

Tuesday, 12 October 2004

Willmott Forests Limited

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COMPANY ANNOUNCEMENT

Willmott Forests to raise up to \$40m to fund future growth

Willmott Forests Limited (ASX code WFL) today announced that it intends to raise up to \$40 million through the issue of Perpetual INcome Exchangeable Securities ("PINES"). PINES are non-redeemable, non-cumulative reset convertible preference shares.

The issue, through a public prospectus, comprises a fully underwritten offer of \$35m, with capacity to accept over subscriptions of up to \$5 million. Grange Securities Limited is sole lead manager and underwriter of the issue.

PINES will be offered to institutional and retail investors with a registered Australian address. The minimum investment is \$2,500 or 25 PINES. There will be no shareholder priority entitlement but qualifying shareholders will be able to participate via the public offer.

Chief Executive Officer Marcus Derham said "Willmott Forests has experienced an outstanding 2004 financial year in terms of growth and profitability, with sales rising by 127% and net profit after tax rising by 54% compared to the 2003 results."

"The PINES issue will allow Willmott Forests to continue on its growth path and meet targets set under our business plan including funding land purchases and meeting corporate opportunities as they arise. At the same time, the issue of a non-redeemable, long term security such as PINES will diversify and strengthen Willmott Forests' balance sheet."

The key features of the PINES issue include:

- Face value of \$100.00;
- Non-cumulative preferred dividend of 7.0% fully franked payable half-yearly on 31 March and 30 September (equivalent to a pre-tax rate of 10%). In the event that dividends cannot be franked, the dividend would be grossed up to compensate for the unfranked amount;
- Right to convert to ordinary shares at a conversion discount of 2.5% to the 20-day Ordinary Share VWAP at reset dates and certain other events as described in the Terms of Issue;
- Right to participate in Willmott Forests' share price above \$4.00; and
- First reset date of 30 September 2009.

The offers of PINES will be made in a prospectus that will be lodged with the Australian Securities and Investments Commission tomorrow. A copy of the prospectus setting out full details of the Terms of Issue of the PINES will be available in the near future

PLANT

MANAGE

HARVEST

PROCESS

SUPPLY



Head Office

249 Park Street (Locked Bag 4011)
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Telephone (03) 9696 1355
Facsimile (03) 9696 5567
Toll Free 1800 801 866

Timber Products

1 Sandy Lane (PO Box 146)
Bombala NSW 2632
Telephone (02) 6458 3489
Facsimile (02) 6458 3756
Toll Free 1800 805 840

Forestry Operations

Corrowidgen Road (PO Box 23)
Delegate NSW 2633
Telephone (02) 6459 8888
Facsimile (02) 6459 8899



from the Willmott Forests website at www.willmottforests.com.au. Investors who wish to apply to take part in the offer will need to complete the application form that will accompany the prospectus. The Lead Manager and Company reserve all rights to nominate persons to who PINES will be allocated. The issue is expected to open on 21 October 2004 and close on 24 November 2004.

Shareholder approval for the PINES issue will be required at Willmott Forests' annual general meeting to be held on Monday, 15 November 2004:

Key Dates*

| | |
|--------------------------------|-----------------------------|
| Prospectus date | Wednesday, 13 October 2004 |
| Offer Opens | Thursday, 21 October 2004 |
| AGM to approve PINES issue | Monday, 15 November 2004 |
| Offer Closes | Wednesday, 24 November 2004 |
| Allotment | Wednesday, 1 December 2004 |
| Despatch of holding statements | Monday, 6 December 2004 |
| Commencement of ASX Trading | Thursday, 9 December 2004 |
| First Coupon Payment | 31 March 2005 |

* Subject to change at absolute discretion of Company and Underwriter

Willmott Forests was advised by Gresham Advisory Partners on the PINES issue.

For further information, please call:

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Willmott Forests
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Director
Grange Securities
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About Willmott Forests Limited

Willmott Forests is an integrated forestry company that produces a wide range of landscape and structural timber products from its softwood processing operations in south-east NSW.

A Quality Endorsed Company with a market capitalisation in excess of \$130 million, Willmott Forests manages over 18,000 hectares of commercial plantations on behalf of more than 1,500 individual growers via managed investment projects. The majority of these plantations are located in south-east NSW and north-east Victoria. Willmott Forests has been operating in this region since 1982.

During the past 10 years WFL has delivered sustained business growth in excess of 15% per annum in the key areas of woodlot sales, plantation resources, assets and profit.