



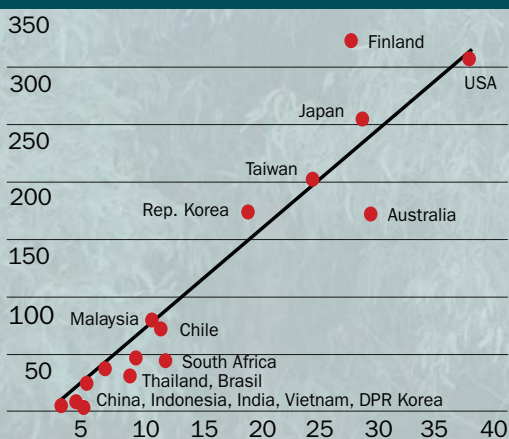
TIMBERCORP FORESTRY

FACT SHEET 2006

THE PAPERLESS SOCIETY – AN URBAN MYTH

It was once thought that with the introduction of technologies such as the Internet and email, Australia would soon become a paperless society. This could not have been further from the truth. Studies have shown that the introduction of technology into a country dramatically increases the use of paper. Countries such as China and India which are experiencing strong growth in GDP, population, income and literacy levels, are seeing dramatic increases in paper consumption.

Paper consumption and GDP (PPP*) per capita kg per capita



GDP (USD PPP) per capita '000s

* Purchasing Power Parity.

Source: DANA 2003 Woodchip and Pulplog Trade Review and World Resource Institute databanks.

THE GLOBAL MARKET FOR WOODCHIP

Strong growth in the world demand for paper products coupled with the application of international environmental standards to restrict the logging of native forests, is causing an ever-increasing gap between world supply and demand for woodchip.

The largest export market for woodchip is Japan, representing over 90% of all woodchip imports into the Asia-Pacific region, and 69% of total world trade. This demand from Japan is set to continue at these levels for at least 10 years. We are also seeing a strong shift towards plantation grown resources and away from woodchip harvested from native forests.

China and Indonesia are rapidly becoming significant markets for hardwood woodchip. In particular, with the substantial increase of GDP in China, and as its economy becomes more open with recent moves to reduce tariffs from the World Trade Organisation, increased imports are expected.

On average developed countries such as Australia, Japan and most Western countries use approximately 250kg of paper, per person, per annum. That equates to 50,000 sheets of A4 paper per year for each person.

FACT SHEET

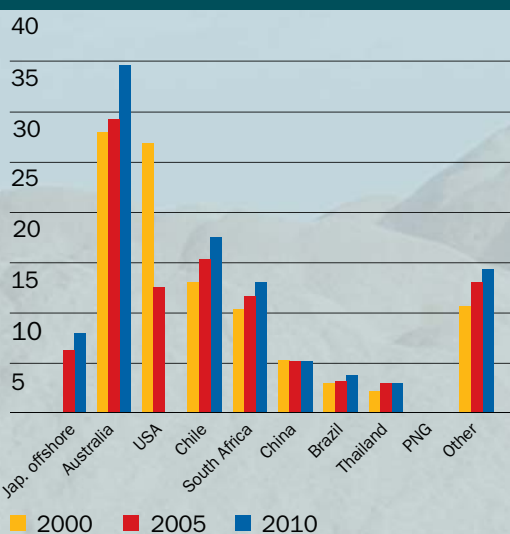




The major exporter of woodchip into Asia is currently Australia, representing 32% of woodchip exported. Another major exporter is the US, however it is under intense scrutiny as most of its woodchip is sourced from native forests. In recent times there has been a downturn in US wood being exported to Japan and this downward trend is expected to continue into the future.

Predicted Hardwood Woodchip Supply to Japan

% Share



Chile and South Africa are also recognised as sustainable producers of wood products, however they are disadvantaged by transport costs into Asia.

THE AUSTRALIAN WOODCHIP INDUSTRY

Australia has a number of significant advantages over competitors in the woodchip export market. Most importantly, Australia is ideally positioned geographically for exporting into the Asia-Pacific. Due to its close proximity, Australia has greatly reduced shipping times to Asia compared to countries such as Chile and South Africa. This amounts to a significant cost-competitive advantage for Australia over its competitors.

Australia also enjoys a stable political climate and strong government support for the forestry industry through initiatives such as the Plantations of Australia: 2020 Vision. The 2020 Vision, agreed on jointly by Commonwealth and State Government and local industry, aims to treble Australia's plantation estate to 3 million hectares by the year 2020.

WOOD CHIP PRICE

The wood chip price is influenced by a variety of factors including demand/supply factors, exchange rates, production and transport costs and prices in competitor countries. Over the past 4 years, wood chip prices have risen by 11% or 2.75% annually. It is expected that wood chip prices will remain stable over the next 10 years, however factors such as the decrease in woodchip harvested from native forests and the emergence of new buyers, such as China, may have a positive affect on the long-term price.

ENVIRONMENTAL RESPONSIBILITY

Australia is well known for having a clean, green, environmentally friendly industry, and forestry is no exception. Timbercorp Forestry is Australia's leader in maintaining the highest domestic and international environmental standards by holding certifications such as Forest Stewardship Council (FSC) accreditation.

FSC accreditation recognises the need for sustainable development in the forest industry. The main objective is ensuring that plantations are developed in a sustainable manner, socially, environmentally and economically.

FSC is the world's first and most rigorous forest product labelling program. It is the only forest label supported by the World Wildlife Fund, Greenpeace, Friends of the Earth and by major forest product retailers such as Home Depot, B&Q and IKEA.



The Project will be established by Timbercorp Securities Limited (TSL) ACN 092 311 469 (AFS Licence No 235653). When it is established, TSL will issue a Product Disclosure Document (PDS) in relation to the Project. Interests in the Project will only be issued on receipt of an application form attached to, or accompanying the PDS. When it is available, a PDS may be obtained from Timbercorp by calling 1800 628 188, downloading from www.timbercorp.com.au or from financial advisers and accountants.