

9 May 2007

COMPANY ANNOUNCEMENT**Gov't allows Secondary Market trading for Forestry MIS**

Willmott Forests welcomes the Government's announcement to open secondary market trading to forestry MIS growers.

A four year holding period will apply to this measure which will allow growers who invested in a forestry MIS prior to 1 July 2003 to trade their interests from 1 July 2007.

This important initiative is a further endorsement by the Federal Government of the value that plantation forestry brings to the economy and rural communities.

Marcus Derham, Willmott Forests CEO, said..."As the largest developer of long-rotation softwood plantations in Australia we and our growers stand to benefit from this positive initiative which will help to bring plantation forestry into the mainstream as an investment vehicle."

"We have a clear and supportive tax regime for plantation forestry, now by creating a new framework where liquidity will be a feature we can look forward to continuing investment confidence in Australia's plantation forestry sector." Mr Derham said.

About Willmott Forests

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

A Quality Endorsed Company, with total assets in excess of \$220 million Willmott Forests manages 30,000 hectares of commercial softwood plantations on behalf of more than 3,400 individual growers. The majority of these plantations are located in south-east New South Wales and north-east Victoria.

For further information please contact:

Marcus Derham
Chief Executive Officer
Willmott Forests Limited
Ph: 03 9696 1355

PLANT

MANAGE

HARVEST

PROCESS

SUPPLY

**Head Office**

249 Park Street (Locked Bag 4011)
South Melbourne VIC 3205
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



JOINT STATEMENT - DAFF07/B015 - 8 May 2007

Australian Minister for Fisheries, Forestry and Conservation - Senator Eric Abetz
Minister For Revenue And Assistant Treasurer - Peter Dutton

FEDERAL BUDGET 2007-08: Trading of Forestry Managed Investment Scheme Interests

The Government will allow investors in forestry managed investment schemes (forestry MIS) to trade their interests once they have been held by the initial investor for a period of at least four years.

The review into impediments to secondary markets for forestry MIS interests, announced on 21 December 2006, conducted by Treasury and the Department of Agriculture, Fisheries and Forestry has now been completed.

From 1 July 2007, initial investors in a forestry MIS will be allowed to trade their interests once they have been held for a period of at least four years. The four-year restriction will apply only to the initial investors in a scheme. The measure will apply to interests in a pre existing scheme, meaning that taxpayers who invested in a forestry MIS prior to 1 July 2003 will be able to trade their interests from 1 July 2007.

The Government believes that trading of forestry MIS interests will introduce pricing information into the market and increase liquidity of the interests. Consequently, the Government will introduce legislation to amend the income tax law to:

- allow existing interests to be traded, to support depth in the market;
- require initial investors (both existing and future) to hold their forestry MIS interests for four years;
- extend the amendment period for forestry MIS investors to allow the Australian Taxation Office (ATO) to enforce the holding period rules;
- introduce a market value pricing rule at the time of first sale from an initial to secondary investor to reduce tax arbitrage;
- treat secondary investors (other than those holding interests as trading stock) on capital account for acquisition and disposal of their interests. For these purposes harvest proceeds will be treated as a disposal; and
- allow secondary investors a deduction for ongoing costs, to limit the incentive to front load fees, and introduce a matching provision that seeks to recoup on revenue account these deductions from the sale or harvest proceeds.

The Government also intends to impose administrative requirements on promoters which will require them to:

- notify the ATO when they first receive income from a forestry MIS to ensure that the ATO is aware of all industry participants;
- document the basis on which the scheme satisfies the 70 per cent direct forestry expenditure rule which requires at least 70 per cent of the investors'

contributions to be spent on expenditure directly related to developing forestry;
and

- notify the ATO should the trees not be established within 18 months.

Further media inquiries:

Brad Stansfield (Senator Abetz's office) - 0419 884 666

**Brad Emery (Minister for Revenue and Assistant Treasurer) -
(02) 6277 7360 – 0414 225 638**

<http://www.mffc.gov.au/07/B015.html>