

IN THE FEDERAL COURT OF AUSTRALIA  
VICTORIA DISTRICT REGISTRY

No. VID 1019 of 2010

IN THE MATTER OF WILLMOTT FORESTS LIMITED (RECEIVERS AND MANAGERS  
APPOINTED) (ADMINISTRATORS APPOINTED)  
ACN 063 263 650

WILLMOTT FORESTS LIMITED (RECEIVERS AND MANAGERS APPOINTED)  
(ADMINISTRATORS APPOINTED)  
ACN 063 263 650

IN ITS PERSONAL CAPACITY AND IN ITS CAPACITY AS RESPONSIBLE ENTITY OF  
EACH OF THE MANAGED INVESTMENTS SCHEMES LISTED IN SCHEDULE 1 AND IN  
ITS CAPACITY AS MANAGER OF THE UNREGISTERED MANAGED INVESTMENT  
SCHEMES LISTED IN SCHEDULE 2  
First Plaintiff

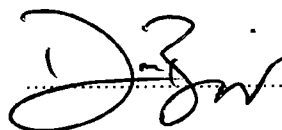
CRAIG DAVID CROSBIE  
Second Plaintiff

IAN MENZIES CARSON  
Third Plaintiff

**CERTIFICATE IDENTIFYING EXHIBIT**

This is the exhibit marked "CDC-14" now produced and shown to **CRAIG DAVID CROSBIE**  
at the time of swearing his affidavit on 4 February 2011.

Before me: .....



DANIEL JOSEPH BRIGGS  
Arnold Bloch Leibler  
Level 21, 333 Collins Street  
Melbourne 3000  
An Australian Legal Practitioner within the  
meaning of the Legal Profession Act 2004

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Filed on behalf of the Plaintiffs  
**ARNOLD BLOCH LEIBLER**  
Lawyers and Advisers  
Level 21  
333 Collins Street  
Melbourne 3000  
ABU/1352538v1

DX 38455 Melbourne  
Tel: 9229 9999  
Fax: 9229 9900  
Ref: 01-1565015  
(Leon Zwier)



Willmott Growers Group Inc (Vic) ABN 34 287 512 211  
Level 17 Rialto North Tower, 525 Collins Street MELBOURNE VIC 3000  
www.willmottgrowersgroup.com.au

23 December 2010

Dear Grower

**Re: Willmott Forests 1995-1999 Project (ARSN 089 589 612) - Notice of Meeting**

We refer to your investment in the Willmott Forests 1995 - 1999 Project (ARSN 089 589 612) ("the Scheme").

As you are aware, Willmott Forests Ltd ("WFL"), the manager of the Scheme, was placed in Receivership and Administration on 6 September 2010. As a consequence, your investment:

- No longer has an effective manager; and
- Is under the control of the Administrator, Ian Carson and Craig Crosbie of insolvency firm PPB, who represent all unsecured creditors, including the banks, and therefore has an inherent conflict with the interest of Growers..

Willmott Growers' Group Inc ("WGG") is calling a meeting of Growers of the Scheme in order to put resolutions to a vote of Growers which have the effect of:

1. Changing the Responsible Entity ("RE") of the Scheme and therefore move control of the Scheme to a party which solely represents Growers' interests; and
2. Change the constitution of the Scheme to enable the new RE to invoice Growers for the annual cost of maintaining their investment through to the year in which it will be clear felled.

**Notice of Meeting**

Attached are the following documents for your information:

1. Notice of meeting to be held on 4 February 2011; and
2. Background on the current situation which has caused WGG to be formed and has led to this action being put to Growers

WGG will forward to you at least 2 weeks before the date of the meeting an Explanatory Memorandum which will have sufficient information for you to make an informed vote.

**Interim Support**

Now that WGG has initiated the process of reconstructing the Scheme, the group requires financial support from Scheme Growers of \$200 per hectare in order to fund the process (including legal fees and due diligence costs) to effect the above changes and fund the transition to a new RE.

All contributions to WGG prior to reconstruction of the schemes will be accounted for on an individual basis, and following a vote in favour of the resolutions any surplus funds will be considered for a credit against all future invoices for Scheme fees.

Your contribution is vital to the success of this process and we attach a contribution form for your use.



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An explanatory memorandum will be issued in January providing details of the WGG proposal and the resolutions set out for the meeting. Additional information will be available on the WGG website ([www.willmottgrowersgroup.com.au](http://www.willmottgrowersgroup.com.au)).

We look forward to your support.  
Yours faithfully

A handwritten signature in black ink, appearing to read 'P. Challis', with a long horizontal stroke extending to the right.

**PAUL CHALLIS**  
Willmott Growers Group Inc (Vic)

## **Background Paper to the Willmott Growers Group Proposal December 2010**

The Grimsey accounting and wealth management practice has had dealings with Willmott Forest Limited since 1993 and as a consequence a number of Grimsey clients have invested in Willmott Forests projects.

Upon notification of the appointment of receivers and managers to Willmott, Grimseys incorporated the Willmott Growers Group (WGG) to provide a mechanism for Growers' interests to be represented at the first creditors' meeting as well as to canvas the commercial aspects of the Growers' position.

This representation has resulted in assuring the appointment of a well resourced and qualified Administrator to Willmott in PPB to replace the director appointee.

WGG requested Paul Challis, the Managing Director of Redisland Australia Limited (RLA), to investigate the position of Growers and, if practical, develop commercial options for Growers to consider.

RLA is a public company which manages other MIS schemes in which the Grimsey clients have invested and accordingly is associated with the principals of Grimseys. The company has experience in developing MIS projects and the commercial issues in operating such schemes. Paul Challis also has considerable experience in representing Growers' interests in the earlier administrations of MIS companies.

RLA has developed a broad outline of a proposal which it considers best protects Growers' interests and carries the schemes forward. Naturally, should the proposal be adopted by Growers, it is expected that RLA will have an ongoing role in the management and administration of the schemes for which it will be remunerated. Once quantified, this fee will be disclosed to Growers through the relevant explanatory memorandum.

### **Growers' position**

The Growers position can be summarised as follows:

- With the failure of WFL, growers have in substance lost their forest manager and effectively any prepaid management fees or management contract they may have had.
- The trees have been planted (with the exception of part of the 2009 and the 2010 projects) .
- The land tenure while strong is, however, uncertain while the Responsible Entity remains in the control of the Administrators

It is unlikely that anyone other than the Growers will contribute to the maintenance of their plantations. Accordingly there is a need for the schemes to be amended to become contributory schemes enabling Growers to make annual contributions to the ongoing maintenance through to clear fell.

In general, given that the plantation establishment costs have been sunk, early indications are that the future value of the harvest should exceed the cost of the remaining maintenance and associated scheme management fees, especially in relation to the older plantations. Accordingly, WGG has formed a view, subject to final due diligence and a complete site survey, that the earlier schemes should be commercially viable and the later schemes are likely to be commercially viable but require detailed analysis before a firm view can be reached.

### **The proposal**

The outline of the proposal put to WGG involves reconstituting the schemes in order that Growers' interests are maintained. The steps involved are:

- Call a meeting of the relevant schemes and projects
- Where necessary, change the RE to one which is independent of WFL, the Receivers and Administrators and who also supports the underlying proposal.
- Amend the constitutions of the schemes and any underlying documentation to allow for Growers to be individually invoiced for the maintenance of their interests.
- Arrange an underwriting facility to ensure the schemes and projects do not fail purely because some growers are unable or unwilling to meet the require maintenance charge. (Although arranging of this underwriting is likely to be best done after the vote of Growers has endorsed the transfer of RE.)
- Confirm the details of the management plan through detailed due diligence and site survey
- Appoint a forestry manager who is able to complete the necessary works.

To a large extent, these steps are not sequential, but need to be addressed prior to the implementation of the plan. RLA is continuing to have discussions with commercial parties including Primary Securities Ltd and HVP Plantations on each of these steps.

The expectation is that the annual fee will be in the region of \$200 to \$300 per hectare (prorata for woodlots) with some flexibility where the trees are younger or in exceptional years. A one off fee in the first year to cover the reconstruction costs of the schemes is also likely - it is expected that this fee would be similar to an annual charge.



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Level 17 Rialto North Tower, 525 Collins Street MELBOURNE VIC 3000  
www.willmottgrowersgroup.com.au

Willmott Growers' Group  
31 Lakewood Boulevard  
Braeside Vic 3195

Attention: Paul Challis

Date: ...../...../.....

**Contribution Payment - Willmott Forests 1995-1999 Project (ASRN 089 598 612)**

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Grower name: .....

Growers' address: .....

Contact phone  
number .....

Number of hectares: .....

Contribution per  
hectare:           x \$200

Total contribution   \$.....

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Payment can be made by Cheque payable to Willmott Growers Group Inc (Vic) or paid directly into the WGG bank account:

Account name       Willmott Growers Group Inc  
Bank                NAB

BSB                 083 155  
Account Number   18599 7678

(Please provide your name as the reference on any electronic transfer and return this form with the date of payment.)

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**Notice of meeting of Growers of  
Willmott Forests 1995-1999 Project  
ARSN 089 598 612**

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Growers of the Willmott Forests 1995-1999 Project ARSN 089 598 612 (the Project) who between them hold 5.7% (being at least 5%) of the votes that may be cast at a meeting of the Project's Growers, **HEREBY GIVE NOTICE** that they have pursuant to section 252D of the *Corporations Act, 2001* called and arranged a meeting of Growers ("Growers") of the Project at the time, date and place listed below to consider and vote on the resolutions specified in this notice.

Please refer to the Explanatory Memorandum that will be sent to Growers a reasonable time prior to the meeting for details of the changes to the Constitution and the Lease and Management Agreement and for other important information on the resolutions proposed. The Explanatory Memorandum and updates will also be available on the website of Primary Securities Ltd ([www.primarysecurities.com.au](http://www.primarysecurities.com.au)) and Willmott Growers Group Inc. ([www.willmottgrowersgroup.com.au](http://www.willmottgrowersgroup.com.au)).

**Time and date of Meeting:** 10 am on Thursday, 3rd February 2011

**Place of Meeting:** Clarendon Lawyers, Level 17, Rialto North Tower, 525 Collins Street, Melbourne

**Business:** **Election of Chairperson**

Pursuant to section 252S(3) of the Corporations Act, 2001, the Growers present at the meeting (in person or by proxy or attorney) must elect a member present to chair the meeting.

The first item of business will be to elect a member present to chair the meeting.

**Resolution 1**

**Ordinary Resolution – Approval of the Willmott Growers Group proposal.**

That the following resolution be passed as an Ordinary Resolution:

That, subject to Resolutions 2, 3 and 4 being passed, the Willmott Growers Group proposal as described in the Explanatory Memorandum given to growers be approved.

**Resolution 2**

**Special Resolution – Amendments to Project Constitution and consequential amendments to Lease and Management Agreements.**

That the following resolution be passed as a Special Resolution:

That the constitution for the managed investment scheme, **Willmott Forests 1995-1999 Project ARSN 089 598 612**, be amended as set out in the Annexure of the accompanying Explanatory Memorandum, with the changes to the Constitution taking effect upon lodgement of those amendments with the Australian Securities and Investment Commission in accordance with section 601GC(2) of the Corporations Act 2001.

**Resolution 3**

**Extraordinary Resolution – Change of Responsible Entity: Removal of Willmott Forests Limited ACN 063 263 650 (Receivers and Managers appointed) (Administrators appointed)**

That the following resolution be passed as an Extraordinary Resolution:

Subject to and conditional upon Resolution 1,2 and 4 being passed the current responsible entity of the **Willmott Forests 1995-1999 Project ARSN 089 598 612**, Willmott Forests Limited ACN 063 263 650 (Receivers and Managers appointed) (Administrators appointed) be removed as responsible entity of the Project.

**Resolution 4**

**Extraordinary Resolution – Change of Responsible Entity: Appointment of Primary Securities Limited ABN 96 089 812 635**

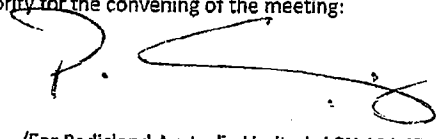
That the following resolution be passed as an Extraordinary Resolution:

Subject to and conditional upon Resolutions 1, 2 and 3 being passed, that Primary Securities Limited ABN 96 089 812 635 be appointed as the new responsible entity of **Willmott Forests 1995-1999 Project ARSN 089 598 612**.

The resolutions will be put to Growers provided that Primary Securities Limited has not withdrawn, before the commencement of the meeting, its written consent to act as the replacement responsible entity for the Project.

Signed as agent for Growers who between them hold more than 5% of the votes that may be cast at a general meeting of the Project and who have provided signed authority for the convening of the meeting:

  
For Grimsey Financial Services Pty Ltd ACN 113 911 247

  
/For Redisland Australia Limited ACN 104 555 455

Date of convening meeting: 23<sup>th</sup> December 2010

**Voting**

Proxy Vote - If you are unable to attend the meeting please complete the attached Proxy Form and return it as instructed on the Proxy Form.

Voting Entitlements - On a show of hands each eligible Grower has one vote. On a poll each eligible Grower has one vote for each dollar of the value of the total interests they have in the project. Under section 253F of the Corporations Act 2001 the current responsible entity is required to value an interest in the Project as if that interest was sold on the business day immediately before the date of the meeting. The current responsible entity is insolvent and it may not value the interest in accordance with this procedure under the law. If this is the case, then the conveners of the meeting intend to conduct the poll on the basis that each Grower has one vote for each Woodlot in the Project which is registered in their name.

Membership - subject to voting restrictions imposed on Growers by law the persons entitled to attend and vote at the meeting are those persons who are registered as a Grower in the register of Growers of the Project at 4 pm Melbourne time on 24<sup>th</sup> December 2010



**PROXY FORM**  
**Willmott Forests 1995-1999 Project ARSN 089 598 612**

I/We .....  
 (Name of Grower)

of .....  
 (Address of Grower)

(Grower) being a Grower in **Willmott Forests 1995-1999 Project ARSN 089 598 612** appoint:

.....  
 (Name of Proxy)

or failing him/her, the Chairman of the Meeting, as my/our proxy to attend and vote for me/us on my/our behalf at the meeting of Growers of **Willmott Forests 1995-1999 Project ARSN 089 598 612** to be held on 4<sup>th</sup> February 2011 and at any adjournment of the meeting in respect of:

the whole of my voting rights\* \_\_\_\_\_% of my voting rights\*

\*(Please delete whichever is not required. If no deletion is made and a percentage of voting rights is not inserted and only one proxy is appointed, it will be assumed that the proxy is for all the voting rights of the member).

If you wish to direct a proxy how to vote with respect to the proposed resolutions, please indicate the manner in which your proxy is to vote by placing an "X" in the appropriate section below otherwise your proxy will vote as he/she thinks fit or abstain from voting. Please note that if your proxy is incomplete, the Chairman will cast your vote for the resolution.

	For	Against	Abstain
<b>Resolution 1</b> Ordinary Resolution – Approval of the Willmott Growers Group proposal	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 2</b> - Special Resolution - Change of Constitution and Lease and Management Agreement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 3</b> Extraordinary resolution – Removal of Current Responsible Entity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 4</b> Extraordinary resolution - Appointment of New Responsible Entity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**SIGNATURE OF GROWER(S)**

Individual or Grower 1/  
Sole Director and Company Secretary

Grower 2  
Director

Grower 3/  
Director /Company Secretary

Contact Name..... Contact daytime telephone..... Date.....

## PROXY INFORMATION

1. A grower entitled to attend and vote is entitled to appoint not more than two proxies.
2. Where more than one proxy is appointed, each proxy may be appointed to represent a specific proportion of the grower's voting right. If two proxies are appointed but the appointment does not specify the proportion or number of the grower's voting rights which each proxy may exercise, the Corporations Act provides that each proxy may exercise half the grower's votes.
3. A proxy need not be a grower.
4. The grower or the grower's attorney must sign the proxy form. Proxies given by a corporation must be executed in accordance with the Corporations Act and the Constitution of that corporation.
5. Please forward your proxy to Primary Securities Ltd not less than 48 hours before the time set for the holding of the meeting or adjourned meeting at which the person named in the proxy form proposes to vote.
6. Proxy forms may be submitted in either of the following ways:

By post: Primary Securities Ltd, PO Box 732, Fremantle, WA 6959.

By facsimile: (+61) 08 9430 5552.

By email: send a PDF: [power@primarysecurities.com.au](mailto:power@primarysecurities.com.au)



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**Willmott Forests 1995-1999 Project (ARSN 089 598 612)  
Meeting Update**

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10 January 2011

Further to our correspondence to Growers in the **Willmott Forests 1995-1999 Project (ARSN 089 598 612)** dated 23 December 2010.

It has been brought to our attention that there is an error in the date of the meeting referred to in the Notice of Meeting.

For clarification, the meeting is scheduled for **4 February 2011**, not 3 February 2011 as set out in the Notice of Meeting.

The date of the meeting in the covering letter and the Proxy Form are correct.

A revised Notice of Meeting with the correct date will be issued shortly with the Explanatory Memorandum to all Growers.

Yours faithfully,

**PAUL CHALLIS**  
Willmott Growers Group Inc (Vic)



Willmott Growers Group Inc (Vic) ABN 34 287 512 211  
Level 17 Rialto North Tower, 525 Collins Street MELBOURNE VIC 3000  
www.willmottgrowersgroup.com.au

31 January 2011

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**Willmott Forests 1995-1999 Project (ARSN 089 598 612)**  
**Meeting Update**

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It is proposed that the forthcoming Growers meeting be adjourned.

On 10 January, we advised that due to an inconsistency in the date of the meeting in documents sent to Growers we would be holding the meeting on 4 February 2011 and a new notice of meeting would be issued.

However we have since received advice and now propose to:

- a) commence the meeting at 10 am on 3 February 2011 and adjourn the meeting to 4 February 2011; and
- b) re-convene the meeting at 10 am on 4 February 2011 and further adjourn the meeting to a later date.

By doing this, we can deal with any confusion that has arisen as to the date of the meeting and also give Growers sufficient time to consider information in the forthcoming explanatory memorandum.

**Paul Challis**  
**Willmott Growers Group Inc (Vic)**