

31 January 2012

Dear Grower

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

We refer to our letter of 15 December 2012 and now provide a further update.

Sale to Global Forests Partners and Hancock Victorian Plantations

As previously advised, the Federal Court of Australia granted orders on 29 June 2011 granting the Liquidators the power of sale over the Willmott scheme assets (i.e. tree plantations), providing that the Liquidators obtained the consent of the Court before exercising that power.

Following an extensive international and domestic advertising campaign, sale agreements were ultimately entered into by WFL with:

- Hancock Victorian Plantations (**HVP**) in respect of plantations located on land owned by HVP or its related entities but leased to WFL including consideration for terminating various agreements in respect of those plantations; and
- Global Forests Partners LP (**GFP**) for the balance of the plantations and the freehold land owned by WFL.

Subsequent to the GFP sale agreement being entered into, WFL was replaced as the responsible entity of the 1995-99 schemes and therefore the plantations associated with those schemes were excluded from the sale agreement.

Included in our correspondence of 15 December 2012 was an estimate of the amount you were expected to receive as a Grower from the sale of your interest in one or more of the Willmott Schemes to HVP and GFP.

Recent Supreme Court Proceedings

Following the execution of the HVP and GFP sale agreements outlined above, the Liquidators filed two proceedings in the Supreme Court of Victoria seeking approval of those agreements.

The hearing of the applications commenced on 23 January 2012. Both the Willmott Growers Group (**WGG**) and the Willmott Action Group (**WAG**) have been granted leave to intervene in the proceedings. The proceedings have only been partially heard and the Court has scheduled additional time to continue the hearing on Monday, 27 February 2012 for a further four days.

Both the GFP and HVP agreements were conditional upon the Court granting orders to allow the Liquidators to complete the sale by 31 January 2012. As the Court has not been able to provide a ruling by that date, the Liquidators have sought to obtain extensions from both parties.

We have successfully negotiated with HVP to extend the completion date to 31 March 2012. GFP has only agreed to extend the completion date until 15 February 2012. In the event that the Liquidators are unable to obtain a further extension from GFP there remains a risk that the sale to GFP will not proceed.

Fire Prevention Works

As you are aware, the Liquidators have maintained an ongoing concern surrounding the lack of maintenance and fire prevention works that have been undertaken on the various plantations (especially at this time of the year). As outlined on a number of occasions the Liquidators have no funds to complete such works.

To help mitigate the fire risk on the plantations, the Liquidators entered into an interim maintenance agreement with GFP to perform various works on certain plantations from 6 December 2011 to 31 January 2012, the expected latest completion date for the GFP and HVP sale agreements. These works have now ceased and as such no fire maintenance will be undertaken from today.

Insurance

On 11 October 2011 an offer of insurance was provided from King Insurance Brokers (**Kings**) for Growers to take out insurance for their individual woodlots. That offer was open until 31 October 2011 and then later extended to mid-November. In light of the extension to the Court timetable as outlined above, Kings is willing to extend the original offer of insurance to Growers until 27 February 2012 noting there is a 168 hour waiting period from receipt of funds until the insurer is on risk. Should you wish to take up this insurance offer please contact Mr Paul Kaiser of Kings direct on 03 9818 8026 or email paul@kingbrokers.com.au

WAG update

Finally, we note the WAG has posted an update on its website in relation to the current Supreme Court proceedings. The Liquidators are concerned that a number of matters set out in that update are factually incorrect and we have requested the WAG to remove or correct these matters immediately.

A copy of the court documents filed in the various legal proceedings are available at:

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

If you have any questions, please contact us at willmott@ppb.com.au

Yours faithfully



Ian M Carson and Craig D Crosbie
Joint and Several Liquidators