

15 June 2015

The Secretary
Australian Securities and Investments Commission
PO Box 4000
GIPPSLAND MAIL CENTRE VIC 3841

Dear Sir/Madam

Willmott Forests Ltd
ACN 063 263 650 (WFL)

Willmott Finance Pty Ltd
ACN 081 274 811 (WFIN)

Willmott Forest Products Pty Ltd
ACN 103 019 094 (WFP)

Willmott Forests Investment Management Pty Ltd
ACN 098 718 837

Willmott Forest Nominees Pty Ltd
ACN 085 588 772

Willmott Energy Pty Ltd
ACN 130 251 759

Willmott Subscriber Pty Ltd
ACN 134 963 027

Bioenergy Australia Pty Ltd
ACN 096 335 901

Bioforest Ltd
ACN 096 335 876 (Bioforest)

Willmott Notes Pty Ltd
ACN 134 963 036

(All Receivers and Managers Appointed) (All In Liquidation)
(The Willmott Group)

An annual general meeting of the Willmott Group and its creditors will not be convened pursuant to Section 508(1)(b)(i) of the Corporations Act 2001 (**the Act**). In lieu of the annual general meeting, we provide this report in accordance with Section 508(1)(b)(ii) of the Act.

This is our fourth annual report for the Willmott Group and is set out in accordance with Section 508(3) of the Act.

1. Conduct of the liquidation and the Liquidators' acts and dealings

Below is the summary of the key actions completed by the Liquidators over the past 12 months. We provide specific details on these tasks throughout this report.

Section	Summary
1.1	Continued role of Responsible Entity (RE), including distributing funds, party to legal action and liaison with growers
1.2	Finalising the Contractual and Partnership Schemes (C&P Schemes) sale campaign and realisation of other unencumbered assets held by WFL
1.3	Legal actions
1.4	Ongoing investigations
1.5	Distributions to Unsecured Creditors
1.6	Receipts and Payments summary

The Receivers and Managers (**Receivers**) remain appointed to the Willmott Group.

1.1 RE Related tasks

1.1.1 Distributions

We have undertaken a robust distribution process to ensure the appropriate schemes and growers receive their entitlement.

We have distributed all monies to growers of the Registered and Professional Investor schemes (see Schedule 1), where no competing claims exist.

Certain funds distributed under the sale proceeds distributions were not claimed (**Unclaimed Monies**) and as a result, we sent these monies to the Australian Securities and Investments Commission (**ASIC**) Unclaimed Monies Division on 16 January 2015. We are awaiting confirmation from ASIC that it will accept and hold the Unclaimed Monies.

We continue to hold funds on trust where a competing claim exists, until we receive either:

- a Direction to Pay form from the grower directing funds to their financial institution
- evidence of loan settlement and confirmation from their financial institution that no competing claim exists.

We will finalise the winding up of the registered schemes once all funds have been distributed, including competing claims.

1.1.2 Willmott Forests Premium Timberland Fund No 1 (Timberland)

Timberland is a public trading trust which operated as part of the Willmott Group. All the assets of Timberland have been sold and we are in the process of finalising the winding up of the scheme.

We have recently received taxation clearance from the Australia Taxation Office confirming there are no outstanding taxation matters relating to Timberland.

Finalisation of Timberland is expected by 31 December 2015 upon:

- final distribution of any surplus funds (if applicable) to unit holders of Timberland
- winding up accounts being prepared, audited and lodged with ASIC (subject to any relief available).

1.2 Liquidation realisations

WFL held unencumbered assets not subject to the Receivers' security. These assets are able to be realised by the Liquidators for the benefit of unsecured creditors.

1.2.1 C&P Schemes

A majority of the C&P Scheme (see Schedule 2) leases expired on or before 17 June 2013 and we disclaimed the remaining leases pursuant to the High Court of Australia decision handed down on 4 December 2013.

Following the lease disclaimer, we engaged with a number of parties who had participated in the original sale campaign in 2011. One of these parties remained interested in purchasing the C&P land and trees. The Liquidators entered into a sale agreement with this party in February 2015, with settlement occurring in May 2015.

We will account to growers (subject to any competing claims) for the net proceeds of sale which is allocated to the trees (less approved costs), notwithstanding the High Court's finding that the growers' interest in the land is terminated as a consequence of the disclaimer.

We expect the distribution process to growers to occur during financial year 2015/16.

1.2.2 Willmott Forests 1995-1999 Projects (95-99 Projects)

In April 2013 we made an application to the Court seeking directions that:

- the land on which the 95-99 Projects is planted (**the Land**) is not scheme property
- the costs incurred by WFL, whilst RE of the 95-99 Projects, are scheme liabilities and should be met from the assets of the 95-99 Projects (**Lien Claim**)

In December 2013 the Court ordered that the Land is not scheme property. Therefore the Land is an asset that can be realised by WFL for the benefit of its unsecured creditors.

WFL's application for orders against Primary Securities Ltd (Primary) (current Responsible Entity) regarding the Lien Claim against the scheme assets was heard in 2014. The Court handed down its decision in April 2015 and ruled in favour of WFL (i.e. costs incurred by WFL are scheme liabilities and should be met from scheme assets). We are still waiting for final Court orders. Primary has indicated it may appeal the Lien Claim decision. Funds recovered from the 95 - 99 Projects will become an asset of WFL for the benefit of its unsecured creditors.

Primary has indicated it intends to continue the 95-99 Projects until the trees reach full maturity (sometime between 2020 and 2024). The Liquidators are currently considering the options available to them regarding the realisation of the Land to maximise the benefit for unsecured creditors and not cause any untimely delay to finalisation of the liquidation.

1.2.3 WFP assets

WFP is a non-trading entity of the Willmott Group. Its sole purpose was to hold the titles of the properties for a former timber processing facility located in Bombala.

<u>Assets</u>	<u>Status</u>
Residential property	Settled on 24 September 2013
Decommissioned sawmill vacant land	Sale campaign finalised, no offers forthcoming.

There was no interest in the sawmill land. We are currently considering our options in respect of the sawmill land, including:

- assignment of the land to the Bombala Council
- disclaimer of land (land returns to the Crown).

It is unlikely there will be funds available from the net proceeds of the asset realisations to be distributed to WFP's unsecured creditors.

We will commence finalisation of the liquidation upon:

- assignment / disclaimer of the sawmill land
- retirement of the Receivers.

1.3 Legal Actions

1.3.1 Class Actions

Growers in the 2007 to 2010 schemes operated by WFL issued group proceedings in the Federal Court of Australia in 2011 against WFL, its subsidiary Bioforest, the directors, as well as against the lenders through whom a number of the growers financed their investment.

The Growers in the proceedings alleged that the schemes' product disclosure statements were misleading and deceptive and sought damages and other orders.

The representative growers and the respondents reached a settlement agreement during mediation which was held in December 2014 whereby the respondents agreed to pay:

- \$3.1 million in settlement of the proceedings relating to the 2007 to 2009 schemes; and
- \$1.408 million in settlement of the proceeding relating to the 2010 scheme.

A copy of the settlement terms has been published on the website of the solicitors for the applicants, M+K Lawyers.

The settlement agreement requires the approval of the Federal Court. The approval hearing has been set down for 23 July 2015. It is likely that the Court will reserve its decision and judgment will be handed down some months' later.

1.3.2 Joinder Actions

A number of growers financed their investment. The financiers include the Commonwealth Bank of Australia Limited, MIS Funding No 1 Pty Ltd and Willmott Finance Limited (Receivers and Managers Appointed)(In Liquidation). Willmott Finance's loan book is in the control of the Receivers.

In some instances the financiers have commenced proceedings against growers to recover these loans. WFL is occasionally joined as a party to these proceedings. We take a passive role in these actions to preserve the funds available to unsecured creditors.

1.4 Investigations

We are continuing our investigations into the Willmott Group's business model and financial accounts identified in the Section 439A report to Creditors dated 14 March 2011.

Proceedings were commenced against the former auditor of the Willmott Group in August 2014. The public examination process was held in February 2015 with the former auditor being summoned to produce records and answer various questions in relation to the audit of the financial reports from financial years 2007 through to 2009. A summons for the production of further material has been delayed due to the ill-health of the former auditor.

The investigation is unlikely to be resolved for another 12 months.

1.5 Distribution to Unsecured Creditors

A distribution to unsecured creditors is dependent on surplus funds being retained following the:

- realisation of the remaining land assets (refer section 1.2)
- resolution of the class action (refer section 1.3.1)
- conclusion of investigations and the recovery of any funds (refer section 1.4).

1.6 Receipts and Payments

Pursuant to Section 539 of the Act, details of all receipts and payments since becoming Liquidators have been lodged with ASIC for each of the companies in the Willmott Group.

For convenience please find attached a summary of our receipts and payments for the past 12 months (23 March 2014 to 22 March 2015) for each entity of the Willmott Group.

2. Actions to be carried out

The following tasks are required to be completed prior to the finalisation of the liquidation:

- realise the remaining assets (refer section 1.2)
- conclude any legal proceedings (refer section 1.3)
- our investigations into the affairs of the Willmott Group (refer section 1.4)
- the retirement of the Receivers.

3. Estimated time to completion of the liquidation

We expect that we will be unable to retire as Liquidators for at least a further one to two years.

Yours faithfully

A handwritten signature in blue ink, consisting of two distinct parts. The first part is a large, stylized 'C' followed by a horizontal line. The second part is a smaller, more fluid signature.

Craig Crosbie and Ian Carson
Liquidators

Enc.

Date of appointment:	22 March 2011
Contact name:	Tina Tran
Telephone number:	+61 3 9269 4000
Email:	willmott@ppbadvisory.com

Schedule 1

Registered and Professional Investor Schemes

- 1 Willmott Forests – Professional Investor 2001 Scheme
- 2 Willmott Forests – Professional Investor 2002 Scheme
- 3 Willmott Forests – Professional Investor 2003 Scheme
- 4 Willmott Forests – Professional Investor 2004 Scheme
- 5 Willmott Forests – Professional Investor 2006 Scheme
- 6 2005 BioForest Wholesale Project No 2
- 7 Willmott Forests Project – 1999 Prospectus
- 8 Willmott Forests Project – 2000 Prospectus
- 9 Willmott Forests Project – 2001 Prospectus
- 10 Willmott Forests Project – 2002 Prospectus
- 11 Willmott Forests Project – 2003 Prospectus
- 12 Willmott Forests Project – 2004 PDS
- 13 Willmott Forests Project – 2006 PDS
- 14 Willmott Forests Project – 2007 PDS
- 15 Willmott Forests 1989-1991 Project – 1989 Prospectus
- 16 Willmott Forests 1989-1991 Project – 1990 Information Memorandum
- 17 Willmott Forests 1989-1991 Project – 1990 Prospectus
- 18 Willmott Forests 1989-1991 Project – 1991 Prospectus
- 19 BioForest Dual Income Project 2006 PDS
- 20 BioForest Sustainable Timber and Biofuel Project 2007 PDS
- 21 Willmott Forests Premium Forestry Blend Project 2009 PDS
- 22 Willmott Forests Premium Forestry Blend Project 2010 PDS
- 23 Willmott Forests Premium Timberland Fund No 1

Schedule 2

Contractual Schemes

- 1 1983 (No Project)
- 2 1984 (No Project)
- 3 1985 (No Project)
- 4 1986 (No Project)
- 5 1987 (No Project)
- 6 1989 (No Project)
- 7 1990 (No Project) Interest Only Offer
- 8 1991 (No Project)
- 9 1995 (No Project) (Custom)
- 10 Sharp/Reed Plantation Project -1998 Information Memorandum

Partnership Schemes

- 11 McKenzie & Partners - Forestry Partnership No.1 (1993)
- 12 Grimsey & Associates Pty Ltd - Forestry Partnership No. 1 (1994)
- 13 Grimsey & Associates Pty Ltd - Forestry Partnership No. 2 (1994)
- 14 Grimsey & Associates Pty Ltd - Forestry Partnership No. 3 (1994)
- 15 McKenzie & Partners - Forestry Partnership No. 2 (1994)

Bioforest Ltd
(Receivers and Managers Appointed) (In Liquidation)

Receipts and Payment Summary to 22/03/2015

	\$
Total receipts for previous 12 months	219,567.63
Total payments for previous 12 months	<u>(235,306.24)</u>
Net receipts (payments) for previous 12 months	<u>(15,738.61)</u>
Total receipts to date for the liquidation period	1,083,675.11
Total payments to date for the liquidation period	<u>(1,083,503.63)</u>
Net receipts (payments) for the liquidation period	<u>(171.48)</u>

Willmott Forests Ltd as RE for the Willmott Forests Premium Timberland Fund No 1
(Receivers and Managers Appointed) (In Liquidation)

Receipts and Payment Summary to 22/03/2015

	\$
Total receipts for previous 12 months	11,500.47
Total payments for previous 12 months	<u>(81,842.31)</u>
Net receipts (payments) for previous 12 months	<u>(70,341.84)</u>
Total receipts to date for the liquidation period	208,437.65
Total payments to date for the liquidation period	<u>(654,585.38)</u>
Net receipts (payments) for the liquidation period	<u>(446,147.73)</u>

Willmott Forests Products Pty Ltd
(Receivers and Managers Appointed) (In Liquidation)

Receipts and Payment Summary to 22/03/2015

	\$
Total receipts for previous 12 months	4,597.67
Total payments for previous 12 months	<u>(4,917.11)</u>
Net receipts (payments) for previous 12 months	<u>(319.44)</u>
Total receipts to date for the liquidation period	245,585.95
Total payments to date for the liquidation period	<u>(109,367.25)</u>
Net receipts (payments) for the liquidation period	<u>136,218.70</u>

Willmott Forests Ltd
(Receivers and Managers Appointed) (In Liquidation)

Receipts and Payment Summary to 22/03/2015

	\$
Total receipts for previous 12 months	1,651,149.56
Total payments for previous 12 months	<u>(6,800,416.56)</u>
Net receipts (payments) for previous 12 months	<u><u>(5,149,267.00)</u></u>
Total receipts to date for the liquidation period	32,596,997.14
Total payments to date for the liquidation period	<u>(28,923,520.91)</u>
Net receipts (payments) for the liquidation period	<u><u>3,673,476.23</u></u>

Willmott Forests Investment Management Pty Ltd
(Receivers and Managers Appointed) (In Liquidation)

Receipts and Payment Summary to 22/03/2015

	\$
Total receipts for previous 12 months	-
Total payments for previous 12 months	<u>-</u>
Net receipts (payments) for previous 12 months	<u><u>-</u></u>
Total receipts to date for the liquidation period	-
Total payments to date for the liquidation period	<u>-</u>
Net receipts (payments) for the liquidation period	<u><u>-</u></u>

Willmott Forests Nominees Pty Ltd
(Receivers and Managers Appointed) (In Liquidation)

Receipts and Payment Summary to 22/03/2015

	\$
Total receipts for previous 12 months	-
Total payments for previous 12 months	<u>-</u>
Net receipts (payments) for previous 12 months	<u><u>-</u></u>
Total receipts to date for the liquidation period	-
Total payments to date for the liquidation period	<u>-</u>
Net receipts (payments) for the liquidation period	<u><u>-</u></u>

Bioenergy Australia Pty Ltd
(Receivers and Managers Appointed) (In Liquidation)

Receipts and Payment Summary to 22/03/2015

	\$
Total receipts for previous 12 months	-
Total payments for previous 12 months	-
Net receipts (payments) for previous 12 months	-
	<hr/> <hr/>
Total receipts to date for the liquidation period	-
Total payments to date for the liquidation period	-
Net receipts (payments_ for the liquidation period	-
	<hr/> <hr/>