

**IN THE SUPREME COURT OF VICTORIA AT MELBOURNE
COMMERCIAL AND EQUITY DIVISION
COMMERCIAL COURT**

LIST E

S CI 2011 6762

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

**WILLMOTT FORESTS LIMITED (RECEIVERS AND MANAGERS APPOINTED) (IN
LIQUIDATION) ACN 063 263 650 IN ITS CAPACITY AS RESPONSIBLE ENTITY OF THE
MANAGED INVESTMENT SCHEMES LISTED IN SCHEDULE 2 AND IN ITS CAPACITY AS
MANAGER OF THE UNREGISTERED SCHEMES LISTED IN SCHEDULE 3
AND ORS ACCORDING TO SCHEDULE 1**

Plaintiffs

CERTIFICATE IDENTIFYING EXHIBIT

Date of document: 22 December 2011

Filed on behalf of: the Receivers

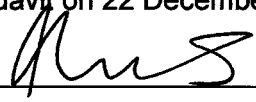
Prepared by:

Allens Arthur Robinson
Lawyers
530 Collins Street
Melbourne VIC 3000


Solicitor code: 21455
DX 30999 Melbourne
Tel 9614 1011 Fax 9614 4661
Ref (MWKM: Matthew Whittle
Matthew.Whittle@aar.com.au)

This is the exhibit marked '**BW-12**' now produced and shown to **BRYAN WEBSTER** at the time of affirming his affidavit on 22 December 2011.

Before me



AMELIA JANE ROBERTS
of 530 Collins Street, Melbourne
Victoria 3000
An Australian Legal Practitioner
within the meaning of the
Legal Profession Act 2004


**'BW-12' copy of letter
from AAR to Mallesons
dated 23 March 2011**

23 March 2011

Joanne Cameron
Partner
Mallesons Stephen Jaques
Level 50 Bourke Place
600 Bourke Street
Melbourne VIC 3000

By Email

ABN 47 702 595 758
Level 27
530 Collins Street
Melbourne VIC 3000
Australia
T +61 3 9614 1011
F +61 3 9614 4661
Correspondence
GPO Box 1776
Melbourne VIC 3001
Australia
DX 30999 Melbourne
www.aar.com.au

Dear Joanne

Willmott Forests Limited (Receivers and Managers Appointed) (In Liquidation) ACN 063 263 650 (WFL)

We refer to our letter to you dated 22 February 2011 regarding the discussions between Hancock Victorian Plantations Pty Ltd (*HVP*) and the voluntary administrators (now liquidators) of WFL (the *Liquidators*) in relation to the terms upon which WFL might agree to surrender its leases (or sub-leases/sub-licences) over land owned by HVP and used in connection with certain managed investment schemes operated by the Willmott Forests Group (the *HVP Leases*).

In our letter, we confirmed the following points:

1. the scope of the Receivers' appointment has at all times included WFL's rights under any leases, sub-leases, licences and sub-licences with third party land owners, including the HVP Leases;
2. accordingly, it will be necessary for the Receivers to agree to the terms of any proposed surrender of the HVP Leases and to execute any deeds of surrender on behalf of WFL;
3. further, it is clear that the Receivers have a significant commercial interest in the terms of any proposed surrender given that any payment by HVP to WFL will be applied by the Receivers' in reduction of the secured debt.

As a result, we confirmed that it is both necessary and appropriate that the Receivers be party to any negotiations between HVP and the Liquidators in relation to any surrender of the HVP Leases. We requested that you confirm in writing as soon as possible that you would include the Receivers in all future negotiations.

Despite our request, we have not received any response from you to our letter dated 22 February 2011. Furthermore, we understand that there have been ongoing discussions between HVP and the Liquidators, without the involvement of the Receivers, regarding the proposed terms of a surrender of the HVP Leases, including the negotiation of the proposed price to be paid by HVP for such surrender and the terms of a proposed 'Implementation Deed'.

For the reasons set out in our letter dated 22 February 2011 and summarised above, we reiterate that no surrender of the HVP Leases can take place without the Receivers agreeing to the terms of such a surrender and executing the relevant deeds of surrender.

Our Ref CCHM:EVBM:120090098

mkwm A0117011981v2 120090098 23.3.2011

Bangkok
Beijing
Beijing IP
Brisbane
Hanoi
Ho Chi Minh City
Hong Kong
Jakarta
Melbourne
Perth
Port Moresby
Shanghai
Singapore
Sydney

The Receivers have not been a party to the negotiations between HVP and the Liquidators to date and they should not be taken to have consented or acquiesced to any proposed terms in the 'Implementation Deed' (which the Receivers have not yet seen), including any proposed payment by HVP and any purported characterisation of such payment.

For the avoidance of doubt, we also wish to make the following points:

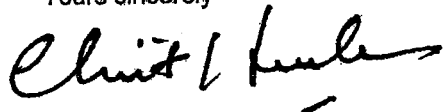
- (a) To the extent that the Liquidators may have suggested that they have any control over WFL's rights under the HVP Leases, this is plainly incorrect. The HVP Leases were entered into by WFL in its personal capacity, rather than in its capacity as responsible entity of the relevant schemes. In any event, the Deeds of Partial Termination executed by the Receivers on 24 September 2010 and 12 October 2010 expressly provide that the Receivers remain appointed over WFL's rights, title and interest in, among other things, any lease agreements, sub-lease agreements, licences, sub-licences with third parties in its capacity as lessee, sub-lessee, licensee or sub-licensee. Accordingly, regardless of the question of capacity, the Receivers' appointment has at all times included, and continues to include, the HVP Leases.
- (b) To the extent that the Liquidators may have suggested that any payment by HVP will or ought to be attributable to an acquisition of the trees located on the relevant land, this is also incorrect. The Receivers' position is that any payment to be made by HVP can only be characterised as a payment in consideration of a surrender of the leases (and, as a result, HVP's right to re-enter the land), particularly when one has regard to the significant amount of pre-paid rent currently held by HVP in respect of the HVP Leases.

In light of the issues raised above and the ongoing exclusion of the Receivers from the negotiations conducted between HVP and the Liquidators, the Receivers consider that the appropriate course now is for them to contact HVP directly in order to enter into their own negotiations on a bilateral basis in relation to the surrender of the HVP Leases. The Receivers will contact HVP shortly to propose a time for an initial meeting.

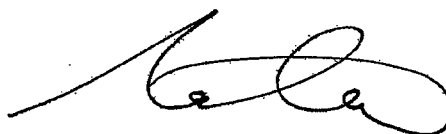
Given the Receivers' view that the Liquidators have no power to agree the terms of, or effect, a surrender of the HVP Leases, we consider that HVP and the Liquidators should take no further steps in negotiating, executing or purporting to carry out the terms of any 'Implementation Deed'. Following the negotiations between the Receivers and HVP, an appropriate tripartite agreement will need to be prepared.

Please do not hesitate to contact us if you have any questions.

Yours sincerely



Clint Hinchin
Partner
Clint.Hinchin@aar.com.au
T +61 3 9613 8924



Matthew Whittle
Senior Associate
Matthew.Whittle@aar.com.au
T +61 3 9613 8561