

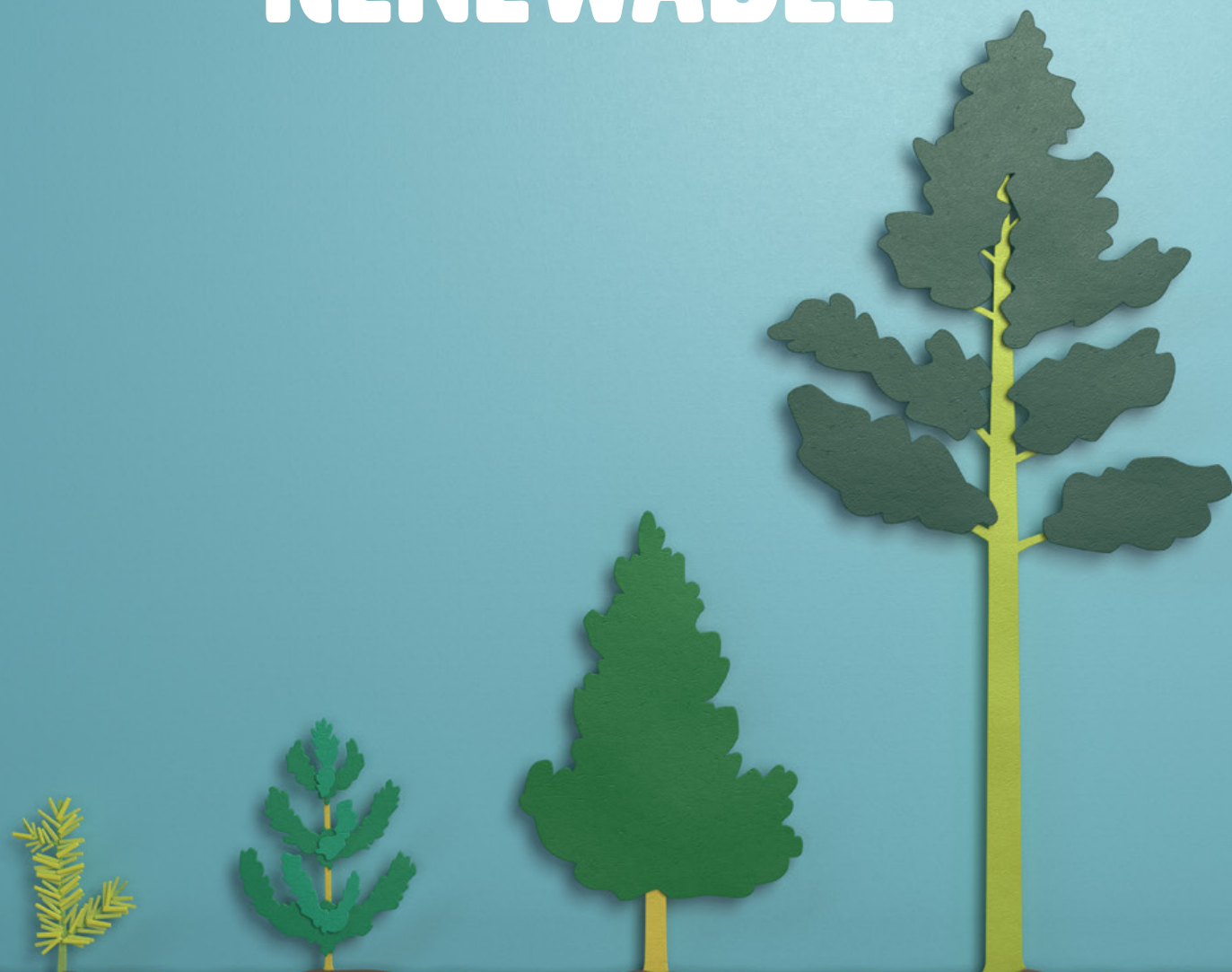


A YEAR IN REVIEW

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NURTURING THE ULTIMATE RENEWABLE



OUR ORIGINS

OneFortyOne is a world-class sustainable forest grower and forest products company with a multi-regional approach to investing and growing our business in Australia and New Zealand.

OneFortyOne was established in 2012 with the successful tender of the forest estate from the South Australia government. This included 80,000 hectares of Radiata Pine forests which sit on the 141st meridian east line on the border between South Australia and Victoria. The company was named after this line as a reminder that our proud origins are the Green Triangle region.

OUR GROWTH

In January 2018, OneFortyOne expanded to include the Jubilee Highway mill in Mount Gambier, making it one of the largest vertically integrated forest products businesses in Australia.

In September 2018, OneFortyOne became trans-Tasman with the acquisition of Nelson Forests in New Zealand. Nelson Forests is a vertically-integrated forest and sawmill business that operates in the Nelson Tasman and Marlborough regions of New Zealand.

Our growth in 2018 exemplifies our commitment to regional forest industries and the communities of which we are a part. We are strongly committed to the stewardship and long-term sustainability of our estates and growing the ultimate renewable.

OUR OWNERSHIP

OneFortyOne is owned by five major shareholders with Australian interests making up 63.5% of the holding structure.

63.5%

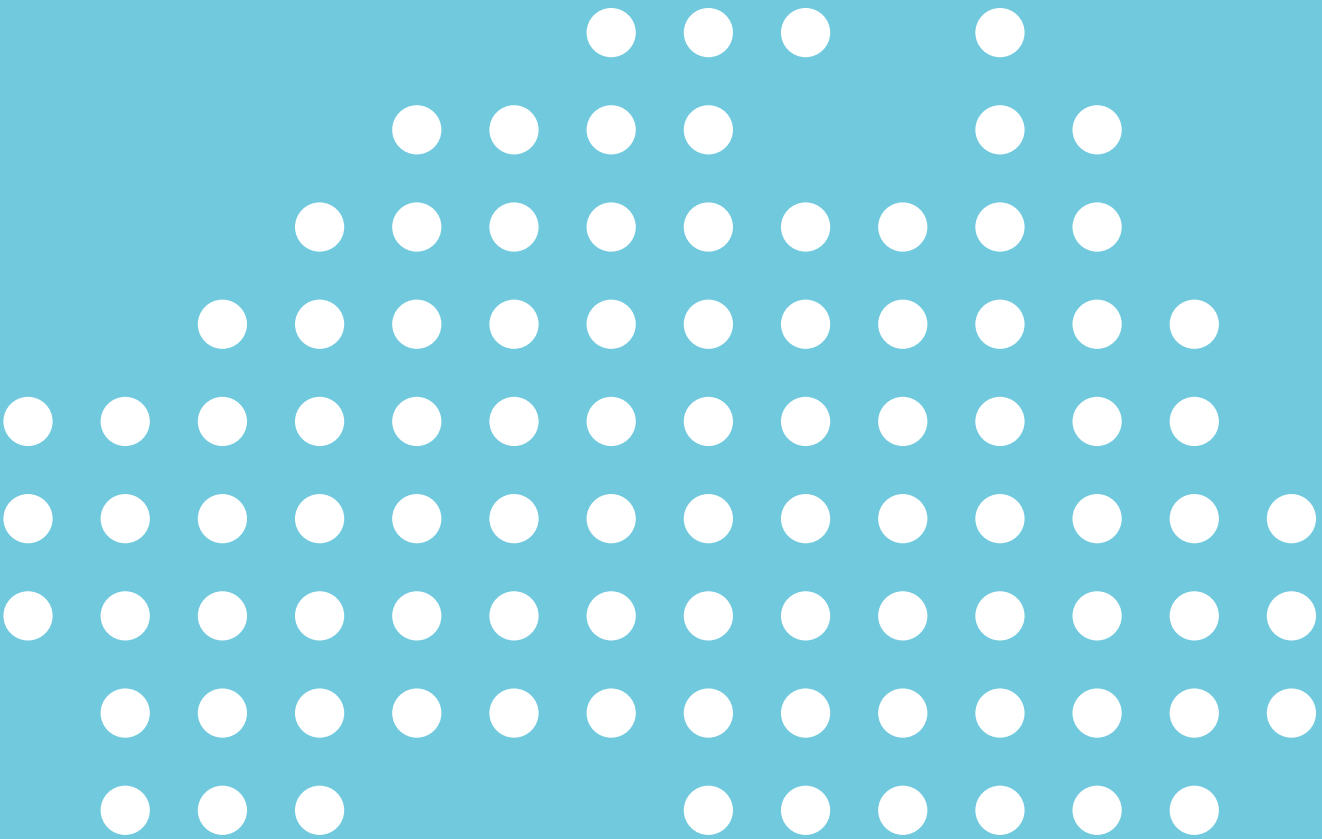
AUSTRALIAN
SUPER &
SOVEREIGN
WEALTH FUNDS

36.5%

US PENSION
& OTHER
OFFSHORE
FUNDS

October 2012

**GREEN TRIANGLE
FORWARD ROTATIONS
PURCHASED**



Jubilee Sawmill



Green
Triangle
Forests



Nelson Forests



January 2018

**JUBILEE SAWMILL
PURCHASED**

September 2018

**NELSON FOREST &
KAITUNA SAWMILL
PURCHASED**

148,093

PRODUCTIVE HECTARES

Australia 83,000
New Zealand 65,093

500

PEOPLE

Australia 396
New Zealand 104

890,000 m³

SAWLOG CAPACITY (LOG IN)

Australia 775,000m³
New Zealand 115,000m³



CEO REPORT

WHAT AN EXCITING FIRST CHAPTER IT HAS BEEN FOR ONEFORTYONE. SINCE OUR COMPANY WAS ESTABLISHED JUST OVER SIX YEARS AGO, OUR JOURNEY HAS BEEN A REMARKABLE STORY AND THIS PAST YEAR HAS BEEN NO EXCEPTION.

Our early success with our forest estate gave us confidence to grow and expand in the Green Triangle this year. With the purchase in January of the Jubilee Sawmill in Mount Gambier we have become significant players in the Australian market. We are now an integrated forest products company, with the forest at our core.

It is not only our footprint that is growing. Our ongoing performance has given us confidence to further invest in our assets as highlighted by the \$14M capital expenditure approved for the Jubilee mill in April. It is an endorsement to the quality of the asset and the Wood Products team that we were able to progress this capital project just a few months after acquisition. It is our intention to not only operate our assets to a high standard but to continue to invest and strengthen them so that they may thrive over the long term.

In September OneFortyOne became a trans-Tasman company with the acquisition of industry leading Nelson Forests and Kaituna sawmill in the Nelson/Marlborough region of New Zealand. This acquisition has similarities to our existing business in the Green Triangle and creates a unique balance across the Tasman. It also reflects our intention to grow the business through investment in well managed forestry operations which have a focus on sustainable domestic processing and strong community partnerships.

We are now a business of 500 employees – which expands four-fold when you take into account the contractors who partner with us. We have a significant presence and are acutely aware of the role we play in our regional communities. We don't take that responsibility lightly and we have made concerted efforts this past year to increase the level of engagement and visibility of our business.

From our community support programs such as the Blue Lake Run, the Pioneers Basketball team and the Millicent Road Safety School, to providing employment opportunities such as the apprenticeship and scholarship programs. We are also committed to increasing the level of transparency in our business and the production of this year in review is an example of how we intend to continue along this pathway.

Confidence in the business remains high and we continue to manage the forest in full compliance with South Australian government requirements and continue to be certified to international forestry standards. We are leading the industry with a continued halt on the export sawlogs until at least June 2020, to support the strong domestic demand. Whilst it is important to continue to have an export outlet to help balance markets across market cycles, we remain focussed on the domestic processing industry.

The Australasian forest and wood products industry is in a stronger position than ever before. We are working hard alongside the other major companies to build a long-term industry master plan to help strengthen the industry and the region for the next generation. It is a level of industry collaboration never seen before in this industry and I'm excited by what it might achieve.

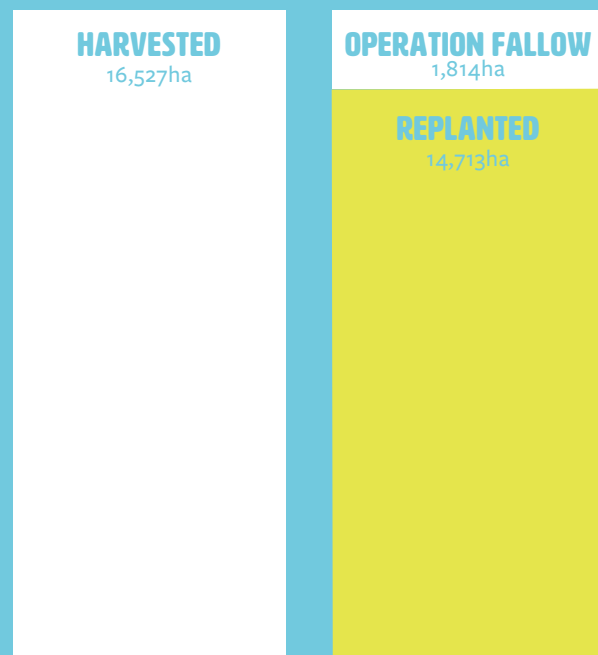
I am proud of our team and what they've achieved over the past twelve months. I'm also grateful for the support of our contractors and partners and the community, who helped us get there. We're looking forward to continuing to charge forward in the year ahead.

I trust you enjoy our 2018 Year in Review.

Regards,

Linda

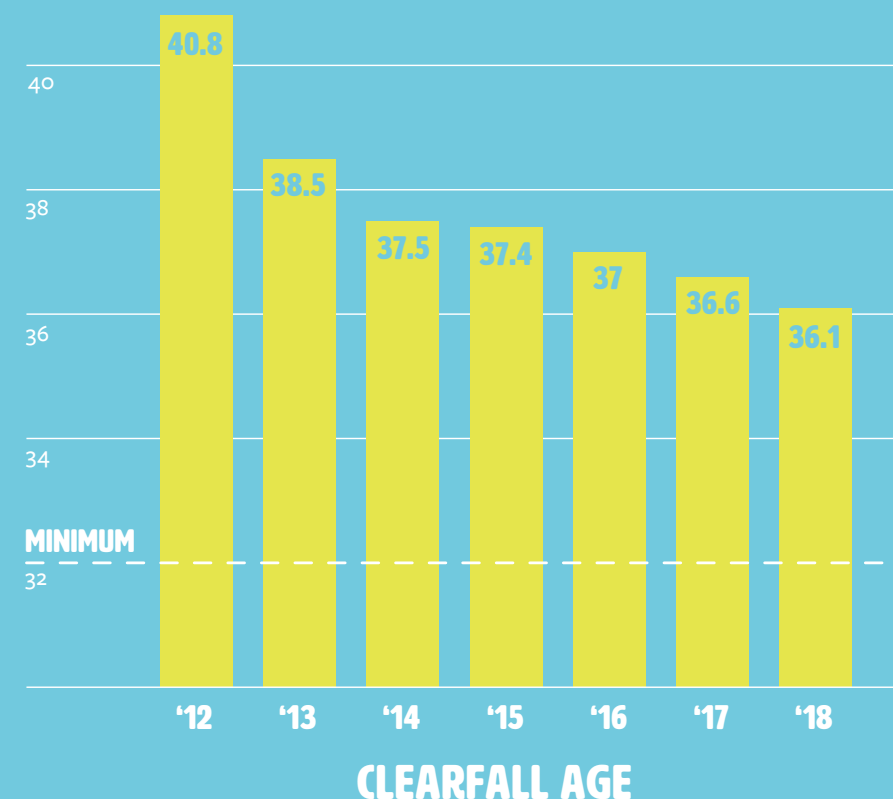




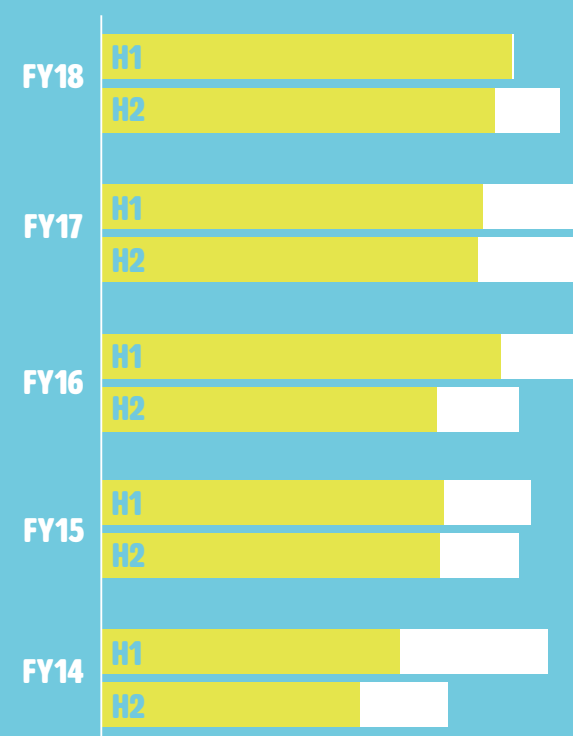
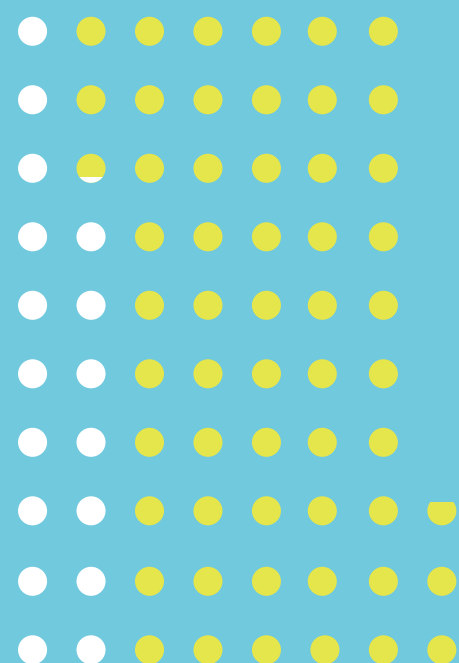
AREA PLANTED IN THE GREEN TRIANGLE 2013-2018

13.372KM WALKED REPLANTING TREES

29 FIRES ATTENDED IN 2018



850 CONTRACTORS



SAWLOG SALES

■ DOMESTIC ■ EXPORT

5.5 MILLION TREES PLANTED IN 2018

348,056 m³ FINISHED GOODS FROM JUBILEE MILL 2018



Responsible Wood

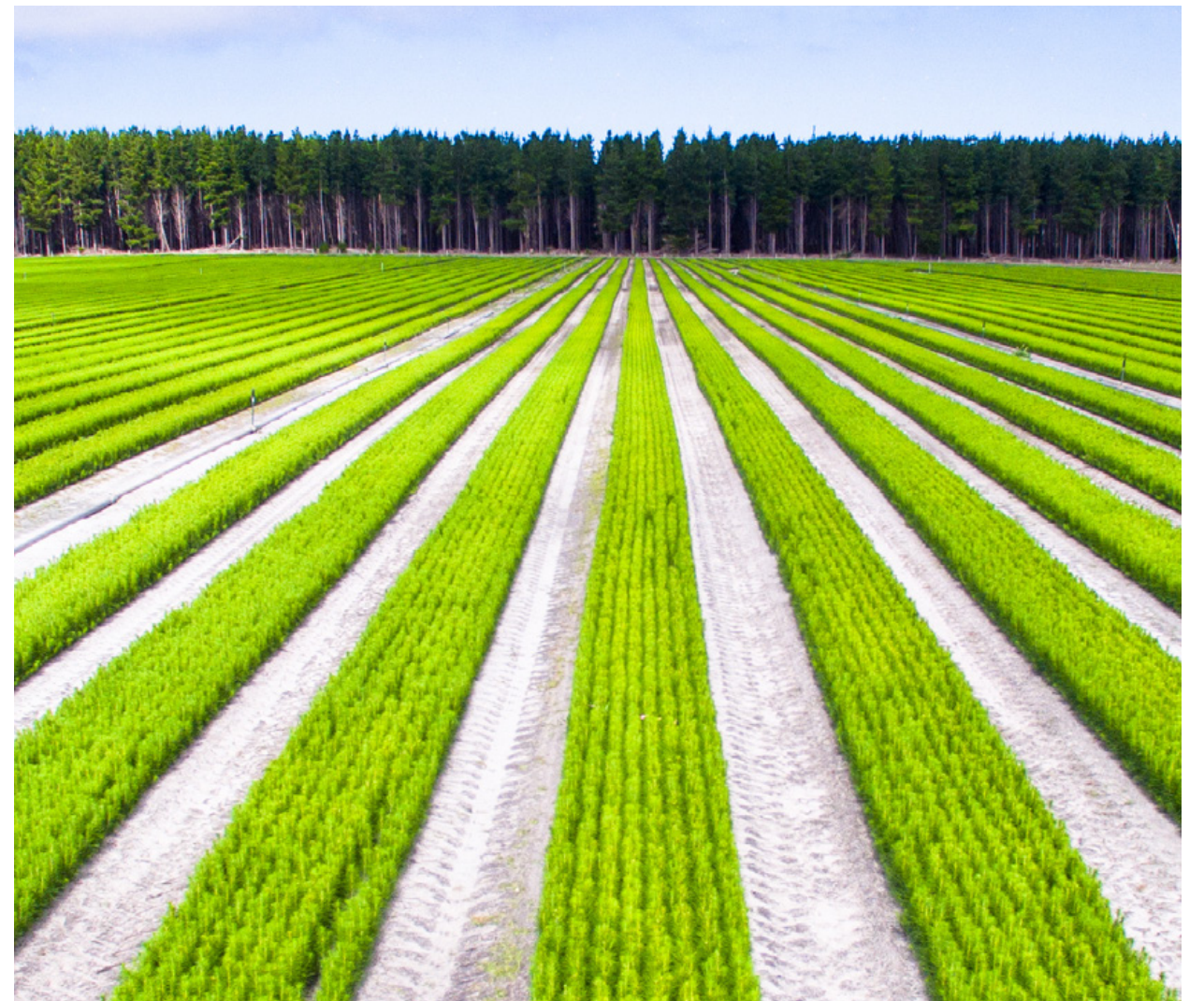
GREEN TRIANGLE ESTATE CERTIFIED FOR THE 6TH CONSECUTIVE YEAR

OUR FORESTS

OneFortyOne knows how important it is to manage our forests for the long term. In growing the ultimate renewable, it supports jobs, the local economy and regional communities.

The company's silvicultural regime aims to maximise survival of the forest and optimise sawlog volume and estate value. The regime has been developed, implemented and refined in the Green Triangle since the 1880s. This makes OneFortyOne's forests some of the longest managed softwood forests in Australia.

The combination of climatic conditions and flat accessible terrain and supporting road networks makes the Green Triangle region ideal for forestry. In some instances, the trees are the third generation of trees on the site.



NURTURING

Every year the team at the OneFortyOne's Glencoe Nursery propagates between 5 million and 10 million seedlings using a range of techniques to improve survival rates across different sites.

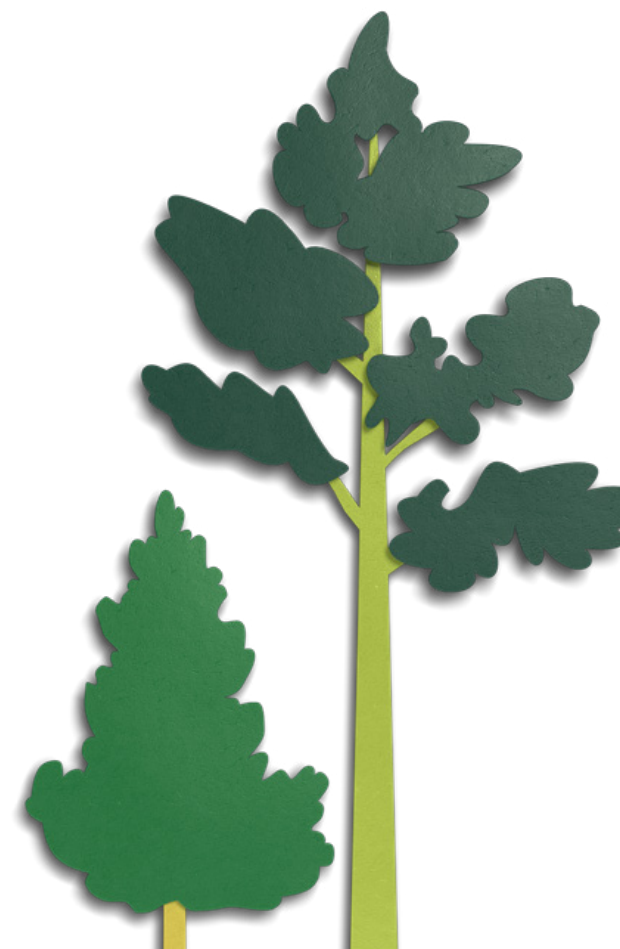
This year, the nursery has grown nearly 8 million pine trees, with more than 5.5 million replanted across the OneFortyOne Green Triangle estate, and more than 2 million sold to other forest owners.

PLANTING

EVERY AREA HARVESTED IS REPLANTED WITH MORE TREES THAN WERE HARVESTED, ENSURING THERE IS A SUPPLY OF TIMBER FOR THE FUTURE

This is why timber is the ultimate renewable.

This year, OneFortyOne planted more than 5.5 million trees across approximately 3,200 hectares at 32 sites equating to planting crews walking a total of 13,372km replanting the trees in the ground.





PLANTING

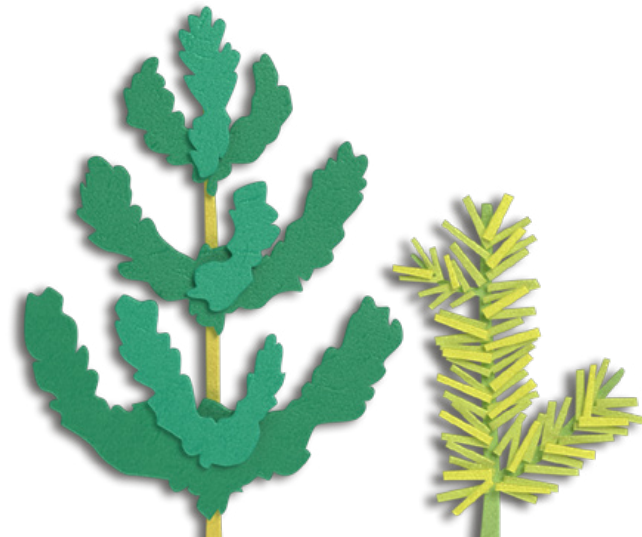
Overseeing OneFortyOne’s planting program is Terry Higgins. Terry has worked in the local timber industry since 1971, when he followed in his father’s footsteps to begin working in the Penola Forest.

Throughout his 40-year career in these Green Triangle forests, he has undertaken nearly every task, at nearly every location, and is now responsible for managing OneFortyOne’s replanting program.

The renewable nature of forests was clearly demonstrated when Terry and his crews this year replanted areas that Terry originally planted in 1983.

Terry’s reason for working in the forestry industry is simple:

“ WHAT’S NOT TO LOVE ABOUT WORKING IN THIS INDUSTRY? WE ARE SUSTAINABLE. REPLANTING EVERYTHING WE HARVEST. WE GROW PEOPLE’S FUTURE HOMES, AND WE DO IT IN SOME OF THE BEST FORESTS IN THE WORLD. ”



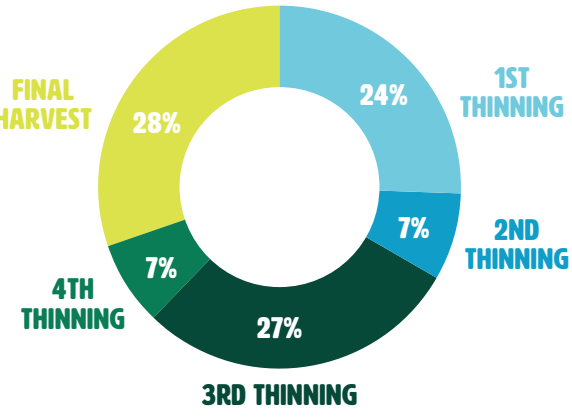
HARVEST PLANNING

Determining the ideal age a forest is finally harvested is complex and relies on considerations such as maximising the amount of wood produced, the type of products customers need and future market conditions.

Our forests are managed using a model with a seventy-year planning horizon. This combination of world-class technology, global expertise and extensive local knowledge determine our harvest timing in a way that appropriately balances all objectives and ensures long-term sustainability.

A series of thinnings throughout the trees life-cycle are conducted to ensure maximum forest health and ultimately a quality final product. Product from these thinnings is used by both domestic and export customers. The final harvest removes all remaining trees prior to replanting and by volume removes around 28% of the total fibre produced from a particular site.

OneFortyOne operates above the required average age for final harvest of 32 years set by the SA Government within the forest lease. The 2018 average clearfall age in our Mt Gambier forests was 36.1 years.





OUR INVESTMENTS

ACQUISITIONS

2018 has seen significant growth for OneFortyOne with forest acquisitions in both the Green Triangle and Nelson regions. The purchase of the smaller Manuka Island estate so soon after the Nelson acquisition also shows our willingness to invest and grow.

CAPITAL INVESTMENT

In May 2018, OneFortyOne committed to a new capital expenditure project worth \$14 million for the Jubilee Sawmill. The project saw the construction and commissioning of 61 additional sorter bins for the site, leading to greater efficiencies on the site and improvements along the entire supply chain with increased products available for customers.

The new sorter bins were manufactured and installed by local contractors, which equates to \$9.9 million being spent on the local businesses. The flow-on effects of this spend will undoubtedly have a significant positive impact on their businesses, their employees, their families and the wider community.

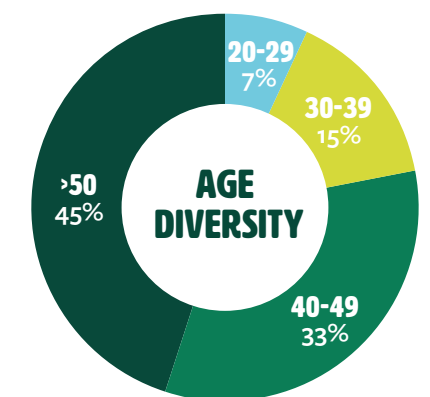
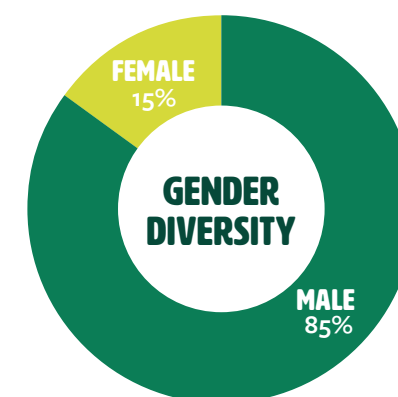
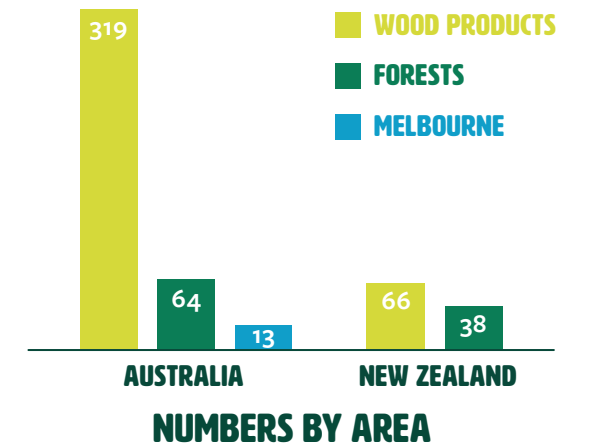
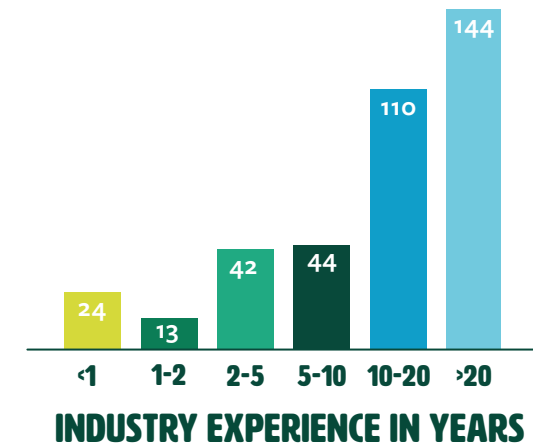
IMPORTANTLY ONEFORTYONE IS COMMITTED TO INVESTING IN OUR INFRASTRUCTURE WITH TECHNOLOGY TO ENSURE WE REMAIN AT THE CUTTING EDGE OF MILL EFFICIENCY.



OUR PEOPLE

OneFortyOne is working towards creating an inclusive culture that is rich in diverse thinking, ideas and experience. We aren't where we want to be just yet but know it will ultimately bring improved results for our customers, employees and the communities in which we operate.

With the acquisition of the Jubilee mill in 2018 we became a more heavily male dominated workforce. And while Nelson Forests brought OneFortyOne a greater diversity, we will be doing more moving forward to deliver a better-balanced workplace for our business.



FUTURE LEADERS

We also understand the importance of investing in people and particularly the next generation. In both Australia and New Zealand OneFortyOne supports a range of scholarship, cadetship and apprentice programs designed to develop a strong future for the industry by supporting young people gain higher qualifications and experience.

TAYLAH MARTIN SCHOLARSHIP RECIPIENT

"My passion is the environment. I wanted to study for a degree that would help me learn about environmental sustainability, which I know forestry will.

I was nervous about going to university as it is a big commitment without any guarantee of a job at the end of it. The scholarship from OneFortyOne has made a real difference to me and my family. I can study something I am passionate about, without having to find the funds to do it. I am really excited for a future in this industry."



OUR HEALTH & SAFETY

OneFortyOne is committed to protecting the health, safety and welfare of everyone involved in forestry and timber processing activities.

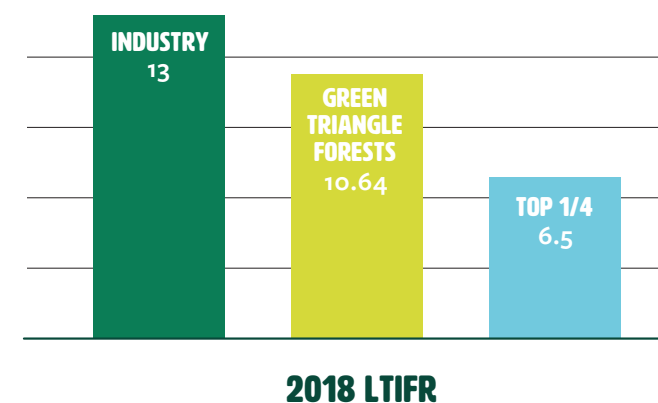
The safety of the team, contractor partners and the community is paramount for the company, across all facets of our business.

OneFortyOne takes a proactive role in educating our teams and the community about safety, whether it's at the sawmill, in the forests or across the broader timber industry.

SAFETY PERFORMANCE

The lost time injury frequency rate (LTIFR) refers to injuries that caused a worker to miss one or more shifts - occurring in a workplace per 1 million hours worked. This allows businesses to compare their safety performance regardless of the company size or number of employees.

OneFortyOne's focus on safety over the past three years has delivered strong improvements. There is an ongoing trend of fewer significant injuries and, in our Green Triangle Forests business, there has been a reduction of more than 50 percent in LTIFR since 2015. At our Jubilee sawmill the LTIFR was 12.01 hours in 2018 and we will be working hard to reduce this in 2019.



2.4



OUR ENVIRONMENT

OneFortyOne’s forests are important for the regional environment and landscape, hosting more than 80 different threatened species of flora and fauna.

The majority of the threatened species occur within small areas of native vegetation located throughout OneFortyOne’s forests.

OneFortyOne has a certified forest management system in place to ensure these features are protected during operations.



FOREST CERTIFICATION

OneFortyOne’s Green Triangle Forests are certified by the Responsible Wood Certification Scheme which is endorsed by the world’s largest certification body, the Programme for the Endorsement of Forest Certification (PEFC). Forest management certification confirms that OneFortyOne’s forest management practices responsibly manage the estate to ensure it delivers social, environmental and economic benefits now and in the future.

Every nine months, accredited forestry experts audit how OneFortyOne manages its Green Triangle forests. In particular, the auditors assess how OneFortyOne complies with its legal requirements, how it enhances long-term regional social and economic benefits, improves the local environment and protects important historical and cultural sites within the forests.

IN THE PAST YEAR, ONEFORTYONE’S GREEN TRIANGLE PLANTATIONS WERE CERTIFIED FOR THE SIXTH CONSECUTIVE YEAR.

In 2010 Nelson Forests was first certified against the Forest Stewardship Council. This certification has been maintained to present-day.

	2014	2015	2016	2017	2018
MAJOR NON-CONFORMANCES	0	0	0	0	0
MINOR NON-CONFORMANCES	4	1	0	0	1
OBSERVATIONS FOR IMPROVEMENT	4	8	5	1	12
NOTEWORTHY POSITIVES	3	4	7	5	4

*Australia only figures

ENVIRONMENTAL PARTNERSHIPS

OneFortyOne has established a unique partnership with Nature Glenelg Trust, a local not-for-profit environmental organisation that delivers on-the-ground conservation outcomes.

BOTH ORGANISATIONS WORK TOGETHER ON NATIVE VEGETATION RESTORATION PROGRAMS ACROSS THE ONEFORTYONE FOREST ESTATE TO HELP RECOVER THREATENED WOODLAND IN THE REGION.

In the past year, OneFortyOne donated the first of three annual contributions of \$50,000 to enable the Nature Glenelg Trust to establish a Foundation that will support the delivery of its vision for the nature reserves it manages.



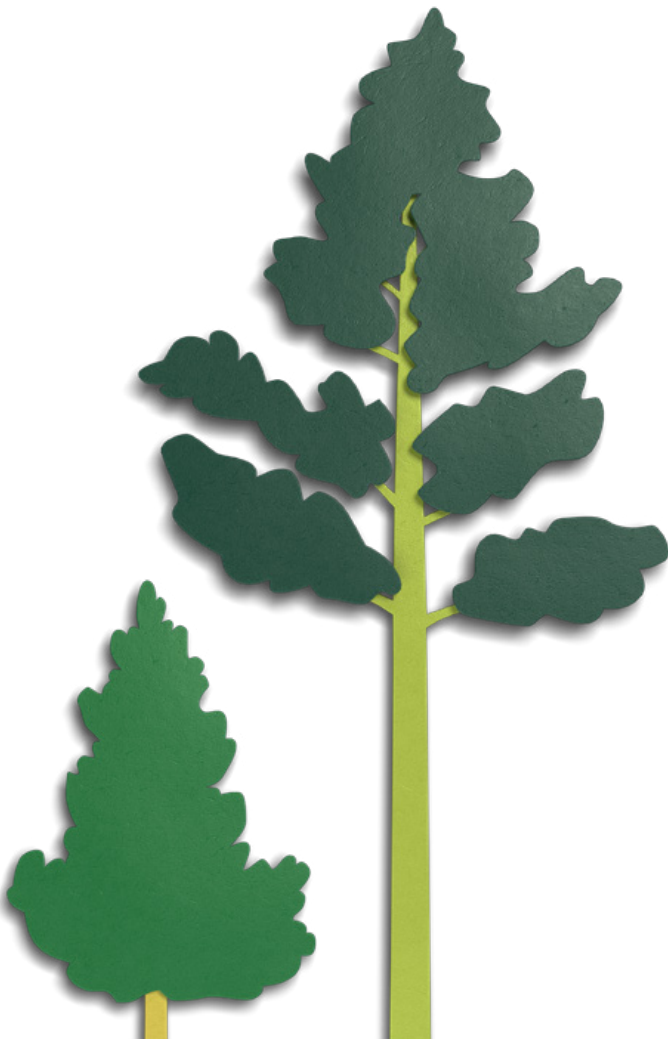
MILL EMISSIONS

Sawn green timber is dried in steam-heated kilns to produce kiln-dried products. The Jubilee Sawmill kilns are heated using steam generated by wood-fired boilers. Emissions from these boilers are regulated under the Environment Protection Act, 1993. Changes to these regulations in 2016 reduced the allowable in-stack concentration of particulate matter.

As a result of this change, the Jubilee Mill was required (Pursuant licence requirements issued under the Environment Protection Act 1993) to develop an Air Quality Environmental Improvement Program regarding emissions from the wood-fired boilers.

The Environment Improvement Plan details action to be undertaken to ensure that particulate emissions from the heat plant do not exceed ground-level concentration limits and timeframes for completion.

The Environment Improvement Plan has seen the start of a \$4 million upgrade of the air-pollution control equipment for the two boilers at the Jubilee Sawmill site. This will ensure that the emissions meet the new standards.



BUSHFIRE MANAGEMENT

ONEFORTYONE IS PROUD OF ITS TEAM OF WORLD-CLASS FOREST FIREFIGHTERS, WITH ITS LONG HISTORY OF WELL-ESTABLISHED FIRE READINESS AND RESPONSE SYSTEMS, TOGETHER WITH HIGH LEVELS OF TRAINING AND EXPERIENCE.

OneFortyOne’s highly trained firefighters are supported by a fleet of seven specialised Fire King trucks – the biggest single fleet among Green Triangle forest growers. These are supported by four bulk water carriers, three quick response vehicles and one bulldozer. The company’s Green Triangle firefighting resources are located at Mount Gambier, Mount Burr, Glencoe, Penola, Comaum and Noolook during the fire season.

Reducing the risk of fires begins well before fire season. OneFortyOne maintains a large network of fire breaks across its forests that are slashed, ploughed and sprayed.

OneFortyOne operates a fire brigade within the Country Fire Service in South Australia and the Country Fire Authority in Victoria. The team comprises corporate, operational employees and contractor crews, who work closely with the state fire services in responding to fires on OneFortyOne’s estate, nearby private land and land managed by other forest growers.

		2014	2015	2016	2017	2018
FIREFIGHTERS	Front Line	78	89	101	99	84
	Support	9	9	9	9	15
	TOTAL	87	98	110	108	99
FIRES ATTENDED		15	36	34	15	29
AREA OF PLANTATION BURNT		17.0	499.3	1.5	10	38.7

*Australia only figures



OUR COMMUNITIES

OneFortyOne has a strong and lasting commitment to the communities which it is a part of. OneFortyOne believes it is important that our initiatives help define a vibrant and thriving community, focused on the wellbeing of its people and the creation of a positive future.

SINCE 2012, ONEFORTYONE HAS CONTRIBUTED MORE THAN \$1 MILLION IN DONATIONS TO A RANGE OF COMMUNITY PARTNERSHIPS AND INITIATIVES.

Our major partnerships are with the Stand Like Stone Foundation and Nature Glenelg Trust.

Nelson Forests also have a long commitment to the local community and OneFortyOne look forward to continuing this in the future.

CAPACITY BUILDING

OneFortyOne has partnered with the Stand Like Stone Foundation since 2014 to deliver a Community Capacity Building Grants Program. The program injects resilience into the heart of the region's communities.

During the past year, the OneFortyOne Community Capacity Building Grants program distributed \$50,000 into the community through the following projects:

- Youth Opportunities Association (SA), to assist personal leadership programs
- Foodbank of South Australia Inc, to increase capacity of the warehouse in Mt Gambier
- The Limestone Coast Migrant Resource Centre (AMRC), to build a community vegetable garden
- The Naracoorte Independent Learning Centre, to support a student tour of Cambodia
- Centacare Catholic Family Services, to create a mobile toy library to service the Wattle Range region



HEALTH AND WELLNESS

OneFortyOne sponsored various local events and initiatives throughout the year including Mount Gambier's Blue Lake Fun Run.

The Blue Lake Fun Run is held every year in December. Organised by the Lakes Rotary Club the family-friendly fun run winds along a scenic course in Mount Gambier incorporating the Blue Lake. It's a true community event which each year attracts more than 1,000 runners including a team from across the OneFortyOne business. Proceeds from the event, which has been running since 2010, have helped community groups and schools throughout the region.



SCHOOLS

ONEFORTYONE CONTINUES TO COLLABORATE WITH LOCAL SCHOOLS THIS YEAR

The OneFortyOne Forests team started a partnership with Mount Gambier's Tenison Woods College, hosting students from across year levels in the forest for a tree planting day, teaching the students about the many benefits of sustainable forestry in the region.

The OneFortyOne Wood Products team has a long-standing relationship with Mount Gambier's Grant High School, and were instrumental in maintaining the woodworking class by donating all its timber needs for the whole year, ensuring students continue to learn the traditional craft of woodworking.



RECREATIONAL

OneFortyOne's works in collaboration with the South Australian Government to provide the community with recreational access to the forest, and continues to support local tourism events.

Our company's forests provide all with a wonderful opportunity to take a walk through the trees, to explore and find rare ghost mushrooms and reconnect with nature.

PINES ENDURO

OneFortyOne is proud to continue our support of the Pines Enduro off-road competition, promoted by the Millicent Sand Buggy Club. The event attracts competitors from across the country, and is the only Australian event of its type held in a pine forest, with the course including 70km of tracks and roadways within the Mount Burr forest.

GHOST MUSHROOMS

During May and June each year, luminous mushrooms can be found growing in the company's pine forest. This discovery has led to a partnership with ForestrySA and Tourism Mount Gambier to provide the public with an after-dark forestry experience to see the mushrooms.

In 2017 more than 18,500 people visited the forest for ghost mushrooms, which grew to more than 20,000 people in 2018.



