

22 March 2006

COMPANY ANNOUNCEMENT**PLANT****Willmott Forests transforms its financial structure
through two significant initiatives****MANAGE**

The directors of Willmott Forests Limited are pleased to announce a restructuring of the Company's financing arrangements whereby Willmott Forests will cease its finance company operations and future facilities will be provided by a special purpose vehicle (SPV) wholly owned by the Commonwealth Bank of Australia (CBA).

HARVEST

Under this arrangement, the SPV will act as the 'Preferred Financier' for Woodlot sales providing approved Growers with a very competitive finance facility for 100% of their Woodlot investment.

PROCESS

"When the impact of this new funding arrangement with CBA is considered in-conjunction with the commercial arrangements with Hancock Victorian Plantations (that were announced earlier today) it is apparent that we have transformed the financial structure of Willmott Forests" said Marcus Derham, Willmott Forests' Chief Executive Officer.

SUPPLY

"Significant financial benefits will flow from these two ground-breaking initiatives. Profit margins will be maintained and resultant cash flow improvement will enhance shareholder value. Based on our financial results for 2005, Willmott Forests free cash flow would have increased by \$13.8 million (on a pro forma basis) had these arrangements been in place. In the future, these benefits are anticipated to increase as a result of rising rural land prices and the growth in the MIS loan book associated with Woodlot sales." Mr Derham said.

As a result of these initiatives, the Board of Willmott Forests will reconsider its dividend payout policy at the end of the current 2006 financial year to determine whether any sustainable increase is warranted.

Continued

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About the 'Preferred Finance' arrangement

Willmott Forests has recently conducted an exhaustive competitive process to seek a 'Preferred Financier' for its Woodlot projects. The SPV was selected as Willmott Forests' preferred financier for all future Woodlot projects. CBA is a long-term supporter of Willmott Forests, including being the current provider of its corporate debt.

The key benefits of the SPV 'Preferred Finance' arrangement are as follows:

- Willmott Forests will receive 100% of cash from future Woodlot sales upfront. In the past the Company has funded a large proportion of Grower loans (up to 40%) from its own resources;
- The new arrangements will result in no material changes to current grower financing arrangements. The SPV will offer loans on competitive terms and conditions (including loans for up to 15 years, with the first 3 years on an interest-only basis);
- Willmott Forests will receive a fee for originating loans and providing loan application administration services on commercially agreed arms-length arrangements; and
- The SPV will have no recourse to Willmott Forests for any new Grower loans.

About Willmott Forests

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

A Quality Endorsed Company, with total assets in excess of \$275 million Willmott Forests manages over 24,000 hectares of commercial softwood plantations on behalf of more than 2,500 individual growers. The majority of these plantations are located in south-east New South Wales and north-east Victoria.

Over the last 10 years Willmott Forests has delivered sustained growth in excess of 15% per annum in the key areas of Woodlot sales, plantation resources, assets and profit.

For further information please contact:

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