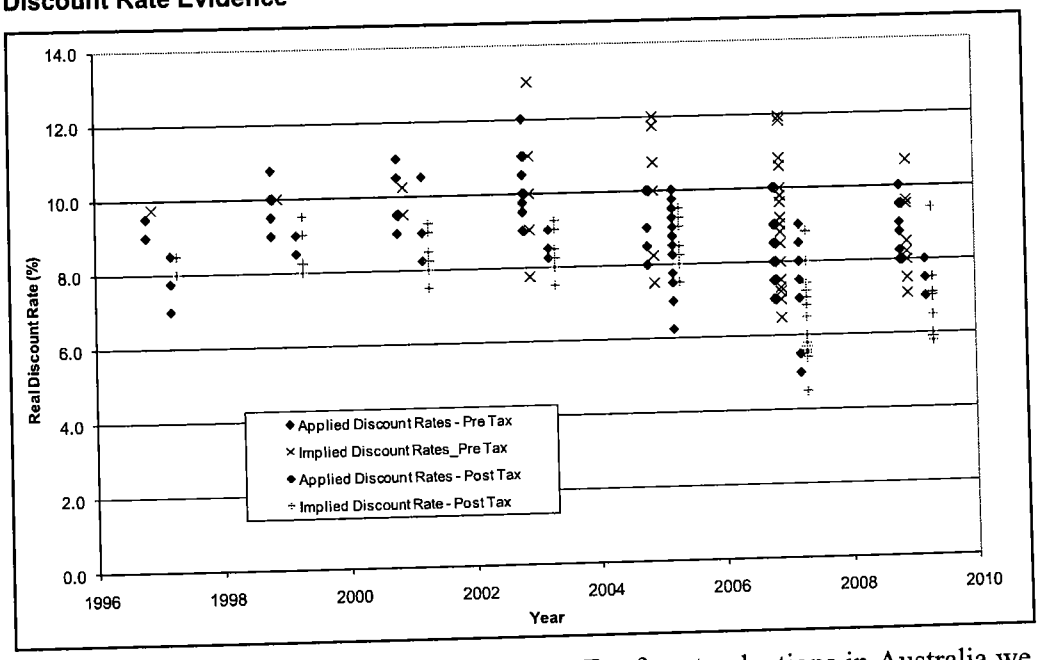
- Implied Discount Rates (IDR). These are derived by constructing a credible representation of cash flows for forests that have transacted. The IDR is the rate at which the NPV of the cash flows matches the price paid for the tree crop.
- Discount rates derived from first principles. A common approach is to derive the Weighted Average Cost of Capital, which recognises the separate costs of funds from debt and equity. One means of driving the cost of equity is to employ the Capital Asset Pricing Model (CAPM).

Neither the IDR nor the WACC/CAPM approaches offer high precision. The IDR is very dependent on the conventions analysts employ in modelling forest cash flows, and there are no fixed standards for these. At first impression the WACC/CAPM offers a seemingly objective and formulaic approach. In practice, this is not necessarily the case, and the method is capable of providing a 2% spread dependent on such inputs as the adjustment for risk, assumed debt premium and adjustments for scale of operation.

Some indication of the trend in discount rates employed in forest valuation, and also the spread is provided in Figure 7-1. This figure summarises results from seven successive surveys conducted by Professor Bruce Manley, Convenor of the Forest Valuation Working Party of the New Zealand Institute of Forestry[4]. Of the parties Manley canvasses, several of the firms are involved in forest valuations in Australia.

[4] Surveys of discount rates have been reported in the NZ Journal of Forestry in 1997 [NZ Forestry 42(4):47], 1999 [NZ Forestry 44(3):39-40], 2001 [NZ Forestry 46(3):14-15], 2003 [NZ Forestry 48(3):29-31] , 2005 [NZ Forestry 50(3):7-11] 2007 [NZ Forestry 52 (3):21-27] and 2010 [NZ Forestry 54 (4):19-23].

Figure 7-1:
Discount Rate Evidence



Pöyry is one of the contributors to the survey. For forest valuations in Australia we are commonly applying discount rates in the range of 8.0% to 9.0% applied to real, pre-tax un-levered cash flows[5].

The situation this report addresses does not constitute a typical valuation. It deserves closer examination to consider what adjustments to a base discount rate may be warranted.

Grower-Investors

Over the course of the last 10 years, the purchase of plantation assets in Australasia has come to be strongly dominated by Timber Investment Management Organisations (TIMOs).

In general, these entities have been acquiring tree crops that were mostly in an immature state, with the expectation that they will continue to invest funds in their ongoing management and will then eventually recover their investment from harvesting the said crops. They thereby assume a grower's perspective, with all the attendant risks of growing, harvesting and price/yield. The entities do, with one exception, refuse on principled grounds to participate in any vertical integration, such as by owning an associated processing plant.

The TIMOs compete for investment funds in a vigorous, informed international market wherein the investors weigh up alternatives across a very broad range of investment alternatives.

Because TIMOs buy into existing forests, the tax deduction has mostly already been taken. As is the case with MIS growers, the TIMOs also acquire forests in

[5] The implications of tax and gearing are not ignored; cash flows incorporating treatment of these are commonly constructed, and the corresponding discount rates to produce an equivalent forest value are derived. These alternative versions of rates must be credible if their pre-tax and pre-gearing counterparts are to be acceptable.

which the decisions have already been made as to what is grown and where it is to be grown.

The MIS model has an advantage, given that investment is only for a single rotation (there are no replanting obligations). The considerable majority of tree crop investments in Australasia are incapable of earning real discount rates much above 5-6%. In these circumstances, an alleviation of any responsibility to participate in a succeeding rotation is NPV-positive.

Incremental Investment

In the more common forms of forest transaction, an incoming investor must raise a sizeable quantity of funds to acquire forest assets. This is not, apparently the case in this instance for an assumed new RE. However, we note that the growers have to contribute an estimated AUD123.2 million to seed the RE. In these circumstances there are some grounds for extending the base of "transaction evidence". A recent discussion paper observes[6]:

"It is significant that despite the currently poor economic fundamentals for forest investment most of the forest that is harvested in [Australasia] each year is still being replanted. This presents a reminder that sales of forests are not the only evidence of forestry investment "transactions". Empirical evidence is also provided by each decision to plant or replant tree crops. The replanting activity may involve a very large number of individual business decisions, occurring each year. The apparent IRRs associated with these provide evidence of returns that are seemingly acceptable, at least to some investors.

"At the time of writing there appears to be a marked difference between the IDRs demonstrated in forest transactions and the IRRs available from replanting. The most recent survey by Manley in 2005 suggests that the former are in excess of 8% real applied to post-tax cashflows. IRRs for new planting and replanting are more commonly found to lie in the order of 5-6%."

Distressed Sale

Pöyry is wary of using distressed circumstances as a basis for increasing the discount rate. Of the forest transactions conducted in Australasia over the last 15 years, as many as half have had at least some hint of distress. Of the available evidence it is hard to point to clear margins within the IDR population that are attributable to this factor. The level of the price is also driven by the extent there is competitive bidding.

Uncertain Forest Description

Elsewhere in this report it is acknowledged that the forest description is becoming dated and there are misgivings as to its adequacy.

Pöyry is reluctant to attempt to acknowledge this inadequacy through adding a margin to the discount rate. The evidential basis for any such adjustment is very thin. It is increasingly common practice for the vendor and purchasers to attempt to improve the standard of forest description before settling a price. To attempt to

[6] NZIF (2007) *NZIF Forest Valuation Working Party Discussion Paper: How to recognise the opportunity cost of land in the valuation of a tree crop. Proposal for a change to the NZIF Forest Valuation Standards.*

proxy uncertainty in the forest description with the discount rate requires that some estimate of change in value first be estimated by sensitivity analysis on such inputs as the stocked area and yield tables. Once an adjustment has been estimated by these means, there is no need to attempt to emulate it with a discount rate adjustment.

7.1 Summary

On consideration of the combination of factors that this situation involves, Pöyry recommends a base discount rate of 8.5% applied to real, pre-tax, un-levered cash flows. The cash flow derivation should acknowledge any areas of uncertainty rather than trying to proxy these in the discount rate.

Pöyry understands that the cash flows have been derived on a nominal basis, and on the assumption that the long term inflation rate will be 2.5%. Adjustment of the base discount rate to nominal terms would produce a figure of 11.21%. At this level the rate would imply spurious precision and so we suggest for the current exercise it be applied as 11.0%.

8 CASH FLOW MODEL

Pöyry's viability analysis has utilised a spreadsheet based cash flow model developed by Willmott. Pöyry has not audited the cash flow model to detect any internal formulaic errors. Pöyry understands that PPB has audited the model for internal errors. The model inputs include log yields, prices, maintenance production costs and maintenance costs. Pöyry reviewed these inputs and adjusted them where it believed alternate values provided a better forecast of the yields, costs and prices that the projects will incur.

Pöyry has observed that some plantation thinnings have been scheduled in the model for the last quarter of 2010. In practice these operations are likely to occur in 2011. There will be a very small reduction in the estimated plantation value caused by the greater discounting of the proceeds. However, this is not likely to be of a magnitude to alter the assessment of project viability.

The cash flow model also includes fees for the old RE (Willmott) for a proportion of maintenance costs to date. The fees for the old RE are a percentage of net proceeds and vary from nothing to 10% of net proceeds (revenues minus production costs) depending on the project. Willmott has stated that the fees match the terms of each MIS. Pöyry has not verified the fee ratios in the cash flow against those in the MIS PDSs.

8.1 Discounting Methodology

The cash flow model is based on nominal pre tax cash flows. The model is based on calendar years. The costs and revenues are assumed be incurred/received on 30 September 2010. The cash flows are discounted to 30 September 2010.

8.2 Non-Viability of the Current Schemes

Under the terms of the current schemes, an assumed new RE incurs the ongoing costs and receives a relatively small amount of revenue from fees based on a proportion of stumpage (net proceeds). The NPV for the estimated costs incurred to complete all planted projects is shown in Table 8-1. A new RE's income from fees has been combined with the maintenance costs. An assumed new RE incurs large losses. Under the existing schemes, the old RE (Willmott) would receive fees for maintenance performed to date.

Every scheme will incur costs to complete.

Table 8-1:
Estimated Costs to Complete Planted Schemes

Item	NPV of Cost (AUD 2010)
Maintenance Costs	(57 731 738)
Overheads	(31 329 556)
Administrators Costs	(2 282 621)
Fees to Old RE	(4 659 266)
Fees to New RE	(11 112 358)
Total	(107 115 539)
Growers Contribution, which includes a 15% contingency	(123 182 870)

In Pöyry's opinion, no new RE would accept responsibility for any scheme under the current scheme rules. As such, Pöyry has not analysed the viability of the projects under the current scheme rules any further.

8.3 Restructured Schemes

Every scheme will incur costs to complete. A new RE will require income to cover costs and make a profit margin. There is currently no proposition put forward by a potential new RE for how it should be paid. For the purpose of considering the viability of the schemes, Pöyry has made the following assumptions.

- An assumed new RE will not raise debt to cover future costs.
- The growers will contribute to estimated costs of maintenance, overheads and the costs incurred by the Administrators, and a margin for an assumed new RE as well as a safety margin of 15%.
- If actual costs are less than estimated, the growers would be repaid the safety margin at clearfell.
- The growers' contribution will be made in 2011. A single payment contribution reduces administration costs. However, if the contributions were made over several years, the NPV of the contributions would not change. Therefore, Pöyry's assessment of viability does not depend on exactly how the contributions are structured.
- The Administrator's costs are distributed evenly across all schemes. This reduces the viability of some small schemes.
- Payments to HVP and FNSW that are in arrears will be paid. This cost has been allocated to schemes with plantations managed by HVP and FNSW, on a per-area basis.
- The restructured schemes will not incur land lease or land holding costs.
- Willmott became insolvent before plantations in the Willmott Forests Premium Forestry Blend – 2010 Project were established. In Pöyry's opinion, this project is non-viable due to the high cost of plantation establishment. The cash flow for the project has not been included in the model.
- Willmott owns a proportion of 15 schemes. The Administrator has stated that Willmott cannot contribute to the ongoing costs of these schemes. Pöyry has assumed that the costs for completing these schemes will be incurred by the remaining growers. The "2001 No Project Scheme" is completely owned by Willmott, and is non-viable. Willmott owns 92% of the "Willmott Forests Premium Timberland Fund No 1" and 39% of the "Willmott Forests 1995 - 1999 Project - 1996 Prospectus" scheme. Pöyry has assessed these scheme as non-viable due to the assumed non-contribution of Willmott to costs. The scheme would be viable if Willmott could contribute its share of the costs.

The NPV of the investments including the cost of the new RE's margin (see Section 5.9) is shown in Table 8-2.

Table 8-2:
The NPV of the estimated Costs, Investment, Growers' Contribution and the Viability of the Schemes, 11% Discount Rate

Project Number	MIS Area (ha)	Net Stocked Area (ha)	PV Revenues net of production costs[7] (AUD 2010)	PV Costs (AUD 2010)[8]	NPV of Investment(AUD 2010)[9]	Contributions Required (AUD 2010)[10]	NPV of Investment per MIS area (AUD 2010)[11]	PV Total Costs per MIS Area (AUD 2010)	Proportion Owned by Willmott (%)	Growers Contribution per MIS area[12] (AUD/ha)	Viability Assessment
1983 No Project Scheme	114	105	789 721	100 894	688 827	116 028	6 030	884	1	1 028	Viable
1984 No Project Scheme	37	34	243 317	61 331	181 986	70 531	4 942	1 665	0	1 915	Viable
1985 No Project Scheme	78	72	455 797	79 818	375 979	91 791	4 814	1 022	0	1 175	Viable
1986 No Project Scheme	146	134	771 801	131 312	640 489	151 008	4 369	901	4	1 082	Viable
1987 No Project Scheme	125	115	626 301	129 212	497 088	148 594	3 920	1 037	8	1 297	Viable
1989 No Project Scheme	31	29	152 771	65 496	87 275	75 321	2 815	2 113	0	2 430	Viable
Willmott Forests 1989 - 1991 Project - 1989 Prospectus	28	26	156 512	69 856	86 656	80 334	1 459	2 495	43	5 021	Viable
Willmott Forests 1989 - 1991 Project - 1990 Prospectus	120	110	591 382	149 798	441 584	172 268	3 623	1 249	6	1 526	Viable
Willmott Forests 1989 - 1991 Project - 1990 IM	12	11	52 907	54 844	(1 937)	63 071	(161)	4 570	0	5 256	Non-Viable*
Willmott Forests 1989 - 1991 Project - 1991 Prospectus	288	265	1 255 844	359 887	895 957	413 870	3 001	1 250	10	1 598	Viable
1990 No Project Scheme	54	50	238 082	95 693	142 389	110 047	2 637	1 772	0	2 038	Viable
1991 No Project Scheme	7	6	43 296	47 071	(3 776)	54 132	(549)	6 842	0	7 868	Non-Viable*
1994 Grimsey and Associates - Forestry Partnership No 1	170	156	717 402	276 285	441 117	317 728	2 595	1 625	0	1 869	Viable
1994 Grimsey and Associates - Forestry Partnership No 2	196	180	827 122	311 938	515 184	358 728	2 594	1 592	3	1 878	Viable
1994 Grimsey and Associates - Forestry Partnership No 3	93	86	392 461	170 699	221 762	196 304	2 385	1 835	0	2 111	Viable
1993 McKenzie and Partners - Forestry Partnership No 1	62	57	232 694	123 571	109 123	142 107	1 760	1 993	0	2 292	Viable
1994 McKenzie and Partners - Forestry Partnership No 2	39	36	164 580	96 652	67 928	111 150	1 742	2 478	0	2 850	Viable

[7] PV of revenues from log sales net of the costs of harvesting, loading and haulage of logs.
[8] PV of costs for plantation maintenance, overheads and administration. Does not include harvest, loading and haulage costs as these do not alter the NPV as the costs and associated revenues occur in the same period.
[9] The NPV of the growers investment. This is equal to the NPV of the revenues minus the NPV of the costs.
[10] The contribution required is the estimated PV of total costs plus a 15% contingency.
[11] The NPV of the growers investment per ha.
[12] The PV of contribution required per ha is estimated on the assumption that Willmott will not contribute to future costs for the lots it owns.

Project Number	MIS Area (ha)	Net Stocked Area (ha)	PV Revenues net of production costs[7] (AUD 2010)	PV Costs (AUD 2010)[8]	NPV of Investment(AUD 2010)[9]	Contributions Required (AUD 2010)[10]	NPV of Investment per MIS area (AUD 2010)[11]	PV Total Costs per MIS Area (AUD 2010)	Proportion Owned by Willmott (%)	Growers Contribution per MIS area[12] (AUD/ha)	Viability Assessment
1995 No Project Scheme	20	18	77 937	71 262	6 675	81 951	334	3 563	0	4 098	Viable*
Willmott Forests 1995 - 1999 Project - 1995 Prospectus	970	892	3 779 950	1 405 471	2 374 480	1 616 292	2 420	1 449	2	1 705	Viable
Willmott Forests 1995 - 1999 Project - 1996 Prospectus	1 030	518	2 025 926	1 199 199	826 727	1 379 079	150	1 164	39	2 186	Viable*
Willmott Forests 1995 - 1999 Project - 1997 Prospectus	1 288	1 200	4 988 472	2 317 357	2 671 115	2 664 961	2 046	1 799	2	2 107	Viable
Willmott Forests 1995 - 1999 Project - 1998 Prospectus	1 309	1 204	4 624 320	2 384 627	2 239 693	2 742 321	1 711	1 822	0	2 095	Viable
Willmott Forests 1995 - 1999 Project - 1999 Prospectus	876	339	1 200 486	1 153 626	46 860	1 326 670	38	1 317	1	1 534	Viable*
Sharp Reed Plantation Project - 1998 IM	136	125	480 449	286 441	194 008	329 407	1 427	2 106	0	2 422	Viable
2001 No Project Scheme (entirely owned by Willmott)	40	37	120 495	114 638	5 857	131 834	(261 797)	2 866	99	Negative	Non-Viable
Willmott Forests - Professional Investor 2001 Scheme	288	265	780 809	505 001	275 808	580 751	958	1 753	0	2 016	Viable
Willmott Forests - Professional Investor 2002 Scheme	266	245	665 940	471 284	194 656	541 977	732	1 772	0	2 038	Viable
Willmott Forests - Professional Investor 2003 Scheme	2 173	1 999	4 656 291	3 570 474	1 085 817	4 106 045	500	1 643	0	1 890	Viable
Willmott Forests - Professional Investor 2004 Scheme	5 420	5 420	16 423 969	10 629 128	5 794 841	12 223 497	1 018	1 961	3	2 324	Viable
Willmott Forests - Professional Investor 2006 Scheme	551	551	1 625 766	1 256 024	369 742	1 444 428	671	2 280	0	2 628	Viable
Willmott Forests Project - 1999 Prospectus	55	51	157 397	134 285	23 112	154 428	420	2 442	0	2 808	Viable*
Willmott Forests Project - 2000 Prospectuses	600	552	1 859 448	1 049 307	810 141	1 206 703	1 350	1 749	0	2 011	Viable
Willmott Forests Project - 2001 Prospectus	764	703	2 209 401	1 372 137	837 265	1 577 957	1 096	1 796	0	2 065	Viable
Willmott Forests Project - 2002 Prospectus	769	713	1 925 217	1 283 762	641 456	1 476 326	805	1 669	2	1 958	Viable
Willmott Forests Project - 2003 Prospectus	1 264	1 163	2 710 324	2 091 670	618 654	2 405 420	489	1 655	0	1 903	Viable
Willmott Forests Project - 2004 PDS	5 024	4 805	11 271 894	8 616 920	2 654 975	9 909 458	528	1 715	0	1 976	Viable
Willmott Forests Project - 2006 PDS	4 758	4 615	13 517 907	9 276 933	4 240 974	10 668 473	880	1 950	1	2 262	Viable
Willmott Forests Project - 2007 PDS	12 334	12 166	36 689 198	27 371 168	9 318 030	31 476 843	755	2 219	0	2 556	Viable
2005 BioForest Wholesale Project No 2	96	93	233 032	176 710	56 322	203 216	590	1 850	0	2 128	Viable*
BioForest Dual Income Project 2006 PDS	307	297	645 824	628 611	17 212	722 903	56	2 051	0	2 359	Viable*
BioForest Sustainable Timber and Biofuel Project 2007 PDS	4 617	4 478	7 795 111	9 344 796	(1 549 685)	10 746 515	(336)	2 024	0	2 328	Non-Viable*

Project Number	MIS Area (ha)	Net Stocked Area (ha)	PV Revenues net of production costs[7] (AUD 2010)	PV Costs (AUD 2010)[8]	NPV of Investment(AUD 2010)[9]	Contributions Required (AUD 2010)[10]	NPV of Investment per MIS area (AUD 2010)[11]	PV Total Costs per MIS Area (AUD 2010)	Proportion Owned by Willmott (%)	Growers Contribution per MIS area[12] (AUD/ha)	Viability Assessment
Willmott Forests Premium Forestry Blend Project 2008 PDS	6 912	6 912	13 607 626	17 468 593	(3 860 966)	20 088 881	(559)	2 527	0	2 897	Non-Viable
Willmott Forests Premium Forestry Blend Project 2010 PDS	2 217	0							0		Non-Viable
Willmott Forests Premium Timberland Fund No 1	159	159	746 595	611 758	134 838	703 521	(38 215)	3 848	0	53 309	Non-Viable
Total	**55 841**	**53 208**	**142 531 776**	**107 115 539**	**35 416 237**	**123 182 870**					

Due to the lack of quantitative information about the plantations and the long period until their harvest, the forecast of yields and prices is uncertain.

Pöyry has classified the projects into three categories:

1. **Long-Term Viable Schemes** are schemes that have a positive NPV and which, on the face of it, make commercial sense to be maintained by way of additional voluntary grower contributions.
2. **Potentially Viable Schemes** are listed as "Viable* or Non-viable*" in Table S-1. Non-viable* indicates that these schemes are non-viable unless there is an increase in yield/price/log grade of at least 25%, and further investment is made in the short term by way of additional voluntary grower contributions. Viable* indicates that the scheme has a positive NPV, but that a decrease in yield/price/log grade of 25% or more would make them non-viable. Pöyry has defined this category due to the uncertainty regarding the future yields and prices. The viability will depend on maintenance requirements, actual growth rates going forward and actual prices received.
3. **Long-Term Non-Viable Schemes** are schemes which are clearly unviable in the long term, and which, on the face of it, there is no commercial merit in maintaining. The project is estimated to have a clearly negative NPV. The project would require an increase of greater than 25% to net proceeds in order to generate a positive NPV to the grower.

The viability assessment is based on the assumption that the projects remain intact and that all growers in each project accept the terms of the restructured schemes.

The classification of schemes as non-viable is primarily due to one of four factors:

1. Small schemes that are non-viable due to the allocation of administration costs. The 1991 No Project Scheme and Willmott Forests 1989 - 1991 Project - 1990 IM schemes are semi-mature pine schemes. However, the high per-ha administration costs make them non-viable.
2. Schemes that have a high proportion of Willmott ownership. The Willmott Forests 1995-1999 Project-1996 Prospectus originally included snow-damaged blocks. Growers with snow-damaged plantations opted out of their lots and the ownership was replaced by Willmott. The Administrator has stated that Willmott can not contribute to ongoing costs. Pöyry has assumed that the growers will cover all ongoing costs and proceeds are pooled between all growers including Willmott. The allocation of a proportion of proceeds to Willmott reduces the viability of these schemes. The 2001 No Project Scheme is entirely owned by Willmott and is non-viable as there are no grower contributions to cover costs.
3. The BioForest Sustainable Timber and Biofuel Project 2007 and 2008 PDS schemes are non-viable. These schemes are an equal area mix of silky oak and sheoak plantations. The forecast of very low net proceeds for the sheoak plantations is the primary driver for the schemes being assessed as non-viable.
4. The Willmott Forests Premium Forestry Blend Project 2010 PDS was not planted. Due to the high cost of plantation establishment, this scheme has been assessed as non-viable without modelling of its estimated cash flow.

Pöyry has also unertaken a sensitivity analysis of the viability of schemes at alternative discount rates.

Table 8-3:
The NPV of the estimated Costs, Investment, Growers Contribution and the Viability of the Schemes, 13% Discount Rate

Project Number	MIS Area (ha)	Net Stocked Area (ha)	PV Revenues net of production costs (AUD 2010)	PV Costs (AUD 2010)	NPV of Investment (AUD 2010)	PV of Contributions Required (AUD 2010)	NPV of Investment per MIS area (AUD 2010)	PV Total Costs per MIS Area (AUD 2010)	Proportion Owned by Willmott (%)	Growers Contribution per MIS area (AUD/ha)	Viability Assessment
1983 No Project Scheme	114	105	775 744	99 520	676 223	114 448	5 920	872	1	1 014	Viable
1984 No Project Scheme	37	34	239 011	60 638	178 373	69 734	4 844	1 647	0	1 894	Viable
1985 No Project Scheme	78	72	447 470	78 804	368 666	90 624	4 720	1 009	0	1 160	Viable
1986 No Project Scheme	146	134	744 722	128 420	616 302	147 683	4 204	881	4	1 058	Viable
1987 No Project Scheme	125	115	596 560	125 681	470 879	144 533	3 711	1 008	8	1 262	Viable
1989 No Project Scheme	31	29	144 802	64 242	80 560	73 879	2 599	2 072	0	2 383	Viable
Willmott Forests 1989 - 1991 Project - 1989 Prospectus	28	26	146 461	68 051	78 410	78 259	1 198	2 430	43	4 891	Viable
Willmott Forests 1989 - 1991 Project - 1990 Prospectus	120	110	547 978	143 334	404 644	164 834	3 317	1 195	6	1 460	Viable
Willmott Forests 1989 - 1991 Project - 1990 IM	12	11	47 773	53 681	(5 908)	61 733	(492)	4 473	0	5 144	Non-Viable*
Willmott Forests 1989 - 1991 Project - 1991 Prospectus	288	265	1 118 056	335 992	782 064	386 390	2 611	1 167	10	1 492	Viable
1990 No Project Scheme	54	50	214 977	91 801	123 175	105 571	2 281	1 700	0	1 955	Viable
1991 No Project Scheme	7	6	42 186	46 589	(4 403)	53 577	(640)	6 772	0	7 788	Non-Viable*
1994 Grimsey and Associates - Forestry Partnership No 1	170	156	623 548	254 483	369 066	292 655	2 171	1 497	0	1 722	Viable
1994 Grimsey and Associates - Forestry Partnership No 2	196	180	718 915	286 859	432 055	329 888	2 172	1 464	3	1 727	Viable
1994 Grimsey and Associates - Forestry Partnership No 3	93	86	341 118	158 598	182 520	182 388	1 963	1 705	0	1 961	Viable
1993 McKenzie and Partners - Forestry Partnership No 1	62	57	199 151	116 129	83 022	133 549	1 339	1 873	0	2 154	Viable
1994 McKenzie and Partners - Forestry Partnership No 2	39	36	143 049	91 354	51 695	105 058	1 326	2 342	0	2 694	Viable
1995 No Project Scheme	20	18	66 542	68 115	(1 573)	78 332	(79)	3 406	0	3 917	Non-Viable*
Willmott Forests 1995 - 1999 Project - 1995 Prospectus	970	892	3 227 294	1 271 079	1 956 215	1 461 740	1 991	1 310	2	1 542	Viable
Willmott Forests 1995 - 1999 Project - 1996 Prospectus	1 030	518	1 699 106	1 087 755	611 351	1 250 919	(3)	1 056	39	1 982	Non-Viable*
Willmott Forests 1995 - 1999 Project - 1997 Prospectus	1 288	1 200	4 097 735	2 096 217	2 001 519	2 410 649	1 528	1 627	2	1 906	Viable

Project Number	MIS Area (ha)	Net Stocked Area (ha)	PV Revenues net of production costs (AUD 2010)	PV Costs (AUD 2010)	NPV of Investment (AUD 2010)	PV of Contributions Required (AUD 2010)	NPV of Investment per MIS area (AUD 2010)	PV Total Costs per MIS Area (AUD 2010)	Proportion Owned by Willmott (%)	Growers Contribution per MIS area (AUD/ha)	Viability Assessment
Willmott Forests 1995 - 1999 Project - 1998 Prospectus	1 309	1 204	3 731 374	2 141 953	1 589 421	2 463 246	1 214	1 636	0	1 882	Viable
Willmott Forests 1995 - 1999 Project - 1999 Prospectus	876	339	951 530	1 036 777	(85 247)	1 192 293	(111)	1 184	1	1 378	Non-Viable*
Sharp Reed Plantation Project - 1998 IM	136	125	387 675	260 884	126 791	300 017	932	1 918	0	2 206	Viable
2001 No Project Scheme (entirely owned by Willmott)	40	37	93 817	105 818	(12 002)	121 691	(244 461)	2 645	99	Negative	Non-Viable
Willmott Forests - Professional Investor 2001 Scheme	288	265	607 932	455 547	152 385	523 879	529	1 582	0	1 819	Viable
Willmott Forests - Professional Investor 2002 Scheme	266	245	509 319	422 865	86 453	486 295	325	1 590	0	1 828	Viable
Willmott Forests - Professional Investor 2003 Scheme	2 173	1 999	3 440 923	3 138 050	302 873	3 608 758	139	1 444	0	1 661	Viable*
Willmott Forests - Professional Investor 2004 Scheme	5 420	5 420	11 852 241	9 288 099	2 564 142	10 681 314	427	1 714	3	2 030	Viable
Willmott Forests - Professional Investor 2006 Scheme	551	551	1 146 144	1 091 020	55 123	1 254 673	100	1 980	0	2 277	Viable*
Willmott Forests Project - 1999 Prospectus	55	51	122 548	123 604	(1 056)	142 144	(19)	2 247	0	2 584	Non-Viable*
Willmott Forests Project - 2000 Prospectuses	600	552	1 473 837	943 256	530 580	1 084 745	884	1 572	0	1 808	Viable
Willmott Forests Project - 2001 Prospectus	764	703	1 720 222	1 218 310	501 912	1 401 057	657	1 595	0	1 834	Viable
Willmott Forests Project - 2002 Prospectus	769	713	1 472 429	1 144 026	328 403	1 315 629	401	1 488	2	1 745	Viable
Willmott Forests Project - 2003 Prospectus	1 264	1 163	2 002 235	1 840 616	161 619	2 116 709	128	1 456	0	1 675	Viable*
Willmott Forests Project - 2004 PDS	5 024	4 805	8 084 357	7 517 383	566 974	8 644 990	112	1 496	0	1 721	Viable*
Willmott Forests Project - 2006 PDS	4 758	4 615	9 568 360	8 025 469	1 542 891	9 229 290	314	1 687	1	1 953	Viable
Willmott Forests Project - 2007 PDS	12 334	12 166	25 375 355	23 659 221	1 716 134	27 208 105	138	1 918	0	2 207	Viable*
2005 BioForest Wholesale Project No 2	96	93	179 284	167 069	12 215	192 130	128	1 749	0	2 012	Viable*
BioForest Dual Income Project 2006 PDS	307	297	481 374	587 674	(106 300)	675 825	(347)	1 917	0	2 205	Non-Viable*
BioForest Sustainable Timber and Biofuel Project 2007 PDS	4 617	4 478	5 629 851	8 605 952	(2 976 101)	9 896 845	(645)	1 864	0	2 144	Non-Viable
Willmott Forests Premium Forestry Blend Project 2008 PDS	6 912	6 912	9 212 118	15 440 419	(6 228 301)	17 756 482	(901)	2 234	0	2 569	Non-Viable
Willmott Forests Premium Forestry Blend Project 2010 PDS	2 217	0							0		Non-Viable

Project Number	MIS Area (ha)	Net Stocked Area (ha)	PV Revenues net of production costs (AUD 2010)	PV Costs (AUD 2010)	NPV of Investment (AUD 2010)	PV of Contributions Required (AUD 2010)	NPV of Investment per MIS area (AUD 2010)	PV Total Costs per MIS Area (AUD 2010)	Proportion Owned by Willmott (%)	Growers Contribution per MIS area (AUD/ha)	Viability Assessment
Willmott Forests Premium Timberland Fund No 1	159	159	546 639	595 125	(48 485)	684 393	(39 003)	3 743	0	51 860	Non-Viable
Total	**55 841**	**53 208**	**104 771 763**	**94 536 482**	**10 235 281**	**108 716 955**					

Table 8-4:
The NPV of the estimated Costs, Investment, Growers Contribution and the Viability of the Schemes, 15% Discount Rate

Project Number	MIS Area (ha)	Net Stocked Area (ha)	PV Revenues net of production costs (AUD 2010)	PV Costs (AUD 2010)	NPV of Investment (AUD 2010)	PV of Contributions Required (AUD 2010)	NPV of Investment per MIS area (AUD 2010)	PV Total Costs per MIS Area (AUD 2010)	Proportion Owned by Willmott (%)	Growers Contribution per MIS area (AUD/ha)	Viability Assessment
1983 No Project Scheme	114	105	762 252	98 191	664 062	112 919	5 813	860	1	1 000	Viable
1984 No Project Scheme	37	34	234 854	59 966	174 888	68 961	4 749	1 628	0	1 873	Viable
1985 No Project Scheme	78	72	439 440	77 822	361 619	89 495	4 630	996	0	1 146	Viable
1986 No Project Scheme	146	134	719 044	125 660	593 384	144 509	4 047	863	4	1 035	Viable
1987 No Project Scheme	125	115	568 753	122 346	446 407	140 698	3 516	981	8	1 228	Viable
1989 No Project Scheme	31	29	137 378	63 052	74 326	72 510	2 398	2 034	0	2 339	Viable
Willmott Forests 1989 - 1991 Project - 1989 Prospectus	28	26	137 424	66 377	71 046	76 334	967	2 371	43	4 771	Viable
Willmott Forests 1989 - 1991 Project - 1990 Prospectus	120	110	509 334	137 429	371 905	158 043	3 046	1 146	6	1 400	Viable
Willmott Forests 1989 - 1991 Project - 1990 IM	12	11	43 279	52 607	(9 328)	60 498	(777)	4 384	0	5 041	Non-Viable
Willmott Forests 1989 - 1991 Project - 1991 Prospectus	288	265	998 979	314 738	684 241	361 948	2 277	1 093	10	1 397	Viable
1990 No Project Scheme	54	50	194 756	88 276	106 480	101 517	1 972	1 635	0	1 880	Viable
1991 No Project Scheme	7	6	41 133	46 122	(4 989)	53 040	(725)	6 704	0	7 710	Non-Viable*
1994 Grimsey and Associates - Forestry Partnership No 1	170	156	546 548	235 707	310 841	271 063	1 828	1 387	0	1 594	Viable
1994 Grimsey and Associates - Forestry Partnership No 2	196	180	630 137	265 269	364 869	305 059	1 832	1 353	3	1 597	Viable
1994 Grimsey and Associates - Forestry Partnership No 3	93	86	298 994	148 157	150 836	170 381	1 622	1 593	0	1 832	Viable
1993 McKenzie and Partners - Forestry Partnership No 1	62	57	171 169	109 631	61 538	126 075	993	1 768	0	2 033	Viable

Project Number	MIS Area (ha)	Net Stocked Area (ha)	PV Revenues net of production costs (AUD 2010)	PV Costs (AUD 2010)	NPV of Investment (AUD 2010)	PV of Contributions Required (AUD 2010)	NPV of Investment per MIS area (AUD 2010)	PV Total Costs per MIS Area (AUD 2010)	Proportion Owned by Willmott (%)	Growers Contribution per MIS area (AUD/ha)	Viability Assessment
1994 McKenzie and Partners - Forestry Partnership No 2	39	36	125 384	86 759	38 625	99 773	990	2 225	0	2 558	Viable
1995 No Project Scheme	20	18	57 311	65 389	(8 079)	75 198	(404)	3 269	0	3 760	Non-Viable
Willmott Forests 1995 - 1999 Project - 1995 Prospectus	970	892	2 779 565	1 156 626	1 622 939	1 330 120	1 650	1 192	2	1 403	Viable
Willmott Forests 1995 - 1999 Project - 1996 Prospectus	1 030	518	1 437 936	993 466	444 470	1 142 486	(117)	965	39	1 811	Viable
Willmott Forests 1995 - 1999 Project - 1997 Prospectus	1 288	1 200	3 398 104	1 911 000	1 487 104	2 197 650	1 131	1 484	2	1 737	Viable
Willmott Forests 1995 - 1999 Project - 1998 Prospectus	1 309	1 204	3 040 480	1 939 909	1 100 571	2 230 895	841	1 482	0	1 704	Viable
Willmott Forests 1995 - 1999 Project - 1999 Prospectus	876	339	761 862	939 387	(177 525)	1 080 295	(215)	1 072	1	1 249	Non-Viable
Sharp Reed Plantation Project - 1998 IM	136	125	315 894	239 558	76 336	275 492	561	1 761	0	2 026	Viable
2001 No Project Scheme (entirely owned by Willmott)	40	37	73 810	98 529	(24 719)	113 309	(229 836)	2 463	99	Negative	Non-Viable
Willmott Forests - Professional Investor 2001 Scheme	288	265	478 288	414 138	64 150	476 259	223	1 438	0	1 654	Viable*
Willmott Forests - Professional Investor 2002 Scheme	266	245	393 736	382 624	11 111	440 018	42	1 438	0	1 654	Viable*
Willmott Forests - Professional Investor 2003 Scheme	2 173	1 999	2 572 249	2 784 815	(212 566)	3 202 537	(98)	1 282	0	1 474	Non-Viable*
Willmott Forests - Professional Investor 2004 Scheme	5 420	5 420	8 649 601	8 199 735	449 866	9 429 695	42	1 513	3	1 792	Viable*
Willmott Forests - Professional Investor 2006 Scheme	551	551	818 330	960 337	(142 008)	1 104 388	(258)	1 743	0	2 004	Non-Viable
Willmott Forests Project - 1999 Prospectus	55	51	96 414	114 701	(18 287)	131 907	(332)	2 085	0	2 398	Non-Viable
Willmott Forests Project - 2000 Prospectuses	600	552	1 180 058	854 704	325 355	982 909	542	1 425	0	1 638	Viable
Willmott Forests Project - 2001 Prospectus	764	703	1 353 378	1 091 630	261 748	1 255 375	343	1 429	0	1 643	Viable
Willmott Forests Project - 2002 Prospectus	769	713	1 138 281	1 028 001	110 280	1 182 201	119	1 337	2	1 568	Viable*
Willmott Forests Project - 2003 Prospectus	1 264	1 163	1 496 034	1 635 360	(139 326)	1 880 664	(110)	1 294	0	1 488	Non-Viable*
Willmott Forests Project - 2004 PDS	5 024	4 805	5 860 540	6 625 747	(765 207)	7 619 609	(153)	1 319	0	1 517	Non-Viable*
Willmott Forests Project - 2006 PDS	4 758	4 615	6 861 783	7 035 067	(173 285)	8 090 328	(45)	1 479	1	1 712	Non-Viable*
Willmott Forests Project - 2007 PDS	12 334	12 166	17 818 661	20 776 865	(2 958 204)	23 893 395	(240)	1 685	0	1 938	Non-Viable
2005 BioForest Wholesale Project No 2	96	93	138 706	158 473	(19 767)	182 244	(207)	1 659	0	1 908	Non-

Project Number	MIS Area (ha)	Net Stocked Area (ha)	PV Revenues net of production costs (AUD 2010)	PV Costs (AUD 2010)	NPV of Investment (AUD 2010)	PV of Contributions Required (AUD 2010)	NPV of Investment per MIS area (AUD 2010)	PV Total Costs per MIS Area (AUD 2010)	Proportion Owned by Willmott (%)	Growers Contribution per MIS area (AUD/ha)	Viability Assessment
											Viable*
BioForest Dual Income Project 2006 PDS	307	297	361 452	551 433	(189 981)	634 148	(620)	1 799	0	2 069	Non-Viable
BioForest Sustainable Timber and Biofuel Project 2007 PDS	4 617	4 478	4 097 119	7 958 142	(3 861 023)	9 151 863	(836)	1 724	0	1 982	Non-Viable
Willmott Forests Premium Forestry Blend Project 2008 PDS	6 912	6 912	6 341 283	13 885 752	(7 544 469)	15 968 615	(1 091)	2 009	0	2 310	Non-Viable
Willmott Forests Premium Forestry Blend Project 2010 PDS	2 217	0							0		Non-Viable
Willmott Forests Premium Timberland Fund No 1	159	159	402 818	576 317	(173 499)	662 765	(39 060)	3 625	0	50 221	Non-Viable
Total	**55 841**	**53 208**	**78 482 550**	**84 475 813**	**(5 993 263)**	**97 147 185**					

Sensitivity Analysis and Overhead Costs

Table 8-5 presents a summary of the sensitivity analysis in terms of hectares by viability category at alternative discount rates. In considering that, with an increasing disount rate, more plantation area is deemed to be non-viable, attention should be paid to the effect on overhead costs. Effectively, as the viable plantation areas decrease, unit (per planted hectare) overhead cost can be expected to increase. This iterative effect may lead to further non-viability as costs are redistributed over the remaining plantation areas. Pöyry has examined the effect of removing the non-viable schemes and redistributing overheads across the remaining schemes. Pöyry's estimate of total overheads were reduced from the assumed closure of the North Coast office. Pöyry also reduced Bombala and Murray Valley regional costs by 13% corresponding to a 13% reduction in the area of pine plantation. The redistributed overheads per ha were about 5% higher than previously. However, this was not enough to change the viability of any schemes from viable to non-viable.

Table 8-5:
Summary of Sensitivity Analysis - Viability at Alternative Dicount Rates

Discount Rate	Viable	Viable*	Non-Viable*	Non-Viable	Total
	NSA (ha)				
11%	38 072	1 316	4 495	9 008	53 208
13%	17 387	20 777	1 240	13 804	53 208
15%	6 648	6 642	12 681	27 237	53 208

9 CONCLUSIONS

Pöyry was engaged to undertake a technical review and verification of MIS project valuations prepared by Willmott to form an opinion on the viability of each project.

Pöyry has provided an Independent Forestry Expert (IFE) perspective on the assumptions of the plantation cash flow models prepared by Willmott, and has formed an opinion on the viability of the forestry projects. Pöyry has also provided an opinion on each of the key assumptions that influence the project cash flows.

Pöyry's work has been undertaken as a desk top exercise utilising Wilmott-supplied information, our own experience and databank information. No field work has been undertaken.

In developing its opinion on the viability of each project, Pöyry has made the assumption that funding will be raised/made available for the future maintenance and upkeep of the plantations. None of the existing projects will be viable in the absence of further and ongoing maintenance work. Based on the estimated present value of future plantation maintenance, overheads and administration costs, Pöyry has estimated the required funding for these future costs to be in the order of AUD107.1 million. This estimate includes the cost of maintaining plantation projects owned by Willmott forests. Pöyry has assumed a growers' contribution of AUD123.2 million, which is the estimated costs plus a contingency of 15%. Pöyry has assumed that this funding will be made available at the onset, for an assumed new RE to manage the plantations, and that any shortfall/surplus will be deducted from/added to proceeds at the time of harvest.

It has been assumed that an up-front contribution will be made by the growers to cover the maintenance, overheads and administration costs. In some projects, the old RE (Willmott) receives a proportion of the maintenance fee for work done to date. Pöyry has assumed that this will also be subtracted from the growers' proceeds. Pöyry has also assumed that an assumed new RE will receive a margin based on both area and a percentage of net proceeds.

APPENDIX 1

Scheme and Project Index

Appendix 1

PPB Scheme Name	Willmott Project Name	Product (Year)
1983 No Project Scheme	1983	1983 (1983)
1984 No Project Scheme	1984	1984 (1984)
1985 No Project Scheme	1985	1985 (1985)
1986 No Project Scheme	1986	1986 (1986)
1987 No Project Scheme	1987	1987 (1987)
1989 No Project Scheme	1989	1989 (1989)
Willmott Forests 1989 - 1991 Project - 1989 Prospectus	Willmott Forests 1989 - 1991 Project	First Prospectus 1989 (1989)
Willmott Forests 1989 - 1991 Project - 1990 Prospectus	Willmott Forests 1989 - 1991 Project	Second Prospectus 1990 (1990)
Willmott Forests 1989 - 1991 Project - 1990 Information Memorandum	Willmott Forests 1989 - 1991 Project	Second Prospectus 1990 (1991)
Willmott Forests 1989 - 1991 Project - 1991 Prospectus	Willmott Forests 1989 - 1991 Project	Third Prospectus 1991 (1991)
1990 No Project Scheme	1990 - Interest Only Offer	1990 - Interest Only Offer (1990)
1991 No Project Scheme	1991	1991 (1991)
1994 Grimsey and Associates - Forestry Partnership No 1	Grimsey & Associates Pty Ltd - Forestry Partnership No. 1 (1994)	Grimsey & Associates Pty Ltd - Forestry Partnership No. 1 (1994)
1994 Grimsey and Associates - Forestry Partnership No 2	Grimsey & Associates Pty Ltd - Forestry Partnership No. 2 (1994)	Grimsey & Associates Pty Ltd - Forestry Partnership No. 2 (1994)
1994 Grimsey and Associates - Forestry Partnership No 3	Grimsey & Associates Pty Ltd - Forestry Partnership No. 3 (1994)	Grimsey & Associates Pty Ltd - Forestry Partnership No. 3 (1994)
1993 McKenzie and Partners - Forestry Partnership No 1	McKenzie & Partners - Forestry Partnership No.1 (1993)	McKenzie & Partners - Forestry Partnership No.1 (1993)
1994 McKenzie and Partners - Forestry Partnership No 2	McKenzie & Partners - Forestry Partnership No.2 (1994)	McKenzie & Partners - Forestry Partnership No.2 (1994)
1995 No Project Scheme	1995 (Custom)	1995 (Custom) (1995)
Willmott Forests 1995 - 1999 Project - 1995 Prospectus	Willmott Forests 1995 - 1999 Project	1995 Prospectus (1995)
Willmott Forests 1995 - 1999 Project - 1995 Prospectus	Willmott Forests 1995 - 1999 Project	1995 Prospectus (1996)
Willmott Forests 1995 - 1999 Project - 1996 Prospectus	Willmott Forests 1995 - 1999 Project	1996 Prospectus (1996)
Willmott Forests 1995 - 1999 Project - 1997 Prospectus	Willmott Forests 1995 - 1999 Project	1997 Prospectus (1997)
Willmott Forests 1995 - 1999 Project - 1998 Prospectus	Willmott Forests 1995 - 1999 Project	1998 Prospectus (1998)
Willmott Forests 1995 - 1999 Project - 1999 Prospectus	Willmott Forests 1995 - 1999 Project	1999 Prospectus (1999)
Sharp Reed Plantation Project - 1998 Information Memorandum	Sharp/Reed Plantation Project	1998 Information Memorandum (1998)
2001 No Project Scheme (this scheme is entirely owned by Willmott)	2001	2001 (2001)
Willmott Forests - Professional Investor 2001 Scheme	Willmott Forests - Professional Investor - 2001 Project	2001 Information Memorandum (2001)
Willmott Forests - Professional Investor 2002 Scheme	Willmott Forests - Professional Investor - 2002 Project	2002 Information Memorandum (2002)

PPB Scheme Name	Willmott Project Name	Product (Year)
Willmott Forests - Professional Investor 2003 Scheme	Willmott Forests - Professional Investor - 2003 Project	2003 Information Memorandum (2003)
Willmott Forests - Professional Investor 2003 Scheme	Willmott Forests - Professional Investor - 2003 Project	2003 Information Memorandum (2004)
Willmott Forests - Professional Investor 2004 Scheme	Willmott Forests - Professional Investor - 2004 Project	2004 Information Memorandum (2004)
Willmott Forests - Professional Investor 2004 Scheme	Willmott Forests - Professional Investor - 2006 Project	2004 Information Memorandum (2005)
Willmott Forests - Professional Investor 2006 Scheme	Willmott Forests - Professional Investor - 2006 Project	2006 Information Memorandum (2006)
Willmott Forests Project - 1999 Prospectus	Willmott Forests Project	2000 Prospectus - 20/10/1999 (2000)
Willmott Forests Project - 2000 Prospectuses (two prospectuses were issued in 2000 but we have decided to combine them on the basis that they were planted in the same financial year)	Willmott Forests Project	2000 Prospectus No. 1 (2000)
Willmott Forests Project - 2000 Prospectuses (two prospectuses were issued in 2000 but we have decided to combine them on the basis that they were planted in the same financial year)	Willmott Forests Project	2000 Prospectus No. 2 (2000)
Willmott Forests Project - 2001 Prospectus	Willmott Forests Project	2001 Prospectus (2001)
Willmott Forests Project - 2002 Prospectus	Willmott Forests Project	2002 Prospectus (2002)
Willmott Forests Project - 2002 Prospectus	Willmott Forests Project	2002 Replacement Prospectus (2002)
Willmott Forests Project - 2003 Prospectus	Willmott Forests Project	2003 Prospectus (2003)
Willmott Forests Project - 2003 Prospectus	Willmott Forests Project	2003 Replacement Prospectus (2003)
Willmott Forests Project - 2003 Prospectus	Willmott Forests Project	2003 Replacement Prospectus (2004)
Willmott Forests Project - 2004 PDS	Willmott Forests Project	2004 Product Disclosure Statement (2004)
Willmott Forests Project - 2004 PDS	Willmott Forests Project	2004 Product Disclosure Statement (2005)
Willmott Forests Project - 2006 PDS	Willmott Forests Project	2006 Product Disclosure Statement (2006)
Willmott Forests Project - 2007 PDS	Willmott Forests Project	2007 Product Disclosure Statement (2007)
Willmott Forests Project - 2007 PDS	Willmott Forests Project	2007 Product Disclosure Statement (2008)
2005 BioForest Wholesale Project No 2	BioForest Wholesale Project No. 2	2005 Wholesale Forestry Memorandum (BioForest) (2005)
BioForest Dual Income Project 2006 PDS	BioForest Dual Income Project 2006	2006 Product Disclosure Statement (BioForest) (2006)
BioForest Sustainable Timber and Biofuel Project 2007 PDS	BioForest Sustainable Timber and Biofuel Project 2007	2007 Product Disclosure Statement (BioForest) (2007)
BioForest Sustainable Timber and Biofuel Project 2007 PDS	BioForest Sustainable Timber and Biofuel Project 2007	2007 Product Disclosure Statement (BioForest) (2008)
Willmott Forests Premium Forestry Blend Project 2008 PDS	Willmott Forests Premium Forestry Blend Project	2009 Product Disclosure Statement (2009)
Willmott Forests Premium Forestry Blend Project 2010 PDS	Willmott Forests Premium Forestry Blend - 2010 Project	2010 Product Disclosure Statement (2010)
Willmott Forests Premium Timberland Fund No 1 (this is a separate unit trust)	Willmott Forests Premium Timberland Fund No.1	Willmott Forests Premium Timberland Fund No.1 (2009)

APPENDIX 2

Willmott Yield Assumptions

Table 1:
Clearfell Yield Tables Bombala Pine Planted 1982 to 1986

Plant Year	1982	1983	1984	1985	1986
Clearfell Age (years)	29	28	27	26	26
	Volume (m^3/ha)				
Pulpwood	250	250	250	250	250
Preservation					
Sawlogs <24cm	33	33	33	33	33
Sawlogs 24-32cm	33	33	33	33	33
Sawlogs 32-45cm	33	33	33	33	33
Sawlogs >45cm					
Total	349	349	349	349	349

Table 2:
Bombala Pine Planted 1987 to 1997

Operation	First Thinning	Second Thinning	Clearfell
Age (years)	15	21	26
	Volume (m^3/ha)		
Pulpwood	46	22	200
Preservation	12	13	0
Sawlogs <24cm	9	26	25
Sawlogs 24-32cm	0	22	25
Sawlogs 32-45cm	0	20	0
Sawlogs >45cm	0	0	0
Total	67	104	250

Table 3:
Bombala Pine Planted 1998+

Operation	First Thinning	Second Thinning	Clearfell
Age (years)	15	21	26
	Volume (m^3/ha)		
Pulpwood	46	22	19
Preservation	12	13	0
Sawlogs <24cm	9	26	74
Sawlogs 24-32cm	0	22	44
Sawlogs 32-45cm	0	20	45
Sawlogs >45cm	0	0	47
Total	67	104	229

Table 4:
Murray Valley Pine Planted 1980 and 1981

Plant Year	1980	1981
Clearfell Age (years)	31	30
	Volume (m^3/ha)	
Pulpwood	170	170
Preservation	0	0
Sawlogs <24cm	33	33
Sawlogs 24-32cm	33	33
Sawlogs 32-45cm	33	33
Sawlogs >45cm	0	0
Total	270	270

Table 5:
Murray Valley Pine Planted 1982+

Operation	First Thinning	Second Thinning	Clearfell
Age (years)	15	21	25
	Volume (m^3/ha)		
Pulpwood	52	25	22
Preservation	13	15	0
Sawlogs <24cm	10	29	84
Sawlogs 24-32cm	0	25	49
Sawlogs 32-45cm	0	23	51
Sawlogs >45cm	0	0	53
Total	75	117	258

Table 6:
HVP Pine

Operation	First Thinning	Second Thinning	Clearfell
Age (years)	15	18	28
	Volume (m^3/ha)		
Pulpwood	64	31	27
Preservation	17	19	0
Sawlogs <24cm	12	36	104
Sawlogs 24-32cm	0	31	61
Sawlogs 32-45cm	0	28	63
Sawlogs >45cm	0	0	65
Total	94	145	321

Table 7:
FNSW Pine

Operation	First Thinning	Second Thinning	Clearfell
Age (years)	15	18	28
	Volume (m^3/ha)		
Pulpwood	52	25	22
Preservation	13	15	0
Sawlogs <24cm	10	29	83
Sawlogs 24-32cm	0	25	49
Sawlogs 32-45cm	0	22	51
Sawlogs >45cm	0	0	52
Total	75	116	257

Table 8:
Sheoak

Operation	First Thinning	Second Thinning	Clearfell
Age (years)	4	7	10
	Volume (m^3/ha)		
Biomass	62	47	35
Total	62	47	35

Table 9:
Silky Oak

Age (years)	13	20
	Volume (m^3/ha)	
Thinning	86	
Clearfell		209
Total	86	209

Table 10:
African Mahogany

Age (years)	8	12	18
	Volume (m^3/ha)		
Thinning	27	30	
Clearfell		15	143
Total	27	45	143

APPENDIX 3

Net Cash Flows

Willmott Scheme	Viability Assessment	Item	Present Value (AUD 2010)	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
				Nominal Cash Flow (AUD)																			
1983 No Project Scheme	Viable	Revenue	789 721		876 590																		
		Cost	(100 894)	(44 952)	(62 096)																		
		Net cash flow	688 827	(44 952)	814 495																		
1984 No Project Scheme	Viable	Revenue	243 317		270 082																		
		Cost	(61 331)	(43 854)	(19 399)																		
		Net cash flow	181 986	(43 854)	250 683																		
1985 No Project Scheme	Viable	Revenue	455 797		489 294	18 472																	
		Cost	(79 818)	(45 274)	(37 099)	(1 382)																	
		Net cash flow	375 979	(45 274)	452 195	17 089																	
1986 No Project Scheme	Viable	Revenue	771 601			950 936																	
		Cost	(131 312)	(46 355)	(30 188)	(71 166)																	
		Net cash flow	640 489	(46 355)	(30 188)	879 770																	
1987 No Project Scheme	Viable	Revenue	626 300			211 348	621 952																
		Cost	(129 212)	(45 319)	(23 844)	(35 237)	(46 243)																
		Net cash flow	497 088	(45 319)	(23 844)	176 111	575 708																
1989 No Project Scheme	Viable	Revenue	152 771				208 935																
		Cost	(65 496)	(43 656)	(5 756)	(6 524)	(15 535)																
		Net cash flow	87 275	(43 656)	(5 756)	(6 524)	193 400																
Willmott Forests 1989 - 1991 Project - 1989 Prospectus	Viable	Revenue	156 512	38 849					198 269														
		Cost	(69 856)	(45 552)	(4 482)	(4 539)	(5 349)	(6 071)	(14 611)														
		Net cash flow	86 656	(6 703)	(4 482)	(4 539)	(5 349)	(6 071)	183 658														
Willmott Forests 1989 - 1991 Project - 1990 Prospectus	Viable	Revenue	561 382	105 752		50 564			539 716		258 056												
		Cost	(149 798)	(48 681)	(19 576)	(20 863)	(21 897)	(24 095)	(39 748)	(8 371)	(13 708)												
		Net cash flow	441 584	57 071	(19 576)	29 701	(21 897)	(24 095)	499 969	(8 371)	244 350												
Willmott Forests 1989 - 1991 Project - 1990 IM	Non-Viable*	Revenue	52 807			16 180					62 578												
		Cost	(54 844)	(43 360)	(2 044)	(2 401)	(1 970)	(1 993)	(2 353)	(2 679)	(4 386)												
		Net cash flow	(1 937)	(43 360)	(2 044)	13 779	(1 970)	(1 993)	(2 353)	(2 679)	78 192												
Willmott Forests 1989 - 1991 Project - 1991 Prospectus	Viable	Revenue	1 255 844			79 590	337 974				406 197	1 724 888											
		Cost	(359 887)	(50 330)	(46 671)	(52 559)	(61 501)	(47 825)	(49 905)	(58 638)	(79 636)	(113 051)											
		Net cash flow	895 957	(50 330)	(46 671)	27 032	276 474	(47 825)	(49 905)	(58 638)	326 561	1 611 837											
1990 No Project Scheme	Viable	Revenue	238 082			72 812					371 604												
		Cost	(85 693)	(44 015)	(9 197)	(10 806)	(8 863)	(8 967)	(10 588)	(12 054)	(19 739)												
		Net cash flow	142 389	(44 015)	(9 197)	62 006	(8 863)	(8 967)	(10 588)	(12 054)	351 865												
1991 No Project Scheme	Non-Viable*	Revenue	43 296		37 008		13 614																
		Cost	(47 071)	(43 281)	(3 003)	(425)	(1 012)																
		Net cash flow	(3 776)	(43 281)	34 005	(425)	12 602																
1994 Grimsey and Associates - Forestry Partnership No 1	Viable	Revenue	717 402	128 226						273 534					1 396 011								
		Cost	(276 285)	(52 235)	(27 210)	(32 026)	(38 323)	(28 230)	(30 446)	(42 556)	(29 186)	(29 615)	(35 566)	(41 293)	(101 531)									
		Net cash flow	441 117	75 994	(27 210)	(32 026)	(38 323)	(28 230)	(30 446)	230 979	(29 186)	(29 615)	(35 566)	(41 293)	1 294 480								
1994 Grimsey and Associates - Forestry Partnership No 2	Viable	Revenue	827 122	147 840						315 369					1 609 519								
		Cost	(311 938)	(53 620)	(31 372)	(36 924)	(41 878)	(32 548)	(35 103)	(49 064)	(33 650)	(34 144)	(41 006)	(47 608)	(117 059)								
		Net cash flow	515 184	94 219	(31 372)	(36 924)	(41 878)	(32 548)	(35 103)	266 305	(33 650)	(34 144)	(41 006)	(47 608)	1 492 460								
1994 Grimsey and Associates - Forestry Partnership No 3	Viable	Revenue	392 461	70 148						149 639					763 700								
		Cost	(170 699)	(48 130)	(14 886)	(17 520)	(19 871)	(15 444)	(16 656)	(23 280)	(15 967)	(16 201)	(19 457)	(22 589)	(55 543)								
		Net cash flow	221 762	22 018	(14 886)	(17 520)	(19 871)	(15 444)	(16 656)	126 359	(15 967)	(16 201)	(19 457)	(22 589)	708 157								
1993 McKenzie and Partners - Forestry Partnership No 1	Viable	Revenue	232 894						97 326					496 716									
		Cost	(123 571)	(44 140)	(11 512)	(13 048)	(10 176)	(10 980)	(15 269)	(10 532)	(10 644)	(12 689)	(14 597)	(38 245)									
		Net cash flow	109 123	(44 140)	(11 512)	(13 048)	(10 176)	(10 880)	82 056	(10 532)	(10 644)	(12 689)	(14 597)	460 471									
1994 McKenzie and Partners - Forestry Partnership No 2	Viable	Revenue	164 580	29 417						62 752					320 261								
		Cost	(96 652)	(45 252)	(6 242)	(7 347)	(8 333)	(6 476)	(6 985)	(9 763)	(6 696)	(6 794)	(8 159)	(9 473)	(23 292)								
		Net cash flow	67 928	(15 835)	(6 242)	(7 347)	(8 333)	(6 476)	(6 985)	52 989	(6 696)	(6 794)	(8 159)	(9 473)	296 969								
1995 No Project Scheme	Viable*	Revenue	77 937		15 463						32 985					168 343							
		Cost	(71 262)	(43 535)	(3 974)	(3 242)	(3 821)	(4 337)	(3 356)	(3 629)	(5 083)	(3 484)	(3 560)	(4 320)	(4 940)	(12 215)								
		Net cash flow	6 675	(43 535)	11 488	(3 242)	(3 821)	(4 337)	(3 356)	(3 629)	27 902	(3 484)	(3 560)	(4 320)	(4 940)	156 127								
Willmott Forests 1995 - 1999 Project - 1995 Prospectus	Viable	Revenue	3 779 950		749 946						1 599 773					6 164 612							
		Cost	(1 405 471)	(60 718)	(192 755)	(157 258)	(185 317)	(210 331)	(162 748)	(176 028)	(246 521)	(168 977)	(172 653)	(209 536)	(239 593)	(592 445)								
		Net cash flow	2 374 480	(60 718)	557 191	(157 258)	(185 317)	(210 331)	(162 748)	(176 028)	1 353 252	(168 977)	(172 653)	(209 536)	(239 593)	7 572 166								

Willmott Scheme	Viability Assessment	Item	Present Value (AUD 2010)	Nominal Cash Flow (AUD)																		
				2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Willmott Forests 1995 - 1999 Project - 1996 Prospectus	Viable*	Revenue	2 025 928			446 160						951 741					4 857 313						
		Cost	(1 199 199)	(130 206)	(130 207)	(143 863)	(123 447)	(153 743)	(180 698)	(129 093)	(143 199)	(180 824)	(136 252)	(140 537)	(176 736)	(209 460)	(392 173)						
		Net cash flow	826 727	(130 206)	(130 207)	302 297	(123 447)	(153 743)	(180 698)	(129 093)	(143 199)	770 917	(136 252)	(140 537)	(176 736)	(209 460)	4 465 139						
Willmott Forests 1995 - 1999 Project - 1997 Prospectus	Viable	Revenue	4 988 472				1 218 650						2 184 285					13 981 012					
		Cost	(2 317 357)	(78 062)	(571 403)	(223 697)	(273 685)	(215 248)	(253 895)	(288 875)	(222 494)	(241 442)	(339 870)	(236 469)	(241 870)	(289 397)	(333 744)	(955 619)						
		Net cash flow	2 671 115	(78 062)	(571 403)	(223 697)	944 965	(215 248)	(253 895)	(288 875)	(222 494)	(241 442)	1 844 395	(236 469)	(241 870)	(289 397)	(333 744)	13 025 193						
Willmott Forests 1995 - 1999 Project - 1998 Prospectus	Viable	Revenue	4 624 320					1 253 956						2 247 546					14 386 061				
		Cost	(2 384 627)	(63 577)	(271 238)	(591 296)	(228 938)	(280 071)	(218 626)	(260 318)	(296 309)	(228 032)	(249 341)	(353 252)	(244 322)	(248 595)	(299 747)	(344 470)	(986 321)					
		Net cash flow	2 239 693	(63 577)	(271 238)	(591 296)	(228 938)	973 885	(218 626)	(260 318)	(296 309)	(228 032)	(249 341)	1 894 295	(244 322)	(248 595)	(299 747)	(344 470)	13 399 740					
Willmott Forests 1995 - 1999 Project - 1999 Prospectus	Viable*	Revenue	1 200 486						361 339						647 650					4 145 472			
		Cost	(1 153 626)	(56 828)	(91 690)	(135 598)	(354 659)	(106 067)	(115 972)	(99 573)	(127 168)	(152 124)	(105 393)	(119 825)	(142 979)	(112 840)	(115 612)	(148 989)	(179 681)	(332 243)				
		Net cash flow	46 860	(56 828)	(91 690)	(135 598)	(354 659)	(106 067)	245 367	(99 573)	(127 168)	(152 124)	(105 393)	(119 825)	504 672	(112 840)	(115 612)	(148 989)	(179 681)	3 813 229				
Sharp Reed Plantation Project - 1998 IM	Viable	Revenue	480 449					130 281						233 511					1 494 658				
		Cost	(286 441)	(45 283)	(28 181)	(61 433)	(23 786)	(29 068)	(22 818)	(27 046)	(30 785)	(23 692)	(25 906)	(36 701)	(25 384)	(25 828)	(31 143)	(35 789)	(102 475)					
		Net cash flow	194 008	(45 293)	(28 181)	(61 433)	(23 786)	101 183	(22 818)	(27 046)	(30 785)	(23 692)	(25 906)	196 810	(25 384)	(25 828)	(31 143)	(35 789)	1 392 181					
2001 No Project Scheme (entirely owned by Willmott)	Non-Viable	Revenue	120 495							40 258						72 157					461 860		
		Cost	(114 638)	(43 797)	(6 402)	(6 485)	(8 547)	(18 813)	(7 164)	(8 868)	(6 867)	(8 187)	(9 418)	(7 361)	(7 991)	(11 264)	(7 781)	(7 926)	(9 608)	(11 161)	(31 741)			
		Net cash flow	5 857	(43 797)	(6 402)	(6 485)	(8 547)	(18 813)	(7 164)	31 450	(6 867)	(8 187)	(9 418)	(7 361)	(7 991)	60 952	(7 781)	(7 926)	(9 608)	(11 161)	430 119			
Willmott Forests - Professional Investor 2001 Scheme	Viable	Revenue	780 808							260 871						467 575					2 992 850		
		Cost	(505 001)	(47 662)	(46 097)	(46 691)	(61 535)	(135 451)	(51 579)	(45 803)	(49 445)	(58 943)	(67 807)	(52 996)	(57 533)	(49 100)	(56 024)	(57 070)	(69 176)	(80 361)	(26 452)			
		Net cash flow	275 808	(47 662)	(46 097)	(46 691)	(61 535)	(135 451)	(51 579)	215 068	(49 445)	(58 943)	(67 807)	(52 996)	(57 533)	418 476	(56 024)	(57 070)	(69 176)	(80 361)	2 966 398			
Willmott Forests - Professional Investor 2002 Scheme	Viable	Revenue	665 940							246 967						442 654					2 833 335		
		Cost	(471 284)	(47 320)	(42 576)	(43 124)	(43 658)	(57 678)	(127 585)	(48 272)	(41 974)	(46 338)	(55 651)	(64 611)	(49 648)	(54 094)	(45 123)	(52 710)	(54 260)	(65 930)	(76 126)	(17 022)		
		Net cash flow	194 656	(47 320)	(42 576)	(43 124)	(43 658)	(57 678)	(127 585)	(48 272)	204 993	(46 338)	(55 651)	(64 611)	(49 648)	(54 094)	397 531	(52 710)	(54 260)	(65 930)	(76 126)	2 816 314		
Willmott Forests - Professional Investor 2003 Scheme	Viable	Revenue	4 656 291									647 127	841 812	629 886				1 159 887	1 508 835	1 129 903			7 424 181
		Cost	(3 570 474)	(77 045)	(347 810)	(352 291)	(356 646)	(360 850)	(399 979)	(632 544)	(698 360)	(589 924)	(377 019)	(406 549)	(474 936)	(487 250)	(472 029)	(421 973)	(420 792)	(430 928)	(495 658)	(567 691)	(460 900)	
		Net cash flow	1 085 817	(77 045)	(347 810)	(352 291)	(356 646)	(360 850)	(399 979)	(632 544)	(698 360)	58 104	464 793	223 347	(474 936)	(487 250)	(472 029)	737 915	1 088 043	698 976	(495 658)	(567 691)	6 963 281	
Willmott Forests - Professional Investor 2004 Scheme	Viable	Revenue	16 423 969											2 886 193	3 626 189			6 371 749		8 821 830	2 639 998		
		Cost	(10 629 128)	(209 931)	(1 001 825)	(1 015 444)	(1 028 761)	(1 041 704)	(1 055 718)	(1 105 084)	(1 287 944)	(3 380 759)	(1 877 678)	(1 227 613)	(1 162 248)	(1 323 212)	(1 493 909)	(1 150 482)	(1 358 895)	(1 162 100)	(1 359 922)	(1 430 599)	(1 611 077)	
		Net cash flow	5 794 841	(209 931)	(1 001 825)	(1 015 444)	(1 028 761)	(1 041 704)	(1 055 718)	(1 105 084)	(1 287 944)	(3 380 759)	(1 877 678)	1 658 580	2 463 941	(1 323 212)	(1 493 909)	5 221 268	(1 358 895)	7 659 730	1 480 074	(1 430 599)	(1 611 077)	
Willmott Forests - Professional Investor 2006 Scheme	Viable	Revenue	1 625 766												51 603	754 627			1 109 689		163 455	884 516	
		Cost	(1 256 024)	(58 544)	(151 036)	(109 456)	(110 965)	(112 440)	(113 796)	(115 782)	(123 371)	(126 544)	(195 195)	(346 097)	(151 595)	(151 798)	(137 408)	(154 005)	(169 795)	(148 044)	(152 344)	(138 831)	(162 562)	
		Net cash flow	369 742	(58 544)	(151 036)	(109 456)	(110 965)	(112 440)	(113 796)	(115 782)	(123 371)	(126 544)	(195 195)	(346 097)	(99 992)	602 829	(137 408)	(154 005)	919 894	(148 044)	11 111	745 684	(162 562)	
Willmott Foresta Project - 1998 Prospectus	Viable*	Revenue	157 397							52 587						94 255					603 394		
		Cost	(134 285)	(42 709)	(8 803)	(8 917)	(11 751)	(25 867)	(9 850)	(10 163)	(9 443)	(11 256)	(12 949)	(10 121)	(10 987)	(11 914)	(10 699)	(10 899)	(13 211)	(15 347)	(21 284)			
		Net cash flow	23 112	(42 709)	(8 803)	(8 917)	(11 751)	(25 867)	(9 850)	42 424	(9 443)	(11 256)	(12 949)	(10 121)	(10 987)	82 340	(10 699)	(10 899)	(13 211)	(15 347)	582 010			
Willmott Forests Project - 2000 Prospectuses	Viable	Revenue	1 859 448						559 682						1 003 154					6 420 675			
		Cost	(1 049 307)	(51 204)	(96 036)	(126 270)	(276 576)	(106 259)	(110 526)	(101 925)	(120 840)	(138 150)	(106 796)	(118 089)	(129 655)	(113 947)	(116 716)	(140 089)	(162 365)	(238 528)				
		Net cash flow	810 141	(51 204)	(96 036)	(126 270)	(276 576)	(106 259)	449 157	(101 925)	(120 840)	(138 150)	(106 796)	(118 089)	873 499	(113 947)	(116 716)	(140 089)	(162 365)	6 181 447				
Willmott Forests Project - 2001 Prospectus	Viable	Revenue	2 209 401							738 168						1 323 065					8 488 658		
		Cost	(1 372 137)	(53 760)	(122 286)	(123 861)	(163 239)	(359 321)	(136 829)	(156 638)	(131 166)	(156 363)	(179 877)	(140 587)	(152 623)	(193 223)	(148 618)	(151 393)	(183 508)	(213 180)	(473 247)			
		Net cash flow	837 265	(53 760)	(122 286)	(123 861)	(163 239)	(359 321)	(136 829)	581 530	(131 166)	(156 363)	(179 877)	(140 587)	(152 623)	1 129 842	(148 618)	(151 393)	(183 508)	(213 180)	7 995 411			
Willmott Forests Project - 2002 Prospectus	Viable	Revenue	1 925 217								713 975						1 279 704					8 191 109	
		Cost	(1 283 762)	(53 838)	(123 611)	(125 189)	(126 743)	(167 278)	(369 376)	(140 085)	(121 878)	(134 499)	(161 433)	(187 358)	(144 105)	(156 964)	(131 043)	(152 985)	(157 487)	(191 247)	(220 742)	(49 898)		
		Net cash flow	641 456	(53 838)	(123 611)	(125 189)	(126 743)	(167 278)	(369 376)	(140 085)	592 097	(134 499)	(161 433)	(187 358)	(144 105)	(156 964)	1 148 661	(152 985)	(157 487)	(191 247)	(220 742)	8 141 211		
Willmott Forests Project - 2003 Prospectus	Viable	Revenue	2 710 324									64 237	1 167 125					115 136	2 091 913			736 960
		Cost	(2 091 670)	(61 554)	(202 316)	(204 922)	(207 456)	(209 901)	(215 589)	(300 128)	(609 842)	(233 618)	(290 543)	(234 754)	(279 244)	(314 070)	(246 812)	(265 311)	(214 034)	(266 380)	(275 838)	(333 761)	(368 809)	
		Net cash flow	618 654	(61 554)	(202 316)	(204 922)	(207 456)	(209 901)	(215 589)	(300 128)	(609 842)	(169 382)	966 581	(234 754)	(279 244)	(314 070)	(246 812)	(150 176)	1 877 879	(266 380)	(275 838)	(333 761)	368 151	
Willmott Forests Project - 2004 PDS	Viable	Revenue	11 271 894										33 653	1 806 424	3 032 617				60 318	4 546 360	6 654 758		
		Cost	(8 616 920)	(120 163)	(623 288)	(833 739)	(843 883)	(853 653)	(862 297)	(874 724)	(1 000 687)	(2 089 472)	(2 319 380)	(941 297)	(878 503)	(1 043 423)	(1 227 745)	(1 214 565)	(1 074 655)	(1 020 220)	(932 499)	(1 148 365)	(1 276 278)	
		Net cash flow	2 654 975	(120 163)	(623 288)	(833 739)	(843 883)	(853 653)	(862 297)	(874 724)	(1 000 687)	(2 089 472)	(2 285 727)	865 127	2 154 114	(1 043 423)	(1 227 745)	(1 214 565)	(1 014 337)	3 526 140	5 722 260	(1 148 365)	(1 276 278)	
Willmott Forests Project - 2006 PDS	Viable	Revenue	13 517 807										1 725 470	5 296 828				2 000 260	7 376 702		2 654 026	5 497 665	
		Cost	(9 276 933)	(239 510)	(1 090 877)	(816 812)	(829 269)	(841 586)	(853 950)	(880 890)	(930 549)	(1 008 259)	(1 801 241)	(2 268 235)	(1 185 542)	(1 120 340)	(1 058 633)	(1 248 254)	(1 403 936)	(1 133 349)	(1 125 289)	(1 072 430)	(1 218 554)	
		Net cash flow	4 240 974	(239 510)	(1 090 877)	(816 812)	(829 269)	(841 586)	(853 950)	(880 890)	(930 549)	(1 008 259)	(1 801 241)	(2 268 235)	559 928	4 176 488	(1 058 633)	752 006	5 972 766	(1 133 349)	1 528 736	4 425 235	(1 218 554)	
Willmott Forests Project - 2007 PDS	Viable	Revenue	36 689 198													697 882	16 671 926	7 417 168	161 831	32 887 909	15 019 086	1 824 661	6 529 214
		Cost	(27 371 188)	(1 133 306)	(2 957 257)	(3 680 443)	(2 874 219)	(2 244 079)	(2 282 777)	(2 324 657)	(2 378 045)	(2 612 728)	(2 744 675)	(3 671 059)	(4 481 371)	(4 084 554)	(3 826 446)	(3 192 560)	(3 133 716)	(3 986 692)	(3 428 455)	(3 262 285)	(3 419 822)	
		Net cash flow	9 318 030	(1 133 306)	(2 957 257)	(3 680 443)	(2 874 219)	(2 244 079)	(2 282 777)	(2 324 657)	(2 378 045)	(2 612 728)	(2 744 675)	(3 671 059)	(4 481 371)	(3 386 671)	12 845 480	4 224 608	(2 971 885)	28 901 017	11 590 631	(1 437 424)	3 109 393	

Willmott Scheme	Viability Assessment	Item	Present Value (AUD 2010)	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
				Nominal Cash Flow (AUD)																			
2005 BioForest Wholesale Project No 2	Viable*	Revenue	233 032			2 149			1 736			11 522							1 077 767				
		Cost	(176 710)	(46 819)	(16 537)	(18 854)	(40 519)	(39 082)	(21 022)	(8 119)	(9 261)	(9 098)	(14 521)	(10 134)	(10 288)	(10 475)	(10 730)	(10 936)	24 672				
		Net cash flow	56 322	(46 819)	(16 537)	(17 705)	(40 519)	(39 082)	(19 287)	(8 119)	(9 261)	2 425	(14 521)	(10 134)	(10 288)	(10 475)	(10 730)	(10 936)	1 102 439				
BioForest Dual Income Project 2006 PDS	Viable*	Revenue	845 824		8 971			7 246			5 852			38 853							3 634 124		
		Cost	(628 611)	(47 754)	(155 871)	(126 551)	(54 457)	(65 404)	(135 122)	(130 296)	(69 271)	(30 057)	(30 843)	(30 405)	(48 904)	(33 618)	(34 437)	(35 099)	(36 118)	(37 289)	123 266		
		Net cash flow	17 212	(47 754)	(146 899)	(126 551)	(54 457)	(58 158)	(135 122)	(130 286)	(63 419)	(30 057)	(30 843)	8 448	(48 904)	(33 618)	(34 437)	(35 099)	(36 118)	(37 289)	3 757 391		
BioForest Sustainable Timber and Biofuel Project 2007 PDS	Non-Viable*	Revenue	7 795 111			26 782	75 081		21 631	60 640		17 471	48 977	13 678	134 025	415 258					1 279 354	12 536 166	38 841 661
		Cost	(9 344 796)	(654 885)	(864 507)	(1 221 820)	(2 308 690)	(1 673 553)	(880 941)	(1 322 129)	(2 056 240)	(1 778 216)	(915 678)	(477 957)	(486 682)	(534 460)	(702 790)	(528 660)	(544 005)	(561 639)	(509 073)	152 914	2 050 558
		Net cash flow	(1 549 685)	(654 885)	(864 507)	(1 195 038)	(2 233 610)	(1 673 553)	(859 310)	(1 261 489)	(2 056 240)	(1 760 745)	(866 700)	(464 279)	(352 657)	(119 202)	(702 790)	(528 660)	(544 005)	(561 639)	770 281	12 689 060	40 892 220
Willmott Forests Premium Forestry Blend Project 2008 PDS	Non-Viable	Revenue	13 607 626				314	25 587		253	20 665		205	16 691		31 958	18 244	3 381 567	7 222 880		7 911 208	16 910 016	2 989 206
		Cost	(17 468 593)	(2 618 454)	(2 449 208)	(1 639 905)	(1 857 244)	(1 939 800)	(1 346 940)	(1 165 943)	(1 216 501)	(1 490 418)	(1 339 735)	(1 457 707)	(1 464 476)	(1 562 171)	(1 560 789)	(1 981 366)	(2 008 851)	(1 472 813)	(1 792 459)	(2 288 505)	(1 615 720)
		Net cash flow	(3 860 966)	(2 618 454)	(2 449 208)	(1 639 905)	(1 856 930)	(1 914 214)	(1 346 940)	(1 165 689)	(1 195 836)	(1 490 418)	(1 339 531)	(1 441 016)	(1 464 476)	(1 530 213)	(1 542 545)	1 380 201	5 213 829	(1 472 813)	6 118 749	14 620 511	1 373 487
Willmott Forests Premium Forestry Blend Project 2010 PDS	Non-Viable	Revenue																					
		Cost																					
		Net cash flow																					
Willmott Forests Premium Timberland Fund No 1	Non-Viable	Revenue	746 595													225 175						4 464 217	
		Cost	(611 758)	(180 650)	(116 284)	(79 007)	(80 936)	(91 360)	(42 269)	(76 753)	(110 380)	(79 900)	(32 157)	(48 498)	(121 345)	10 710	(35 160)	(35 826)	(109 814)	(38 081)	(39 064)	852 508	
		Net cash flow	134 838	(180 650)	(116 284)	(79 007)	(80 936)	(91 360)	(42 269)	(76 753)	(110 380)	(79 900)	(32 157)	(48 498)	(121 345)	235 885	(35 160)	(35 826)	(109 814)	(38 081)	(39 064)	5 316 724	

Willmott Scheme	Viability Assessment	Item	2030	2031	2032	2033	2034	2035	2036	2037	2038
			Nominal Cash Flow (AUD)								
1983 No Project Scheme	Viable	Revenue									
		Cost									
		Net cash flow									
1984 No Project Scheme	Viable	Revenue									
		Cost									
		Net cash flow									
1985 No Project Scheme	Viable	Revenue									
		Cost									
		Net cash flow									
1988 No Project Scheme	Viable	Revenue									
		Cost									
		Net cash flow									
1987 No Project Scheme	Viable	Revenue									
		Cost									
		Net cash flow									
1989 No Project Scheme	Viable	Revenue									
		Cost									
		Net cash flow									
Willmott Forests 1989 - 1991 Project - 1989 Prospectus	Viable	Revenue									
		Cost									
		Net cash flow									
Willmott Forests 1989 - 1991 Project - 1990 Prospectus	Viable	Revenue									
		Cost									
		Net cash flow									
Willmott Forests 1989 - 1991 Project - 1990 IM	Non-Viable*	Revenue									
		Cost									
		Net cash flow									
Willmott Forests 1989 - 1991 Project - 1991 Prospectus	Viable	Revenue									
		Cost									
		Net cash flow									
1990 No Project Scheme	Viable	Revenue									
		Cost									
		Net cash flow									
1991 No Project Scheme	Non-Viable*	Revenue									
		Cost									
		Net cash flow									
1994 Grimsey and Associates - Forestry Partnership No 1	Viable	Revenue									
		Cost									
		Net cash flow									
1994 Grimsey and Associates - Forestry Partnership No 2	Viable	Revenue									
		Cost									
		Net cash flow									
1994 Grimsey and Associates - Forestry Partnership No 3	Viable	Revenue									
		Cost									
		Net cash flow									
1993 McKenzie and Partners - Forestry Partnership No 1	Viable	Revenue									
		Cost									
		Net cash flow									
1994 McKenzie and Partners - Forestry Partnership No 2	Viable	Revenue									
		Cost									
		Net cash flow									
1995 No Project Scheme	Viable*	Revenue									
		Cost									
		Net cash flow									
Willmott Forests 1995 - 1999 Project - 1995 Prospectus	Viable	Revenue									
		Cost									
		Net cash flow									

Willmott Scheme	Viability Assessment	Item	2030	2031	2032	2033	2034	2035	2036	2037	2038
			Nominal Cash Flow (AUD)								
Willmott Forests 1995 - 1999 Project - 1996 Prospectus	Viable*	Revenue									
		Cost									
		Net cash flow									
Willmott Forests 1995 - 1999 Project - 1997 Prospectus	Viable	Revenue									
		Cost									
		Net cash flow									
Willmott Forests 1995 - 1999 Project - 1998 Prospectus	Viable	Revenue									
		Cost									
		Net cash flow									
Willmott Forests 1995 - 1999 Project - 1999 Prospectus	Viable*	Revenue									
		Cost									
		Net cash flow									
Sharp Reed Plantation Project - 1998 IM	Viable	Revenue									
		Cost									
		Net cash flow									
2001 No Project Scheme (entirely owned by Willmott)	Non-Viable	Revenue									
		Cost									
		Net cash flow									
Willmott Forests - Professional Investor 2001 Scheme	Viable	Revenue									
		Cost									
		Net cash flow									
Willmott Forests - Professional Investor 2002 Scheme	Viable	Revenue									
		Cost									
		Net cash flow									
Willmott Forests - Professional Investor 2003 Scheme	Viable	Revenue	8 657 726	7 226 508							
		Cost	(195 526)	(4 937)							
		Net cash flow	9 462 198	7 221 571							
Willmott Forests - Professional Investor 2004 Scheme	Viable	Revenue	49 381 631	19 359 832			28 732 752				
		Cost	(621 705)	(450 090)	(424 373)	(795 096)	466 693				
		Net cash flow	48 759 926	18 909 743	(424 373)	(795 096)	29 199 445				
Willmott Forests - Professional Investor 2006 Scheme	Viable	Revenue		960 425	5 197 214			5 004 076			
		Cost	(164 944)	(181 905)	(29 011)	(81 756)	(143 556)	(173 670)			
		Net cash flow	(164 944)	778 519	5 168 202	(81 756)	(143 556)	4 830 406			
Willmott Forests Project - 1999 Prospectus	Viable*	Revenue									
		Cost									
		Net cash flow									
Willmott Forests Project - 2000 Prospectuses	Viable	Revenue									
		Cost									
		Net cash flow									
Willmott Forests Project - 2001 Prospectus	Viable	Revenue									
		Cost									
		Net cash flow									
Willmott Forests Project - 2002 Prospectus	Viable	Revenue									
		Cost									
		Net cash flow									
Willmott Forests Project - 2003 Prospectus	Viable	Revenue	13 389 883								
		Cost	(326)								
		Net cash flow	13 389 557								
Willmott Forests Project - 2004 PDS	Viable	Revenue	18 096 494	26 308 054	24 620 665						
		Cost	(1 055 733)	(688 541)	158 450						
		Net cash flow	17 040 761	25 621 513	24 779 115						
Willmott Forests Project - 2006 PDS	Viable	Revenue		14 649 733	23 384 510	10 599 162	9 019 970	33 264 483			
		Cost	(1 259 244)	(1 180 103)	(583 047)	(619 706)	(1 215 151)	(1 095 997)			
		Net cash flow	(1 259 244)	13 669 630	22 801 463	9 979 456	7 804 819	32 168 487			
Willmott Forests Project - 2007 PDS	Viable	Revenue	3 034 125		9 450 242	27 093 372	30 482 217	1 964 252	148 304 658	71 461 074	
		Cost	(3 436 623)	(3 755 060)	(3 317 926)	(3 154 318)	(2 548 069)	(4 405 839)	(6 114 197)	(1 476 266)	
		Net cash flow	(402 498)	(3 755 060)	6 132 315	23 939 054	27 934 149	(2 441 587)	142 190 460	69 984 808	

Willmott Scheme	Viability Assessment	Item	2030	2031	2032	2033	2034	2035	2036	2037	2038
			Nominal Cash Flow (AUD)								
2005 BioForest Wholesale Project No 2	Viable*	Revenue									
		Cost									
		Net cash flow									
BioForest Dual Income Project 2006 PDS	Viable*	Revenue									
		Cost									
		Net cash flow									
BioForest Sustainable Timber and Biofuel Project 2007 PDS	Non-Viable*	Revenue									
		Cost									
		Net cash flow									
Willmott Forests Premium Forestry Blend Project 2008 PDS	Non-Viable	Revenue	1 706 507							40 459 187	79 980 383
		Cost	(1 689 140)	(1 768 218)	(1 535 798)	(1 619 764)	(1 751 130)	(1 717 045)	(2 236 717)	(4 121 841)	(4 930 534)
		Net cash flow	17 368	(1 768 218)	(1 535 798)	(1 619 764)	(1 751 130)	(1 717 045)	(2 236 717)	36 337 346	75 049 850
Willmott Forests Premium Forestry Blend Project 2010 PDS	Non-Viable	Revenue									
		Cost									
		Net cash flow									
Willmott Forests Premium Timberland Fund No 1	Non-Viable	Revenue									
		Cost									
		Net cash flow									

APPENDIX 4

Schemes and Land Tenure

Willmott Scheme	Total MIS Area (ha)	Rented Land (%)	Unsecured Land (%)	Secured Land (%)
1983 No Project Scheme	114		100	
1984 No Project Scheme	37		100	
1985 No Project Scheme	78		100	
1986 No Project Scheme	146		100	
1987 No Project Scheme	125		100	
1989 No Project Scheme	31		100	
Willmott Forests 1989 - 1991 Project - 1989 Prospectus	28		100	
Willmott Forests 1989 - 1991 Project - 1990 Prospectus	120		100	
Willmott Forests 1989 - 1991 Project - 1990 IM	12		100	
Willmott Forests 1989 - 1991 Project - 1991 Prospectus	288		100	
1990 No Project Scheme	54		100	
1991 No Project Scheme	7		100	
1994 Grimsey and Associates - Forestry Partnership No 1	170		100	
1994 Grimsey and Associates - Forestry Partnership No 2	196		100	
1994 Grimsey and Associates - Forestry Partnership No 3	93		100	
1993 McKenzie and Partners - Forestry Partnership No 1	62		100	
1994 McKenzie and Partners - Forestry Partnership No 2	39		100	
1995 No Project Scheme	20		100	
Willmott Forests 1995 - 1999 Project - 1995 Prospectus	970		100	
Willmott Forests 1995 - 1999 Project - 1996 Prospectus	1 030		100	
Willmott Forests 1995 - 1999 Project - 1997 Prospectus	1 288		100	
Willmott Forests 1995 - 1999 Project - 1998 Prospectus	1 309		100	
Willmott Forests 1995 - 1999 Project - 1999 Prospectus	876		100	
Sharp Reed Plantation Project - 1998 IM	136		100	
2001 No Project Scheme (entirely owned by Willmott)	40		100	
Willmott Forests - Professional Investor 2001 Scheme	288		100	
Willmott Forests - Professional Investor 2002 Scheme	266		100	
Willmott Forests - Professional Investor 2003 Scheme	2 173		100	
Willmott Forests - Professional Investor 2004 Scheme	5 420	20	4	76
Willmott Forests - Professional Investor 2006 Scheme	551	33		67
Willmott Forests Project - 1999 Prospectus	55		100	
Willmott Forests Project - 2000 Prospectuses	600		100	
Willmott Forests Project - 2001 Prospectus	764		100	
Willmott Forests Project - 2002 Prospectus	769		100	
Willmott Forests Project - 2003 Prospectus	1 264		100	
Willmott Forests Project - 2004 PDS	5 024		58	42
Willmott Forests Project - 2006 PDS	4 758	33	20	47
Willmott Forests Project - 2007 PDS	12 334	65	11	24
2005 BioForest Wholesale Project No 2	96			100
BioForest Dual Income Project 2006 PDS	307			100
BioForest Sustainable Timber and Biofuel Project 2007 PDS	4 617			100
Willmott Forests Premium Forestry Blend Project 2008 PDS	6 912	67		33
Willmott Forests Premium Forestry Blend Project 2010 PDS	2 217			100
Willmott Forests Premium Timberland Fund No 1	159			100
	55 841			