

13 February 2012

Dear Grower

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

We refer to our correspondence dated 15 December 2011 and 31 January 2012, and now provide a further update.

***Background***

As you will recall from our earlier correspondence WFL entered into conditional sale agreements with:

- Hancock Victorian Plantations (**HVP**), in respect of plantations located on land owned by HVP or its related entity, but leased to WFL and used in connection with particular WFL registered and professional investor schemes; and
- Global Forests Partners LP (**GFP**) and its related entity for the balance of the plantations and the freehold land owned by WFL.

These conditional sale agreements require the approval of the Supreme Court of Victoria (the **HVP Application** and the **GFP Application**). These applications are being heard before the Court concurrent to one another.

***Recent Supreme Court Proceedings***

At the hearing on 23 January 2012, the Honourable Justice Davies heard initial arguments from all parties regarding the two proceedings. A summary of the status of each is provided below:

**GFP Application**

GFP's offer was subject to the Liquidators being able to sell the land and trees used in the WFL contractual and partnership schemes (as listed in schedule 1) free of any Grower rights in relation to the trees or the use of the land. In return, the purchase price paid by GFP would be split between the land and trees. The arguments as to the Liquidators' ability to provide the trees and land on this basis were heard by Justice Davies as a preliminary and discrete question.

On 9 February 2012, the Honourable Justice Davies handed down her decision on this preliminary question, finding that the Liquidators are **not** able to sell the land and trees used in the contractual and partnership schemes free of any Grower rights as required by GFP.

In light of this decision, the Liquidators and Receivers and Managers entered into negotiations with GFP, the outcome of which is that:

- GFP will not proceed with its offer to purchase the trees and land associated with the contractual and partnership schemes but will proceed with its offer in relation to the trees and land associated with the other Willmott schemes;
- the purchase price under the GFP sale agreement will be revised accordingly (**Revised GFP Sale**); and

- the date upon which the approval of the Court to the Revised GFP Sale must be obtained is extended to 15 March 2012.

As a result of the Revised GFP Sale, the GFP Application will continue. Had the Revised GFP Sale not been negotiated, this application would have been discontinued.

### **HVP Application**

As outlined above, the HVP Application only concerns land used in particular registered and professional investor WFL schemes. As such, the Court's decision of 9 February 2012 has no impact on the HVP Application.

### ***Revised estimated Grower outcomes***

In our letter of 15 December 2011, we included a table setting out an estimate of what Growers (including those of the contractual and partnership schemes) could expect to receive if the HVP and GFP sale agreements were approved.

Given the Revised GFP Sale, we include at Schedule 2 an updated estimated net allocation (per hectare) on a project-by-project basis. These estimates may vary slightly to the previous estimates due to the impact of the removal of the contractual and partnership schemes from the GFP sale.

### ***Future court hearings***

Both the GFP and HVP Applications are set down for the following hearings before the Honourable Justice Davies in the Supreme Court of Victoria:

- on 17 February 2012, at which time the Court will provide directions as to the conduct of the main hearing following the filing of any additional information with the Court by 16 February 2012; and
- the main hearing on 27 February 2012.

### ***Status of the Contractual and Partnership Schemes***

We are currently considering the impact of the Court's decision regarding the contractual and partnership schemes and the future options available to Growers in those schemes. We will be in contact with the affected Growers in due course.

### ***Access to documents***

The decision of the Honourable Justice Davies handed down on 9 February 2012 and other documents filed in each of the HVP and GFP Applications are available at:

<http://www.abl.com.au/willmott/willmott.htm>.

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)

## **SCHEDULE 2 - REVISED SUMMARY OF RETURN TO GROWER BY HECTARE**

Summary return per Hectare	Return Per Ha	
	Higher Case	Lower Case
Projects	(\$)	(\$)
Willmott Forests - Professional Investor 2001 Scheme	358	357
Willmott Forests - Professional Investor 2002 Scheme	222	221
Willmott Forests - Professional Investor 2003 Scheme	98	97
Willmott Forests - Professional Investor 2004 Scheme	452	451
Willmott Forests - Professional Investor 2006 Scheme	87	86
2005 BioForest Wholesale Project No 2	Nil	Nil
Willmott Forests Project - 1999 Prospectus	Nil	Nil
Willmott Forests Project - 2000 Prospectuses	Nil	Nil
Willmott Forests Project - 2001 Prospectus	Nil	Nil
Willmott Forests Project - 2002 Prospectus	73	32
Willmott Forests Project - 2003 Prospectus	Nil	Nil
Willmott Forests Project - 2004 PDS	247	241
Willmott Forests Project - 2006 PDS	181	174
Willmott Forests Project - 2007 PDS	148	146
Willmott Forests 1989 - 1991 Project - 1989 Prospectus	1,226	1,187
Willmott Forests 1989 - 1991 Project - 1990 Information Memorandum	57	53
Willmott Forests 1989 - 1991 Project - 1990 Prospectus	1,261	1,252
Willmott Forests 1989 - 1991 Project - 1991 Prospectus	Nil	Nil
BioForest Dual Income Project 2006 PDS	Nil	Nil
BioForest Sustainable Timber and Biofuel Project 2007 PDS	Nil	Nil
Willmott Forests Premium Forestry Blend Project 2009 PDS	Nil	Nil
Willmott Forests Premium Forestry Blend Project 2010 PDS	Nil	Nil
Willmott Forests Premium Timberland Fund No 1	Nil	Nil