



Commonwealth Securities Launches Plantation Forestry Product for Wholesale Investors

April 20 2005: Commonwealth Securities, the broking arm of the Commonwealth Bank, this week launched the Premium Plantations Project 2005 (Plantations05), an exclusive forestry investment product for wholesale investors.

Plantations05 is CommSec's first product specifically designed for investors who meet the "wholesale investor" test of the Corporations Act 2001.

Plantations05 is aimed at the high net worth clients of the Commonwealth Private Bank and similar investors. To be eligible to participate in Plantations05, investors must demonstrate an annual gross income of \$250,000 per annum over the last two years; have net assets of at least \$2,500,000; make an investment in Plantations05 of at least \$500,000 or else meet the Corporations Act 2001 requirements for a professional investor.

As part of Plantations05, millions of eucalyptus trees of two species will be planted on agricultural land in Western Australia. Plantations05 is managed by Premium Plantations Ltd, a specific purpose subsidiary of the Commonwealth Bank. Trees will be planted and maintained by the Forest Products Commission of Western Australia, which has been engaged as independent forestry services contractor for Plantations05.

Rowan Munchenberg, General Manager of Product and Research Services at the Commonwealth Bank, said, "Increasing restrictions on the harvesting of native forests in Australia and overseas mean that other sources of timber products are needed to cater for growing demand. Plantations05 will attract wholesale investors Australia-wide who understand tax effective investments, and who recognise the potential long term value of the timber being grown.

Investors in Plantations05 can become Growers in the Tree Project or Unit Holders in the Land Project, or both. Growers will plant and grow both

Media Release

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Sydney blue gum (to produce appearance-grade timber for furniture, flooring and other high value uses) and Tasmanian blue gum (used for quality paper manufacture). Unit Holders in the Land Project invest in the land on which the plantations are grown.

Growers in the Tree Project can obtain a tax deduction for all their upfront investment costs in the year incurred.

“Forest plantations are a renewable resource which can generate important environmental benefits when grown on previously cleared farmland. The Commonwealth Bank Group is very pleased to be involved in this exciting new initiative”.

Wholesale investors seeking information about Plantations05 can visit www.commsec.com.au, or call CommSec on 13 15 20.

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Notes to Editors:

- Plantations05 has received two Australian Taxation Office Income Tax Product Rulings, PR 2005/47 and PR 2005/48.
- Plantations05 comprises two un-registered managed investment schemes and the Plantations05 Information Memorandum has not been lodged with ASIC.
- The Tree Project will consist of approximately 50 per cent by area of Eucalyptus saligna (Sydney blue gum) and 50 per cent by area of Eucalyptus globulus (Tasmanian blue gum).
- The Commonwealth Bank and CommSec do not guarantee, or in any way stand behind the performance of Plantations05, or the repayment of capital by Plantations05. Investments in Plantations05 are not deposits or other liabilities of the Commonwealth Bank or CommSec, and investment-type products are subject to investment risk, including possible delays in repayment and loss of income and principal invested.

Investing as a Grower in the Tree Project

Option

- Become a plantation forestry owner, growing, harvesting and marketing commercial hardwood timber.
- The minimum investment is two Timberlots, increasing in multiples of one Timberlot.
- Each Timberlot consists of approximately a quarter of a Plantable Hectare of Tasmanian blue gum land and a quarter of a Plantable Hectare of Sydney blue gum land.

Costs

- An Establishment Fee of \$6,250 per Timberlot.
- A Planting Fee of \$500 per Timberlot, payable after one year.
- A Deferred Management Fee, Deferred Rental Fee and Marketing Performance Bonus (if applicable) will be deducted from Net Harvest Proceeds after the timber is sold and the proceeds received.
- Annual Tree insurance premiums commencing on approximately 30 June 2006.
- If unforeseen costs arise in the future from changes in the law or a significant change to silvicultural practice, Premium Plantations Ltd may charge investors an Additional Fee.

Benefits



- Claim a tax deduction for the full amount of the upfront investment (provided investors meet the conditions set out in Australian Taxation Office Income Tax Product Rulings PR 2005/47 and PR 2005/48).
- Receive cash distributions from the Net Harvest Proceeds after the timber is sold and proceeds received. Tasmanian blue gums will be ready to harvest in approximately 2016 and Sydney blue gums in approximately 2026.
- Participate in an environmentally beneficial project producing a renewable resource and supporting employment in regional areas.

Investing as a Unit Holder in the Land Project

Option

- Become a Unit Holder in the Land Trust which owns the plantation land on which the trees are grown.
- The minimum investment is two Land Trust Units, increasing in multiples of one Land Trust Unit.
- Each Land Trust Unit corresponds to approximately a quarter of a Plantable Hectare of Tasmanian blue gum land and a quarter of a Plantable Hectare of Sydney blue gum land.
- The total number of Land Trust Units will equal the number of Timberlots.

Costs

- A subscription of \$925 per Land Trust Unit.

Benefits

- After the timber of each species has been harvested, investors will receive Deferred Rental income from Growers, equivalent to 10 per cent of the Net Harvest Proceeds.
- After the plantation land is eventually sold, investors will receive distributions of the proceeds of sale.
- Environmental benefits – the trees planted on the land should assist in offsetting atmospheric carbon dioxide emissions and in reducing soil salinity.