

PRESS RELEASE

When Willmott Forests Ltd went down, only one of its forestry schemes survived - the Willmott Forests 1995-99 scheme. This scheme has now achieved a major triumph and has agreed to buy 5,000 Ha of plantation land in NSW and Victoria from the liquidators over 18 months' terms. The purchase is being funded by the investors through a rights issue, and from harvest proceeds.

In 2011, Willmott Forests Ltd went into liquidation and receivership, and investors met and resolved to appoint Primary Securities Ltd to replace it as the Responsible Entity, and to represent the investors in their fight to secure their investment.

Willmott Forests Ltd was also the land owner and it was not clear who controlled the land that was not leased to scheme investors. For the investors, Primary Securities commenced a legal action which established that it could exercise rights over that land, but did not own the land.

The liquidators then sought to terminate and cancel all the investor leases just before Christmas in 2015. Primary Securities commenced another legal action to protect the leases on Christmas Eve, as the Corporations Act requires proceedings be commenced within 14 days and courts were closing.

With the financial support of the investors and the assistance of an investor committee, Primary Securities brought the matter to trial and on the door of the court in May, the liquidators agreed to sell the 5,000 Ha of plantation land to the scheme.

On the application of the liquidators, the Supreme Court of Victoria has now approved the agreement. The investors have also now approved amendments to the Constitution of the scheme to manage land ownership. The deposit has been paid (funded by investors). We have six payments to go. The terms are guaranteed by Primary Securities personally.

"This deal brings 6 years of litigation with the liquidators to an end" said Rob Garton-Smith, Managing Director of Primary Securities.

"So far as we are aware", says Mark Bland of Mills Oakley, Primary Securities' solicitors, "this is the first time that a responsible entity for an agricultural scheme has negotiated to buy the scheme land from the liquidators or receivers of the land owner."

"The scheme is now in a position to benefit from being owner of both land and trees" said Mr Garton-Smith. "We have taken the investors from being in danger of losing everything to holding land and trees which we believe we can sell over the life of the scheme for \$30m". Most investors in other Willmott Schemes have received nothing.

Primary Securities has also succeeded in delivering proceeds to investors in the two smallest Gunns schemes after replacing Gunns Plantations Ltd as responsible entity in 2013 and arranging harvest of the trees. "Macquarie Bank tried to take over the larger schemes but this exercise failed and investors in those schemes have received nothing", Mr Garton-Smith said.

"Long term lessees are in great danger if a liquidator is appointed over the land owner" says Rob Garton-Smith. "Liquidators can now disclaim (or cancel) leases when they are the lessor. The cancelled lessee becomes an ordinary creditor, so in

the case of long term forestry lessees, if the lessor has no assets to distribute to ordinary creditors, the investor / lessees can lose the value of their trees."

"Any arrangements which involve long term leases, such as a resort with 200 year leases can also see lessees losing all their rights if the lessor goes into liquidation. Lessees can only prevent disclaimer by showing "gross" prejudice, which may be difficult to prove."

"Investors in such a situation have to coordinate themselves, move quickly, replace the responsible entity, and commence proceedings to save their investment."

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