

Our Ref: 2931782

21 June 2016

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

<b>Section</b>	<b>Summary</b>
<b>1.1</b>	Responsible Entity ( <b>RE</b> ) related tasks
<b>1.2</b>	Liquidation tasks
<b>1.3</b>	Legal actions
<b>1.4</b>	Ongoing investigations
<b>1.5</b>	Distributions to unsecured creditors
<b>1.6</b>	Receipts and Payments summary

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

## **1.1 RE Related tasks**

### **1.1.1 Distributions**

We have distributed to growers of the Registered and Professional Investor schemes (see Schedule 1) monies from the realisation of scheme assets (net of costs), where no competing claims exist.

All unclaimed distribution funds were sent to the Australian Securities and Investments Commission (**ASIC**) Unclaimed Monies Division on 1 July 2015.

We are continuing to hold funds which are subject to 963 competing claims. These funds will be disbursed when we receive directions from the relevant growers.

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

### **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.

The finalisation of Timberland has been delayed due to difficulties in locating information and documentation required by the auditor to complete the audit of the scheme accounts, which must be lodged with ASIC prior to finalising the wind-up of the scheme.

Timberland is expected to be finalised by 30 June 2016, upon completion of the following tasks:

- final distribution of surplus funds to unit holders
- final accounts being lodged with ASIC.

## **1.2 Liquidation tasks**

Detailed in this section are key tasks completed by the Liquidators since our last report.

### **1.2.1 Contractual & Partnership (C&P) Schemes**

Settlement of the sale of the C&P Schemes' land and trees occurred in May 2015. Net proceeds from the land (an asset of WFL) totalled \$2.1m.

We recently distributed net proceeds from the sale of the trees to the growers of the various C&P Schemes (see Schedule 2).

The winding up of the C&P Schemes is expected to be finalised by 30 June 2016.

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

The 95-99 Projects are conducted on land belonging to WFL and comprise 15 plantations. The Kybayan plantation land was sold and settled on 8 March 2016.

We are currently in negotiations in relation to the sale of the remaining 95-99 Projects land, conditional on the outcome of the legal proceedings (see comments in section 1.3.1).

### 1.2.3 WFP assets

WFP is a non-trading entity of the Willmott Group, which owned the following properties located in Bombala, NSW:

Assets	Status
Residential property	Sold and settled on 24 September 2013
Bombala Sawmill	Disclaimed on 24 March 2016

We disclaimed the Bombala Sawmill because:

- there was no meaningful interest in the property despite:
  - a sale campaign in mid-2011
  - an expression of interest campaign in September 2014
  - listing with a real estate agent from September 2014 to March 2016.
- the property is valued at nil, due to its limited use and potential contamination issues
- ongoing holding costs were being incurred, such as council rates and maintenance costs.

We explored the possibility of assigning the Bombala Sawmill to the Bombala Council in return for a waiver of the outstanding rates (c\$35k), however our proposal was rejected by the Bombala Council.

There will be insufficient funds available to allow a distribution to WFP's unsecured creditors.

We will commence finalisation of the liquidation upon retirement of the Receivers, which is not expected to occur until December 2018.

## 1.3 Legal Actions

### 1.3.1 95-99 Projects

#### Lien claim

In April 2015, the Court held that 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**).

Primary Securities Ltd (**Primary**), the replacement RE of the 95-99 Projects, has appealed the Court's decision regarding the Lien Claim.

#### Disclaimer and breach notices

In December 2015, we served:

- breach notices in relation to leases held by growers in the 95-99 Projects who had 'opted out' and were no longer taking part in the projects
- disclaimer notices to growers in relation to the leases of all other 95-99 Projects.

Primary has commenced proceedings to challenge the breach notices and set aside the disclaimer notices. These proceedings are scheduled for trial in February 2017. In the meantime, the leases remain on foot.

We have agreed not to terminate the leases subject to the breach notices, pending resolution of the proceedings.

The disclaimer notices do not take effect until the completion of the legal proceedings, per section 568C(2) of the Act.



### 1.3.2 Class Actions

Growers in the 2007 to 2009 schemes operated by WFL issued group proceedings in the Federal Court of Australia (**Federal Court**) 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 Loans**). Growers in the 2010 scheme operated by WFL issued similar group proceedings in the Federal Court in 2013 against WFL, the directors and the lenders through whom growers financed their Loans.

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

A settlement was reached in December 2014, subject to approval by the Federal Court.

In April 2016, the Federal Court rejected the settlement for a number of reasons. We are currently in discussions with all parties related to the class action to negotiate revised settlement terms before a case management conference is conducted.

### 1.3.3 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**). Willmott Finance's loan book is under 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 Ongoing investigations

Our investigations into the Willmott Group have identified a commercial claim against WFL's former auditor, Armstrong Partners (**the Auditor**).

Proceedings were commenced against the Auditor in August 2014.

The Auditor's solicitors unsuccessfully applied to the Court to have our claim struck out. We were subsequently required to file an amended statement of claim, which the Auditor's solicitors have also objected to. It is our intention to continue to pursue this claim.

It is unclear how long it will take to finalise these proceedings.

## 1.5 Distribution to unsecured creditors

It is unlikely there will be sufficient asset realisations to enable a distribution to unsecured creditors.

## 1.6 Receipts and Payments summary

Pursuant to Section 539 of the Act, details of all receipts and payments since the appointment of 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 2015 to 22 March 2016) for each entity of the Willmott Group.

## 2. Actions to be carried out

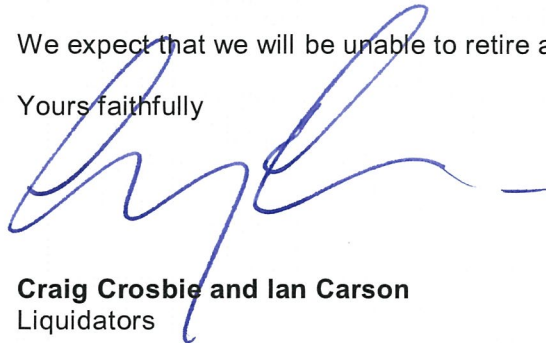
The following tasks are required to be completed prior to the finalisation of the various liquidations:

- realise the remaining assets (refer section 1.2)
- conclude any legal proceedings (refer section 1.3)
- finalise our investigations into the affairs of the Willmott Group and pursue identified commercial claims (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



**Craig Crosbie and Ian Carson**  
Liquidators

Enc.

Date of appointment:	22 March 2011
Contact name:	Kimberley Milne
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 22/03/2016**

	\$
Total receipts for previous 12 months	253,400.98
Total payments for previous 12 months	(237,804.64)
Net receipts (payments) for previous 12 months	<u>15,596.34</u>
Total receipts to date for the liquidation period	1,337,076.09
Total payments to date for the liquidation period	(1,321,308.27)
Net receipts (payments) for the liquidation period	<u>15,767.82</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 22/03/2016**

	\$
Total receipts for previous 12 months	9,300.15
Total payments for previous 12 months	(32,510.55)
Net receipts (payments) for previous 12 months	<u>(23,210.40)</u>
Total receipts to date for the liquidation period	405,432.88
Total payments to date for the liquidation period	(119,117.01)
Net receipts (payments) for the liquidation period	<u>286,315.87</u>

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

**Receipts and Payment Summary to 22/03/2016**

	\$
Total receipts for previous 12 months	2,413.97
Total payments for previous 12 months	(4,051.59)
Net receipts (payments) for previous 12 months	<u>(1,637.62)</u>
Total receipts to date for the liquidation period	247,999.92
Total payments to date for the liquidation period	(113,418.84)
Net receipts (payments) for the liquidation period	<u>134,581.08</u>



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

**Receipts and Payment Summary to 22/03/2016**

	\$
Total receipts for previous 12 months	5,332,506.31
Total payments for previous 12 months	<u>(3,611,233.05)</u>
Net receipts (payments) for previous 12 months	<u>1,721,273.26</u>
Total receipts to date for the liquidation period	37,945,552.30
Total payments to date for the liquidation period	<u>(32,550,802.81)</u>
Net receipts (payments) for the liquidation period	<u>5,394,749.49</u>

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

**Receipts and Payment Summary to 22/03/2016**

	\$
Total receipts for previous 12 months	-
Total payments for previous 12 months	<u>-</u>
Net receipts (payments) for previous 12 months	<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>

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

**Receipts and Payment Summary to 22/03/2016**

	\$
Total receipts for previous 12 months	-
Total payments for previous 12 months	<u>-</u>
Net receipts (payments) for previous 12 months	<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>

**Willmott Energy Pty Ltd**  
**(Receivers and Managers Appointed) (In Liquidation)**

**Receipts and Payment Summary to 22/03/2016**

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

**Willmott Finance Pty Ltd**  
**(Receivers and Managers Appointed) (In Liquidation)**

**Receipts and Payment Summary to 22/03/2016**

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

**Willmott Notes Pty Ltd**  
**(Receivers and Managers Appointed) (In Liquidation)**

**Receipts and Payment Summary to 22/03/2016**

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

**Willmott Subscriber Pty Ltd**  
**(Receivers and Managers Appointed) (In Liquidation)**

**Receipts and Payment Summary to 22/03/2016**

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

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

**Receipts and Payment Summary to 22/03/2016**

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