

5 April 2012

Dear Grower

**WILLMOTT FORESTS LIMITED  
ACN 063 263 650  
(IN LIQUIDATION) (RECEIVERS AND MANAGERS APPOINTED) (WFL)**

We provide below an update on developments with the WFL administration since our email to you of 13 February 2012.

***Background***

As you are aware, the Liquidators entered into conditional sale agreements with:

- Hancock Victorian Plantations (**HVP**), in respect of plantations located on its own land, but leased to WFL and used in connection with particular WFL registered and professional investor schemes; and
- Global Forest Partners LP (**GFP**) and its related entities for the balance of the plantations and the freehold land owned by WFL (the sale contract was subsequently revised to exclude the contractual and partnership schemes listed in schedule 1 and the 1995 – 1999 Project).

These conditional sale agreements required the approval of the Supreme Court of Victoria (**the Court**). The applications for Court approval were heard concurrently in late January and February.

***Court Hearing***

Following the hearing of a preliminary question in January, the hearing of the two proceedings recommenced on 27 February 2012, before the Honourable Justice Davies, with submissions from all parties.

On 3 April 2012 Justice Davies handed down her decision in both proceedings. Justice Davies found that the Liquidators **were** justified in entering the sale contracts with both HVP and GFP.

Her Honour concluded that:

- the Liquidators had conducted a robust sale process;
- the WFL land and leasehold interests are not scheme property;
- the Liquidators allocation of the sale price between land and trees and between growers was justified; and
- the Liquidators have acted reasonably in reaching a commercial compromise with the Receivers and Managers in relation to WFL's leasehold interests.

A copy of the decision is available at:

<http://ppbadvisory.com/uploads/i250-Court-Order-3-April-2012.PDF>.

### **Excluded Schemes**

The decision outlined above has no impact on the Growers in the contractual and partnership schemes listed in schedule 1 or growers in the 1995 – 1999 Project:

**i) Contractual and Partnership Schemes**

You will recall from our last update that Justice Davies handed down a preliminary decision on 9 February 2012 that the Liquidators were **not** able to sell the trees and land pertaining to the contractual and partnership schemes (as listed in schedule 1) free from any Grower rights.

The Liquidators have appealed this decision and are seeking to expedite the hearing of the appeal. The application for an expedited hearing is set down for 19 April 2012. Once the appeal has been heard and the Court's appeal decision is handed down we will provide an update to the affected growers.

**ii) 1995 – 1999 Project**

On 21 December 2011 Primary Securities Limited replaced WFL as Responsible Entity to the 1995-1999 Project. Accordingly, the land used in the 1995-1999 Project and some associated land has been excluded from the conditional sale agreements.

### **Next Steps**

The Liquidators will now seek to settle the contracts with GFP and HVP as soon as possible.

A further Court hearing is to be held to obtain approval for the allocation of the Liquidators' scheme related costs to the various schemes.

Once a decision has been handed down by the Court in relation to the allocation of the Liquidators' costs we will be in a position to distribute funds to growers. We do not anticipate this distribution would be materially different to that previously advised on 13 February 2012.

If you have any questions, please contact us at [willmott@ppb.com.au](mailto:willmott@ppb.com.au).

Yours faithfully



**Ian M Carson and Craig D Crosbie**  
Joint and Several Liquidators

## **SCHEDULE 1 - CONTRACTUAL AND PROFESSIONAL INVESTOR WILLMOTT SCHEMES**

### **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
- 11 2001 (No Project)

### **Partnership Schemes**

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