

**Media release****May 2006****QPFL LAUNCHES THREE NEW TAX DEDUCTIBLE INVESTMENTS**

Timber plantation company Queensland Paulownia Forests Limited (QPFL) has launched three new tax deductible investment products designed to meet the varying needs of investors.

Capital Forestry Units (CFUs) present a low level entry opportunity, *The Forestry Project* would suit someone with a portfolio looking for good long-term returns and *Income Forestry Bonds* offer a guaranteed annual income.

The new products are:

Entry level

Capital Forestry Units (CFUs) cost \$1,100 incl. GST per Unit and are available with 12-month interest free credit so someone starting a portfolio could limit the expense to less than \$200 per month by buying the minimum two units.

After these initial costs, which are 100 per cent tax deductible, there are no ongoing annual fees to pay until harvest.

Larger investment, anticipated higher returns

A more limited number of QPFL's *Forestry Project* woodlots are available. This investment has a higher upfront cost (a minimum of \$5,500 incl. GST, which is 100 per cent tax deductible) and an annual fee of \$350 plus GST.

Guaranteed income, lower risk

The third product to be released by QPFL in 2006 (and 2007) is the *Income Forestry Bonds*, which guarantee an annual income for the first 7 years. QPFL is able to guarantee an income as it invests half of the money in a Capital Forestry Unit project and the other half in a trust.

The minimum investment is two bonds at \$2,200 incl. GST each, which are 50 per cent tax effective for end of year purposes.

QPFL manages seven Paulownia plantations and has planted over one million Paulownia trees. By buying one of the new products, investors will effectively own their own trees, which will be maintained by QPFL until ready for harvest. The company will then process and market the timber with income going back to the investor.

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The anticipated project life is 12 years, by when the trees should be fully mature and will be felled for timber. However it is anticipated the plantations will be thinned and the timber from this sold in years six, eight and ten, potentially providing earlier returns for investors. QPFL also guarantees the survival of the trees for the first 12 months.

All three new products have ATO Product Rulings, two are 100 per cent tax deductible and the other is 50 per cent tax effective due the different nature of the project.

Paulownia is a premium lightweight hardwood, which is fast growing and, thanks to its light and even texture, can be used in a variety of applications. QPFL commissioned a report in 2005 from leading research company BIS Shrapnel which outlined how the company could greatly increase its share of the market by targeting areas traditionally serviced by Western Red Cedar.

Domestically the mouldings and door cores markets were identified as huge potential growth areas, with boat fit outs, plywood, office partitioning and coffin building also recognised as suitable uses for Paulownia.

The reports found that QPFL could reasonably capture 22 per cent of these markets, amounting to sales of around 144,000 cubic metres of Paulownia per annum.

ENDS

For further information contact Dawn Hewitt at Sequel Communications on (07) 3251 8128 / 0403 090 910

To receive a copy of the Product Disclosure Statement please contact QPFL 1800 882228 or visit the website www.qpfl.com.au

QPFL's Product disclosure Statement sets out the full terms and conditions of their projects and should be considered in full before any investment is made.

**Media release****May 2006****QPFL APPOINTS FORESTERS FOR FUTURE GROWTH**

Timber plantation company Queensland Paulownia Forests Limited (QPFL) has recruited two managers to oversee operations on its seven plantations in Queensland and New South Wales and to take care of the million plus trees currently being grown for investors.

Coming from Bosnia and Herzegovina and New Zealand respectively, Branislav Zoric and Paul Wright combine more than 60 years of forestry experience which they will bring to Australia to enhance QPFL's drive to become a producer of quality timber goods.

Stephen van der Mye, managing director of QPFL, said the appointments were helping to secure the future of QPFL.

"There are two sides to our business," Mr van der Mye said. "We have investors who basically buy trees on lots which QPFL manages the growing, harvesting and marketing of the timber which is sold for processing, providing returns for our investors.

"The other side is where we see our future – QPFL has a strategy to become Australia's first seedling to end product Paulownia producer and the skills of Branislav and Paul will greatly help us achieve our goal," Mr van der Mye concluded.

Paul Wright has been working in forestry for 40 years, having held senior management positions with Forestry Corporation NZ Ltd, BP Forests NZ Ltd and Fiji Forestry Training Centre to name a few.

Branislav Zoric has been a forester since 1984 and was previously Head of the Forestry Department at the Municipal Commission for Agriculture, Forestry and Water Resources in Bosnia and Herzegovina before moving to New Zealand to further his studies.

Mr Zoric is completing a Masters of Forestry Science and holds a National Diploma in Land Surveying; he has been working in New Zealand for the past seven years, most recently as Forestry Operations Manager for Carter Holt Harvey.

QPFL offers Paulownia Forestry Managed Investments and currently has approximately \$82 million of funds under management.

The company manages more than one million paulownia trees on plantations in Queensland and New South Wales on behalf of 3,200 investors. By buying a QPFL managed investment product, investors will effectively licence their own woodlot, which will be maintained by QPFL until ready for harvest. The company will then process and market the timber with the income going back to the investor.

Paulownia is a fast-growing, light-coloured hardwood that is predominantly used in the manufacture of doors, mouldings, boat construction and jointed board. The market potential for rough sawn timber is estimated to exceed \$600 million annually. QPFL offers manufacturers a quality Australian-grown alternative.

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