

IN THE FEDERAL COURT OF AUSTRALIA
VICTORIA DISTRICT REGISTRY

VID of 2011

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

WILLMOTT FORESTS LIMITED (RECEIVERS AND MANAGERS APPOINTED)
(LIQUIDATORS 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-21" now produced and shown to **Craig David Crosbie** at
the time of swearing his affidavit on 11 May 2011.

Before me: 

MEAGAN LOUISE GROSE
Arnold Bloch Leibler
Level 21, 333 Collins Street
Melbourne 3000
An Australian Legal Practitioner within the
meaning of the Legal Profession Act 2004

Filed on behalf of the Plaintiffs
ARNOLD BLOCH LEIBLER
Lawyers and Advisers
Level 21
333 Collins Street
Melbourne 3000

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

MINUTES OF THE CONCURRENT SECOND MEETING OF CREDITORS FOR:

WILLMOTT FORESTS LTD	ACN 063 263 650
WILLMOTT FINANCE PTY LTD	ACN 081 274 811
WILLMOTT FOREST NOMINEES PTY LTD	ACN 085 588 772
WILLMOTT FORESTS INVESTMENT MANAGEMENT PTY LTD	ACN 098 718 837
WILLMOTT FOREST PRODUCTS PTY LTD	ACN 103 019 094
WILLMOTT ENERGY PTY LTD	ACN 130 251 759
WILLMOTT NOTES PTY LTD	ACN 134 963 036
WILLMOTT SUBSCRIBER PTY LTD	ACN 134 963 027
BIOENERGY AUSTRALIA PTY LTD	ACN 096 335 901
BIOFOREST LTD	ACN 096 335 876
(ALL ADMINISTRATORS APPOINTED)	
(ALL RECEIVERS AND MANAGERS APPOINTED)	
(THE WILLMOTT GROUP)	

HELD PURSUANT TO SECTION 439A OF THE CORPORATIONS ACT 2001

On 22 March 2011, at 2:00pm AEDST

At Melbourne Town Hall, Corner Swanston and Collins Streets, Melbourne, Victoria.

INTRODUCTION

Mr Craig Crosbie introduced himself and called the meeting to order at 2:05pm.

Mr Crosbie went on to introduce Mr Barry Wight of PPB Advisory.

Mr Crosbie advised that the Federal Court of Australia (the **Court**) appointed himself and Mr Ian Carson as Joint and Several Administrators of the Willmott Group on 26 October 2010.

**APPOINTMENT OF
CHAIRMAN:**

Mr Crosbie, being one of the joint and several Administrators of the Willmott Group, advised that he would be Chairman of the meeting in accordance with Section 439B(1) of the *Corporations Act 2001* (**Act**) and Regulation 5.6.17(1) of the Corporations Regulations (**Regulations**).

**CREDITORS
PRESENT:**

The Chairman sought and obtained confirmation that each creditor present had signed the relevant attendance register.

The Chairman explained that creditors had been requested to provide Informal Proof of Debt forms for voting purposes only. This did not reflect the Administrator's final determination on the claim made.

The Chairman noted that, where creditors had submitted an Informal Proof of Debt (**POD**) without satisfactory supporting documentation and, where that POD exceeded the value of the debt as recorded in the relevant company's records, those creditors were being admitted, for voting purposes only, for amounts recorded in that company's records.

The Chairman pointed out that a number of grower investors were present and that they were not automatically entitled to claim as a creditor of Willmott Forests Limited (**WFL**). The Chairman explained that should it subsequently be determined that WFL as Responsible Entity / Manager / Trustee (referred to herein as **RE**) had breached its statutory duties in respect of any particular managed investment scheme (**Scheme**), then those grower investors may be entitled to claim as a creditor in the WFL administration. For the purposes of the meeting, the Chairman explained that the Administrators would be treating grower investors as contingent creditors and would be admitting them, for voting purposes only, for a nominal amount of \$1.

<u>PROXIES:</u>	The Chairman noted that he was holding a number of general and special proxies in the name of the Chairman. He further pointed out that he held a number of general proxies in respect of intercompany debts within the Willmott Group.
<u>QUORUM:</u>	The Chairman advised that, as there were more than two voting creditors present or by proxy for each company, quorums were sufficiently constituted pursuant to Regulation 5.6.16. Accordingly, the concurrent meetings could proceed.
<u>OBSERVERS PRESENT:</u>	<p>The Chairman then sought and received confirmation that all observers had signed the relevant observer register.</p> <p>The Chairman asked the creditors if there was any objection to the observers being present at the meeting.</p> <p>No objections were forthcoming.</p>
<u>CONCURRENT MEETINGS:</u>	<p>The Chairman asked creditors present if they had any objections to the meetings of creditors of the Willmott Group entities being held concurrently.</p> <p>No objections were forthcoming.</p>
<u>WEBCAST</u>	The Chairman advised that the meeting was being broadcast via a live webcast facility to assist creditors or grower investors unable to attend the meeting.
<u>MINUTES OF THE MEETING:</u>	The Chairman advised that the concurrent meetings would be recorded and that minutes would be lodged with the Australian Securities and Investments Commission (ASIC). The minutes lodged would be in summary form only. A 'word for word' transcript would not be lodged to ensure that the minutes are 'user friendly' but key outcomes would be reflected.
<u>DECLARATION OF RELATIONSHIPS:</u>	The Chairman tabled the Administrator's Declaration of Indemnities and Declaration of Relevant Relationships (DIRRI) dated 14 September 2010, provided in the Section 439A Report to creditors and also lodged with the Court prior to the appointment of Ian Carson and himself as Administrators. He confirmed that no additional indemnities or relationships had been identified to those tabled.
<u>TIME AND PLACE OF MEETING:</u>	<p>The Chairman advised that the meeting of creditors had been called in accordance with the Notice of Meeting dated 10 March 2011.</p> <p>The Chairman declared that the time and place for holding the concurrent meetings was convenient to the majority of creditors of each company in accordance with Regulation 5.6.14 and that sufficient notice of the meetings had been given in accordance with section 439A of the Act.</p> <p>The Chairman noted that an Administrator was normally required to hold a second meeting of creditors within 25 business days after commencement of the administration unless extended by the Court. Mr Crosbie explained that the Court had granted an extension of the convening period on three separate occasions and on the last occasion had extended the convening period to 15 March 2011.</p> <p>The Court had also ordered that the Administrators could communicate with creditors and grower investors electronically and provide the Report to Creditors prepared pursuant to Section 439A of the Act (Report to Creditors) on the websites of PPB Advisory and Arnold Bloch Leibler, the Administrators' lawyers. This dispensed with the requirement to mail various notices and the Report to Creditors which provided a substantial cost saving.</p>

MOTIONS:

The Chairman advised that all motions were to be resolved on the voices, unless a poll was demanded pursuant to Regulation 5.6.19. This could be done by:

- the Chairman;
- two persons present in person or proxy; or
- one person with at least 10% of voting rights.

RESOLUTIONS:

The Chairman advised that a resolution would be carried after a poll is demanded if:

- a) a majority of the creditors voting (whether in person, by attorney or by proxy) vote in favour of the resolution; and
- b) the value of the debts owed by the corporation to those voting in favour of the resolution is more than half the total debts owed to all creditors voting.

CASTING VOTE:

The Chairman noted that he may exercise a 'casting vote' if no result is reached for or against pursuant to Regulation 5.6.21. The Chairman noted any decision to exercise this vote was subject to review by the Court upon application by a creditor pursuant to Sections 600B and 600C of the Act.

VOTING GENERALLY:

The Chairman further noted that:

- a secured creditor may vote for the whole of its debt without surrendering its security, in accordance with Regulation 5.6.24(4); and
- a related party is permitted to vote as a creditor, provided its claim had been admitted by the Administrators for the purposes of voting.

The Chairman requested from creditors that when voting on resolutions and asking questions, that they please identify themselves by holding up the number allocated to them so their details could be recorded.

The Chairman opened the meeting to questions at this point.

There were no questions forthcoming.

COMMITTEES OF CREDITORS:

The Chairman advised that at the first meeting of creditors held on 28 September 2010, a Committee of Creditors was formed for all of the companies within the Willmott Group, comprising the following members:

Willmott Forests Ltd:

- Colin Worthy representing himself;
- Ian Copp representing the Commonwealth Bank of Australia Ltd (CBA);
- Ian McKenzie representing himself;
- James Simpson representing himself;
- Marie Bermingham representing herself and all her proxies;
- Stephen Ryan representing Hancock Victoria Plantations Pty Ltd (HVP);
- Paul Challis representing himself;
- Paul James representing St George Bank Ltd (SGB); and
- Phillip Allen representing himself all his proxies.

All other subsidiaries in the Willmott Group:

- Colin Worthy representing himself;
- David Armstrong representing Armstrong Partners Pty Ltd;
- Ian Copp representing the CBA; and
- Paul James representing SGB.

The Chairman pointed out that the committees had met informally on a number of occasions since the Administrators' appointment and he offered a vote of thanks to the members for their time and efforts.

PURPOSE OF MEETING:

The Chairman drew creditors' attention to the object of Part 5.3A of the Act in relation to the administration process. He observed that Section 435A of the Act 2001 provides for the business, property and affairs of an insolvent company to be administered in a way that:

- (a) maximises the chances of the company, or as much as possible of its business, continuing in existence; or
- (b) if it is not possible for the company or its business to continue in existence, results in a better return for the company's creditors and members than would result from an immediate winding up of the company.

The Chairman explained that the purpose of the meeting was to enable creditors to discuss and consider the future of each company within the Willmott Group.

The Chairman advised that pursuant to Section 439A(4), he is obliged to report to creditors and form an opinion as to what he believes is in the creditors' best interest in relation to the options available.

In this regard, he confirmed to creditors that pursuant to Section 439C of the Act, creditors may resolve either one of the following in relation to the affairs of each Willmott Group company:

- (a) that the company execute a Deed of Company Arrangement (**DOCA**) (even if it differs from that proposed);
- (b) that the administration should end (in which case, control of the company's affairs would be handed back to the directors); or
- (c) that the company be wound up and thereby placed into liquidation.

The Chairman pointed out that at the time of writing the Report to Creditors a DOCA had not been proposed. However, a preliminary DOCA proposal had been provided to the Administrators the previous day which would be discussed later in the meeting.

The Chairman also advised that:

- pursuant to Section 499 of the Act, the meeting may, by resolution, vote to appoint someone else as Liquidator / Deed Administrator of the various companies that comprise the Willmott Group; and
- creditors had the opportunity to appoint a Committee of Inspection for each company within the Willmott Group.

The Chairman stressed that the meeting was about dealing with the corporate structure of the Willmott Group and that the Administrators' recommendation was to wind up each of the companies. He pointed out that should each of the companies be placed in liquidation (as was recommended) this would not automatically lead to the winding up of the various Willmott Schemes.

QUESTIONS FROM CREDITORS

The Chairman opened the meeting to questions from those present.

There were no questions forthcoming.

REPORT TO CREDITORS:

The Chairman tabled the Report to Creditors dated 14 March 2011 and discussed the following areas of the report (referring to the attached PowerPoint presentation):

1. Willmott Group background;
2. Appointment of the former Administrator, Receivers and Managers and Ian Carson and himself as the current Administrators;
3. Reasons for the failure of the Willmott Group;
4. Reported financial performance and position;
5. Viability review on the Willmott Schemes prepared by independent expert, Poyry Management Consulting (Australia) Pty Ltd (**Poyry**);
6. Expressions of interest (**EOI**) campaign;
7. Future process regarding the Willmott Schemes;
8. Proposal by the Willmott Growers Group over certain Schemes;
9. Statutory investigations;
10. Possible offences and insolvent trading; and
11. Estimated return to creditors and grower investors.

QUESTIONS

The Chairman opened the meeting to questions.

Mr Giuseppe Coronica enquired as to whether the Report to Creditors adequately addressed the accounting treatment for:

- recognition of future forestry maintenance obligations; and
- proceeds from the sale of woodlots to grower investors, as they were not spread over the duration of the Schemes.

The Chairman advised that page 29 of the report highlighted that revenue was typically recognised over the first 3 years of a Scheme's commencement.

Mr Coronica further queried whether the Willmott financial accounts were prepared in accordance with relevant accounting standards.

The Chairman stated that the Administrators had received independent advice from an auditor on the presented financial statements. The Administrators' main concern was that the potential loss associated with any unviable Schemes should be recognised in the financial statements. The Chairman advised there would be further investigation into the financial accounts and policies of the Willmott Group in the event of liquidation.

Mrs Gaynor Villarosa enquired whether any funds were being held from harvest proceeds or clear fell of the earlier Scheme plantations, and whether they would be distributed to grower investors.

The Chairman advised that upon the Receivers and Managers' appointment they took control of all bank accounts of the Willmott Group. The Administrators understand that funds from harvest proceeds are being held in a particular account. The Receivers and Managers are in the process of reconciling that account as to the relevant plantations and grower investors concerned.

Mrs Gaynor Villarosa enquired as to the timing of any such distribution to grower investors.

The Chairman advised that reconciling the account to verify which grower investors are entitled to the proceeds is proving difficult. The Receivers and Managers have advised that all funds which are proven to be harvest proceeds shall be distributed to relevant grower investors and shall not come under the Banking Syndicate's security.

Mr Michael Grant representing himself and his proxies, queried which audit firm the Administrators had engaged and the signatory partner on that audit advice.

The Chairman advised that Peter Shields of Saward Dawson Chartered Accountants was engaged for the purpose of conducting an independent review of the Willmott Group accounting policies and procedures.

Ms Mary Neal of Neal's Transport Pty Ltd queried whether the harvest proceeds that are being held would be distributed to creditors as well as grower investors.

The Chairman advised that harvest proceeds would only be distributed to grower investors as they were effectively held on trust for the relevant growers. As such, the harvest proceeds would not be available to ordinary unsecured creditors.

Mr Gregory MacMillan queried what reasons the Administrators had discovered behind the Banking Syndicate's decision to appoint Receivers and Managers, given that in the Report to Creditors this was noted as the major cause of failure of the Willmott Group by its directors.

The Chairman advised that the Banking Syndicate's position was that the Willmott Group was in default of its lending facilities and therefore the Banking Syndicate was entitled to make the appointment of Receivers & Managers. The Chairman went on to say it was his understanding that the directors had put forward a restructuring proposal that the Banking Syndicate had declined to support.

Mr Michael Grant representing himself and his proxies, noted his belief that KordaMentha's pre-appointment investigation report had advised the Banking Syndicate not to put the Willmott Group into receivership. He queried what investigations the Administrators had conducted in regard to this matter, and whether a copy of KordaMentha's report could be made public.

The Chairman advised that he was unaware of any recommendation by KordaMentha not to put the group into receivership, though this would be investigated should the Willmott Group be placed into liquidation. The Chairman further commented that KordaMentha's report was likely to be confidential but that he would enquire as to whether this could be made available.

Mr Paul Challis representing himself and his proxies noted that the Poyry report concluded that a number of Schemes were unviable based on various assumptions, including the lack of further funding. He queried that if funding was made available, what other factors may prevent the ongoing operation of those Schemes.

The Chairman advised that if adequate funding did become available, then it may be possible for the Schemes to continue. This would depend on a number of factors including, but not limited to, the structure of such funding, the required contributions from grower investors and whether their rights were affected.

Mr Challis queried whether the net proceeds from any sale to HVP of Scheme plantations would be allocated to grower investors individually according to their particular block of land or whether proceeds would be pooled and distributed amongst all grower investors within the certain Scheme/s affected.

The Chairman advised that to date the Administrators had not sought directions on that issue. He noted that negotiations were currently underway with HVP as to the value of the plantations on its land. Should a deal with HVP be struck regarding the acquisition of those plantations (and subject to an independent review by Poyry of the appropriateness of the value attributed by HVP), the proceeds would be quarantined for grower investors. The Administrators would consider the issues regarding allocation and distribution should the relevant Schemes be wound up. The Chairman pointed out that the Administrators currently do not hold a view as to how the proceeds would be allocated amongst grower investors. In any event, Mr Crosbie pointed out that such a distribution would be concluded in consultation with the Grower Groups and ultimately be subject to approval by the Court.

Mr Grant noted that the Poyry report advised an upfront funding requirement of \$123 million to continue the Schemes, and questioned whether it was alternatively possible for grower investors to be contracted to pay annual fees for the remainder of the Schemes, should there be sufficient grower investors interested in doing so.

The Chairman advised that this was certainly possible and that the Poyry report advised that \$123 million was required on a net present value basis (or expressed in 'today's dollars') if all Schemes were to reach final harvest. On a nominal basis, that is contributions are made each year until final harvest, an amount of \$336.7 million would be required.

Mr Grant queried whether anyone was presenting this alternative proposal to the grower investors.

The Chairman advised that this was one of the purposes of the Administrators' EOI campaign which invited any such proposals.

Mr Grant commented that in his opinion the EOI timeframe was insufficient for proper proposals to be prepared and that the Administrators may have a conflict, putting the interests of the Banking Syndicate before grower investors. He noted that if the Administrators were to sell the plantations trees now, the value would be significantly lower than if they were to continue until final harvest. Mr Grant further commented that grower investors should have further time to put forward a suitable proposal to provide the required maintenance fees.

The Chairman clarified that the Administrators role was to look after the interests of all creditors (not just the Banking Syndicate) and, in respect of WFL's role as RE, to look after the interests of grower investors. The Chairman maintained that sufficient time had been allowed in an environment where the Administrators were without funds to cover costs, including the current maintenance requirements of the plantations.

The Chairman reaffirmed that an extensive EOI campaign was completed, whereby proposals for restructuring the Willmott Group or appointing a new RE were invited. The Chairman pointed out that no adequate proposals were put forward. The Chairman confirmed that a recent proposal from the Willmott Grower Group's (**WGG**) was currently being reviewed by the Administrators in respect of a limited number of Schemes.

Mr Grant questioned how much time the Administrators were allowing for the WGG proposal to be assessed and for other grower groups and individuals to support such proposal.

The Chairman reaffirmed that the liquidation of the Willmott Group does not necessarily lead to the liquidation of the Schemes and proposals could be put forward for consideration post the meeting. However, Mr Crosbie pointed out again that there was currently no funding available for maintenance obligations and that this needed to be taken into consideration.

Ms Pamela Saunders representing herself and her proxies commented that to arrange a proposal from a collective group of grower investors would take a considerable amount of time and that the grower investors felt that they had not been suitably informed of the administration, the EOI process or the financial situation of the Willmott Group. She concluded that the Administrators had not allowed adequate time for action by grower investors.

The Chairman disputed that insufficient time had been allowed, noting that:

- the two Grower Groups had been dealing with the Administrators since their appointment; and
- grower investors have had the opportunity to put forward proposals.

Ms Saunders stated that the Willmott Group financial information, that may have assisted grower investors, had only been provided very recently.

The Chairman commented that the Poyry report on Scheme viability had been provided at an earlier date in the EOI process and he reiterated his concern over the lack of funding for ongoing plantation maintenance. Mr Crosbie pointed out that the purpose of the meeting was to decide whether to liquidate the Willmott Group entities and not the Schemes. He noted that there was still time for proposals and options in regard to the Schemes, but that decisions were required quickly so as to not cause detriment to the plantations.

Mr Challis commented that based on his involvement in the EOI process, the limited availability of information and the receipt of the Poyry report in the weeks before the deadline to submit offers proved frustrating.

The Chairman noted the comments made by Mr Challis.

The Chairman invited Ron Willemsen from Macpherson and Kelly Lawyers (**M+K**) to address the meeting regarding potential breaches of the RE's duties.

Mr Wilkinson made the following comments regarding the class action currently on foot:

- M+K are currently representing close to 300 grower investors which is expected to expand to over 500 grower investors by April 2011. Such investors purchased woodlots in 2008 and later.
- Grower investors have engaged M+K's services to commence a class action to commence in April 2011.
- M+K are seeking damages against the RE (being WFL) and the Willmott Group directors.
- M+K are also investigating the Willmott Group's auditor.
- Claims include a challenge as to the validity of the loans made in that period (2008 – 2010).
- Appears that the Willmott Group continued to sell woodlots to grower investors in recent years when the directors ought to have known that they were facing financial difficulties and may not be able to see these Schemes through to completion.

Mr Anthony Bettanin enquired if there was to be any return to shareholders and whether there had been any plantings for the 2010 Scheme.

The Chairman advised that the possibility of a return to shareholders was considered remote at this stage. He further advised that plantings had not been made in regard to the 2010 Scheme.

Mr Challis referred to an item in Appendix G of the Report to Creditors, being the Administrators' Remuneration Report for the period 16 November 2010 to 15 December 2010, whereby a meeting took place between the Administrators and the Receivers and Managers relating to Scheme maintenance. Mr Challis queried whether a future maintenance fund was discussed and all further particulars and attendees of that meeting.

The Chairman advised that this meeting was regarding the harvest funds held by the Receivers and Managers and that due to the specific nature of the question, he would advise him of other particulars at a later stage.

Ms Saunders queried what the affect would be on the Schemes if the Willmott Group was placed into liquidation.

The Chairman advised that the liquidation of the Willmott Group entities had no impact on the winding up of the Schemes. The RE could still be replaced if WFL was in liquidation.

Mrs Villarosa noted that the Report to Creditors stated the Administrators' fees were circa \$1.44 million and queried how these fees were being paid given that there are insufficient funds for other costs such as plantation maintenance.

The Chairman advised that Administrators' fees had not been wholly approved at this stage, but that they are to be paid from assets of the Willmott Group, in particular the Bombala land that does not fall under the Banking Syndicate's security. All surplus funds from asset realisations would be distributed amongst creditors, which may include the Banking Syndicate if there was a shortfall on the realisation of its security. The Chairman pointed out that the amount of any distribution to creditors very much depended on the value of the Bombala land. He further noted that all Scheme related costs from the Administration would be apportioned across the Schemes and paid from Scheme assets.

Mrs Villarosa made comment that she disagreed with the Banking Syndicate's decision to not support the Willmott Group, and that it appeared there would be insufficient funds for any future distribution due to the significant costs associated with the administration, which was detrimental to the creditors and grower investors.

The Chairman noted that the administration of the Willmott Group was extremely complex, timely and unfortunately costly to resolve.

Ms Saunders enquired as to how long the liquidation procedure and asset realisations would take before there is a distribution to creditors, or the amount of any distribution is known.

The Chairman advised that liquidation and the realisation of assets can be a long and uncertain process. The Liquidators must conduct more thorough investigations, commence the realisation of assets and pursue any of the potentially voidable transactions identified in the Report to Creditors, such as unfair preferences and uncommercial transactions.

Mr MacMillan advised that he had sighted an affidavit of Mr Crosbie, published on the PPB Advisory website, referring to the Administrators costs of \$4.4 million and requested the Chairman to comment.

The Chairman advised that he was unsure of the reference being made, but would have to review that affidavit to be able to answer the question.

Mr MacMillan enquired as to the quantum of KordaMentha's fees as at the date of the meeting.

The Chairman advised that as Receivers and Managers, KordaMentha's fees and costs are approved by the Banking Syndicate and added to the secured debt owed. The Banking Syndicate must prove to the Administrators that the fees are of a reasonable amount and justify the level of debt claimed. Mr Crosbie advised that the Administrators had not sighted any of the fees charged by KordaMentha to date.

Mr James Phasey queried whether winding up the Willmott Group would allow assets to be realised to meet maintenance costs for the plantations.

The Chairman clarified that the liquidation of WFL in its own right is separate to its role as RE over the Schemes. There would be no funds available for maintenance of the plantations.

Ms Marie Birmingham representing herself and her proxies requested an explanation be made to the meeting as to the difference between the RE role and the liquidation of the entities. She noted that the Willmott Action Group (**WAG**) and WGG were working on a proposal to replace the RE and remove grower investor interests away from the administration process. She requested that the Chairman explain how this would fit into the liquidation of the corporate entities.

The Chairman advised that an alternative RE could be appointed over the Schemes and thereby assume the liabilities of those Schemes. Further, the liquidation of the company (WFL) would not preclude that from happening.

Ms Saunders queried whether the preliminary DOCA proposal by Plantation Capital Ltd was, amongst other things, proposing to take over the role of RE over all of the Schemes.

The Chairman advised that the preliminary DOCA was ambiguous. Nevertheless, many of the outcomes the proposal sought to achieve, such as taking over as RE, could still be considered if the entity (WFL) was in liquidation. The Chairman confirmed that the liquidation of the companies did not preclude a new RE from taking over the Schemes.

Mr Arthur Chilcott queried if all the encumbered and unencumbered land was sold to a third party, would the grower investors be required to lease the land that holds their plantation interests off the purchaser if the Schemes were to continue.

The Chairman advised that land under the Banking Syndicate's security could be sold to third parties by the Receivers and Managers. If the Schemes continue and a new RE is appointed, the land would be sold on an encumbered basis and the existing obligations regarding occupancy would be recognised by the new purchaser.

Mr Chilcott enquired as to whether the Bombala land would also be sold.

The Chairman advised that the Bombala land would be sold by the Liquidators and not the Receivers and Managers, as it was not covered under the Banking Syndicate's security.

Mr David Donnelly asked if specific Bendoc plantations, 1984 and 1986, were planted on Bombala land.

The Chairman advised that he would have to confirm that information and would advise Mr Donnelly after the meeting.

Mr Donnelly further queried if the entities were placed into liquidation, and the Schemes were then also wound up, how would the proceeds be allocated and distributed to grower investors.

The Chairman advised that any sale and distribution process in relation to the Schemes would be in consultation with both of the Growers Groups, and would further be subject to the consent of the Court as to how that process would be run.

There were no further questions raised.

**CONSIDERATION
OF ALTERNATIVE
COURSES OF
ACTION:**

The Chairman explained the various courses of action available to creditors of each company under the provisions of Section 439C of the Act 2001.

The Chairman confirmed that the options available to creditors of each company are:

- a) resolve that the company execute a DOCA; or
- b) resolve that the administration should end; or
- c) resolve that the company be wound up.

**DEED OF
COMPANY
ARRANGEMENT
PROPOSAL**

At this point, the Chairman called on Stephen Blair from Plantation Capital Ltd to discuss the Deed of Company Arrangement preliminary proposal provided to the Administrators on 21 March 2011.

Mr Blair advised that Plantation Capital Ltd was willing to become the RE of all the Schemes subject to:

1. the amendment of the constitutions to take account of the maintenance and lease costs of the land. The magnitude of those costs vary from \$200-\$250 per hectare to run the Schemes through to maturity or a minimum of 5 years at which time the Schemes could be restructured; and
2. Plantation Capital Ltd obtaining a retail RE licence, if required, rather than the wholesale RE licence currently held.

The Chairman discussed the conditions precedent contained in the preliminary DOCA proposal, including the secured lenders' support. Mr Crosbie observed that the monetary offer made to the secured lenders in the DOCA proposal was significantly less than the debt owed. The Banking Syndicate had since advised the Administrators that it did not support the DOCA preliminary proposal as it currently stands.

The Chairman advised that the DOCA proposal was still in a preliminary form and that the structure and operations of the proposal are ambiguous. Nevertheless, many of the objectives in the proposal could be achieved should the Willmott Group enter into liquidation. Mr Crosbie pointed out that should the proposal ultimately be put in a format capable of acceptance, a liquidator could appoint an administrator pursuant to section 436B of the Act to consider the proposal.

The Chairman advised that the Committees of Creditors had met earlier in the day to consider the proposal and that it was unanimously agreed by the committees that:

- the proposal was not currently in a form capable of acceptance; and
- the meeting of creditors should not be adjourned to allow further time to consider the proposal.

**RECOMMENDATION
AS TO THE
GROUP'S FUTURE:**

Consistent with the recommendation outlined in the Report to Creditors, the Chairman recommended that it was in the best interest of creditors that each company in the Willmott Group be wound up.

**WILLMOTT
FORESTS LTD**

It was proposed by Mr James Phasey that:

"The company be wound up and Ian Carson and Craig Crosbie be appointed Joint and Several Liquidators of the company."

The resolution was declared carried on the voices.

A poll was requested in accordance with Regulation 5.6.19(1)(b).

The Chairman confirmed the results of the poll as follows:

- 'For': 42 votes in the amount of \$251,710,109.81.
- 'Against': 252 votes in the amount of \$160,793.35.
- 'Abstain': 10 votes in the amount of \$10.

The Chairman noted he was holding a number of proxies as outlined below and that he had exercised his general proxies in favour of the resolution:

- 4 General proxies in respect of intercompany votes.
- 8 General proxies from grower investors.
- Special proxies included:
 - 'For': 18 votes in the amount of \$979,012.54
 - 'Against' 20 votes in the amount of \$20
 - 'Abstain': 6 votes in the amount of \$6

The Chairman informed the meeting there was a deadlock, as there must be both number and value in favour of a resolution for it to be carried.

The Chairman advised that after considering the Insolvency Practitioners Association guidelines, he had elected to exercise his casting vote in favour of the resolution for the following reasons:

- the majority of creditors in number voting against the resolution were grower investors (contingent creditors), whilst the other creditors were largely voting in favour of the resolution;
- there appeared to be a misunderstanding by grower investors regarding the winding up of the companies as distinct from the winding up of the Schemes – one does not necessarily follow the other;
- grower investor interests are protected in liquidation, as the RE can still be replaced;
- creditor interests will not be served by any further delay in deciding the future of the Willmott Group;

- the primary motivation for creditors voting against the resolution would appear to be the provision of more time to consider the preliminary DOCA proposal or any other proposals that may be put forward;
- the current preliminary DOCA proposal is not currently in a form capable of acceptance for a number of reasons, including the fact that it is not supported by the Banking Syndicate which is a precondition of the proposal;
- WFL is insolvent and does not have immediate access to funds;
- even if WFL is in liquidation a DOCA proposal can still be put forward. A Liquidator has the ability to appoint an Administrator to consider such a proposal;
- the period of time elapsed since the commencement of the administration is significant - there have been three extensions to the convening period for this meeting thereby providing sufficient time for proposals to be put forward for consideration; and
- any further adjournment of this meeting would add to the cost and expenses of the administration and concerns have already been raised by creditors at today's meeting in this regard.

The Chairman declared the resolution carried through the operation of Regulation 5.6.21(4)(a).

Ms Bermingham made comment that grower investors seemed to be disadvantaged, as they were only admitted for \$1 for voting purposes, although their actual claims were of far more significant value. Ms Bermingham pointed out that grower investors' total investment in the Willmott Group was over \$400 million. Ms Bermingham stated her belief that there was insufficient time or information given to consider the preliminary DOCA proposal and that the Banking Syndicate should have considered the proposal further or counter offered. Ms Bermingham advised that she would consider commencing legal action as to the appropriateness of the value of the vote.

The Chairman reiterated that his decision to exercise his casting vote was subject to review by the Court upon creditor application.

**WILLOMOTT
FINANCE PTY LTD**

It was proposed by Paul James of Clayton Utz Lawyers representing the Commonwealth Bank of Australia that:

"The company be wound up and Ian Carson and Craig Crosbie be appointed Joint and Several Liquidators of the company."

The resolution was declared carried.

**WILLMOTT
FOREST NOMINEES
PTY LTD**

It was proposed by Paul James of Clayton Utz Lawyers representing the Commonwealth Bank of Australia that:

"The company be wound up and Ian Carson and Craig Crosbie be appointed Joint and Several Liquidators of the company."

The resolution was declared carried.

**WILLMOTT
FORESTS
INVESTMENT
MANAGEMENT PTY
LTD**

It was proposed by Paul James of Clayton Utz Lawyers representing the Commonwealth Bank of Australia that:

"The company be wound up and Ian Carson and Craig Crosbie be appointed Joint and Several Liquidators of the company."

The resolution was declared carried.

**WILLMOTT
FOREST**

It was proposed by Paul James of Clayton Utz Lawyers representing the

**FOREST
PRODUCTS PTY
LTD**

Commonwealth Bank of Australia that:

"The company be wound up and Ian Carson and Craig Crosbie be appointed Joint and Several Liquidators of the company."

The resolution was declared carried.

**WILLMOTT
ENERGY PTY LTD**

It was proposed by Paul James of Clayton Utz Lawyers representing the Commonwealth Bank of Australia that:

"The company be wound up and Ian Carson and Craig Crosbie be appointed Joint and Several Liquidators of the company."

The resolution was declared carried.

**WILLMOTT
NOTES PTY LTD**

It was proposed by Paul James of Clayton Utz Lawyers representing the Commonwealth Bank of Australia that:

"The company be wound up and Ian Carson and Craig Crosbie be appointed Joint and Several Liquidators of the company."

The resolution was declared carried.

**WILLMOTT
SUBSCRIBER PTY
LTD**

It was proposed by Paul James of Clayton Utz Lawyers representing the Commonwealth Bank of Australia that:

"The company be wound up and Ian Carson and Craig Crosbie be appointed Joint and Several Liquidators of the company."

The resolution was declared carried.

**BIOENERGY
AUSTRALIA PTY
LTD**

It was proposed by Paul James of Clayton Utz Lawyers representing the Commonwealth Bank of Australia that:

"The company be wound up and Ian Carson and Craig Crosbie be appointed Joint and Several Liquidators of the company."

The resolution was declared carried.

BIOFOREST LTD

It was proposed by Paul James of Clayton Utz Lawyers representing the Commonwealth Bank of Australia that:

"The company be wound up and Ian Carson and Craig Crosbie be appointed Joint and Several Liquidators of the company."

The resolution was declared carried.

**APPOINTMENT OF
ALTERNATIVE
LIQUIDATOR(S)**

The Chairman asked if any creditors wished to appoint another person(s) to act as Liquidator(s) and, if so, did they have in their possession a Consent to Act and a Declaration of Independence, Relevant Relationships and Indemnities (DIRRI) from another insolvency practitioner.

No creditors present indicated a desire to change the liquidators.

The Chairman advised those present that he had not received a Consent to Act or a DIRRI from another practitioner and accordingly he and Ian Carson would continue as Joint and Several Liquidators.

**LIQUIDATOR'S
REMUNERATION:**

The Chairman advised that the Liquidators' remuneration was forecast to be circa \$1.5 million and approval of such fees would be sought from the Committees of Inspection, should they be formed.

**COMMITTEE OF
INSPECTION**

The Chairman informed the meeting that a Committee of Inspection could be formed for each company for the purpose of representing the creditors and liaising with the Liquidators during the period of the liquidation. The Chairman also explained that such a committee had certain powers, including approving the remuneration of the Liquidators.

The Chairman recommended that a Committee of Inspection be formed for

each of the entities in the Willmott Group. The Chairman called for nominations. The Chairman noted that only creditors of a company were able to nominate themselves to be a member, or those persons given authority by a creditor.

**WILLMOTT
FORESTS LTD**

The following persons nominated to be members of a Committee of Inspection for Willmott Forests Limited:

- Guiseppe Coronica representing himself as a noteholder.
- Marie Birmingham representing herself as a grower investor and as representative of trade creditor Jokamon Pty Ltd atf Ledson Family Trust.
- Michael Grant representing himself as a grower investor.
- Steven Ryan representing HVP and Grand Ridge Plantations.
- Paul Challis representing himself as grower investor.
- Ian Copp of Commonwealth Bank of Australia or, as his alternate, Paul James of Clayton Utz representing the Commonwealth Bank of Australia.
- Guy Howes of St George Bank or, as his alternate, Polat Siva of Clayton Utz representing St George Bank.
- Jim Simpson representing himself as a grower investor.

It was proposed by Pamela Saunders that:

“A Committee of Inspection be appointed for Willmott Forests Limited comprising those creditors who nominated to be members of such a committee”

The resolution was declared carried unanimously.

**WILLOMOTT
FINANCE PTY LTD**

The following creditors put themselves forward to become members of a Committee of Inspection for Willmott Finance Pty Limited:

- Ian Copp of Commonwealth Bank of Australia or, as his alternate, Paul James of Clayton Utz representing the Commonwealth Bank of Australia.
- Guy Howes of St George Bank or, as his alternate, Polat Siva of Clayton Utz representing St George Bank.

It was proposed by Paul James of Clayton Utz representing Commonwealth Bank of Australia, that:

“A Committee of Inspection be appointed for Willmott Finance Pty Ltd comprising those creditors who nominated to be members of such a committee.”

The resolution was declared carried unanimously.

**WILLMOTT
FOREST NOMINEES
PTY LTD**

The following creditors put themselves forward to become members of a Committee of Inspection for Willmott Forest Nominees Pty Ltd:

- Ian Copp of Commonwealth Bank of Australia or, as his alternate, Paul James of Clayton Utz representing the Commonwealth Bank of Australia.
- Guy Howes of St George Bank or, as his alternate, Polat Siva of Clayton Utz representing St George Bank.

It was proposed by Paul James of Clayton Utz representing Commonwealth Bank of Australia, that:

“A Committee of Inspection be appointed for Willmott Forest Nominees Pty Ltd comprising those creditors who nominated to be members of such a

committee.”

The resolution was declared carried.

**WILLMOTT
FORESTS
INVESTMENT
MANAGEMENT PTY
LTD**

The following creditors put themselves forward to become members of a Committee of Inspection for Willmott Forests Investment Management Pty Ltd:

- Ian Copp of Commonwealth Bank of Australia or, as his alternate, Paul James of Clayton Utz representing the Commonwealth Bank of Australia.
- Guy Howes of St George Bank or, as his alternate, Polat Siva of Clayton Utz representing St George Bank.

It was proposed by Paul James of Clayton Utz representing Commonwealth Bank of Australia, that:

“A Committee of Inspection be appointed for Willmott Forests Investment Management Pty Ltd comprising those creditors who nominated to be members of such a committee.”

The resolution was declared carried.

**WILLMOTT
FOREST
PRODUCTS PTY
LTD**

The following creditors put themselves forward to become members of a Committee of Inspection for Willmott Forest Products Pty Ltd:

- Ian Copp of Commonwealth Bank of Australia or, as his alternate, Paul James of Clayton Utz representing the Commonwealth Bank of Australia.
- Guy Howes of St George Bank or, as his alternate, Polat Siva of Clayton Utz representing St George Bank.

It was proposed by Paul James of Clayton Utz representing Commonwealth Bank of Australia, that:

“A Committee of Inspection be appointed for Willmott Forest Products Pty Ltd comprising those creditors who nominated to be members of such a committee.”

The resolution was declared carried.

**WILLMOTT
ENERGY PTY LTD**

The following creditors put themselves forward to become members of a Committee of Inspection for Willmott Energy Pty Ltd:

- Ian Copp of Commonwealth Bank of Australia or, as his alternate, Paul James of Clayton Utz representing the Commonwealth Bank of Australia.
- Guy Howes of St George Bank or, as his alternate, Polat Siva of Clayton Utz representing St George Bank.

It was proposed by Paul James of Clayton Utz representing Commonwealth Bank of Australia, that:

“A Committee of Inspection be appointed for Willmott Energy Pty Ltd comprising those creditors who nominated to be members of such a committee.”

The resolution was declared carried.

WILLMOTT
NOTES PTY LTD

The following creditors put themselves forward to become members of a Committee of Inspection for Willmott Notes Pty Ltd:

- Ian Copp of Commonwealth Bank of Australia or, as his alternate, Paul James of Clayton Utz representing the Commonwealth Bank of Australia.
- Guy Howes of St George Bank or, as his alternate, Polat Siva of Clayton Utz representing St George Bank.

It was proposed by Paul James of Clayton Utz representing Commonwealth Bank of Australia, that:

“A Committee of Inspection be appointed for Willmott Notes Pty Ltd comprising those creditors who nominated to be members of such a committee.”

The resolution was declared carried.

WILLMOTT
SUBSCRIBER PTY
LTD

The following creditors put themselves forward to become members of a Committee of Inspection for Willmott Subscriber Pty Ltd:

- Ian Copp of Commonwealth Bank of Australia or, as his alternate, Paul James of Clayton Utz representing the Commonwealth Bank of Australia.
- Guy Howes of St George Bank or, as his alternate, Polat Siva of Clayton Utz representing St George Bank.

It was proposed by Paul James of Clayton Utz representing Commonwealth Bank of Australia, that:

“A Committee of Inspection be appointed for Willmott Subscriber Pty Ltd comprising those creditors who nominated to be members of such a committee.”

The resolution was declared carried.

BIOENERGY
AUSTRALIA PTY
LTD

The following creditors put themselves forward to become members of a Committee of Inspection for Bioenergy Australia Pty Ltd:

- Ian Copp of Commonwealth Bank of Australia or, as his alternate, Paul James of Clayton Utz representing the Commonwealth Bank of Australia.
- Guy Howes of St George Bank or, as his alternate, Polat Siva of Clayton Utz representing St George Bank.

It was proposed by Paul James of Clayton Utz representing Commonwealth Bank of Australia, that:

“A Committee of Inspection be appointed for Bioenergy Australia Pty Ltd comprising those creditors who nominated to be members of such a committee.”

The resolution was declared carried.

BIOFOREST LTD

The following creditors put themselves forward to become members of a Committee of Inspection for Bioforest Ltd:

- Ian Copp of Commonwealth Bank of Australia or, as his alternate, Paul James of Clayton Utz representing the Commonwealth Bank of Australia.
- Guy Howes of St George Bank or, as his alternate, Polat Siva of Clayton Utz representing St George Bank.

It was proposed by Paul James of Clayton Utz representing Commonwealth Bank of Australia, that:

"A Committee of Inspection be appointed for Bioforest Ltd comprising those creditors who nominated to be members of such a committee."

The resolution was declared carried.

QUESTIONS

The Chairperson asked if there were any final questions.

Mr Coronica enquired how the Committee of Inspection meetings were conducted.

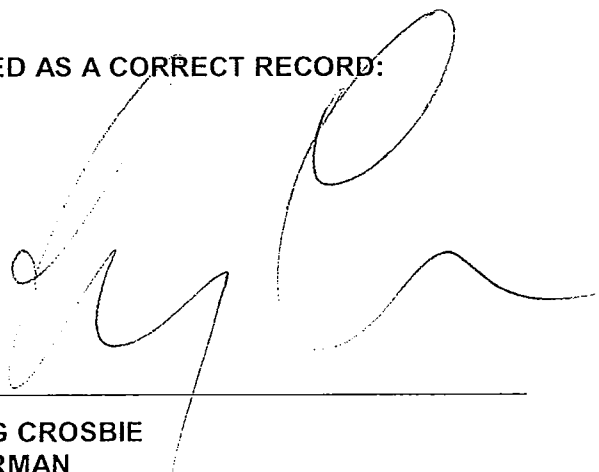
The Chairman advised that the Committee of Inspection meetings would be conducted by teleconference and also at the offices of PPB Advisory for those members who prefer to attend in person.

He noted that Mr Coronica's position on the Committee would be subject to the review of his position as a creditor.

CLOSURE

There being no further business, the Chairperson thanked those present for attending and declared the meeting closed at 4:45pm.

SIGNED AS A CORRECT RECORD:

A handwritten signature in black ink, appearing to be 'C. Crosbie', written over a horizontal line.

**CRAIG CROSBIE
CHAIRMAN**