

WOODBIDGE LIQUIDATION TRUST
Michael I. Goldberg, Liquidation Trustee
c/o Akerman LLP
350 East Las Olas Boulevard, Suite 1600
Fort Lauderdale, Florida 33301

July 31, 2019

VIA WEB POSTING

Dear Beneficiaries,

I am the Liquidating Trustee of the Woodbridge Liquidation Trust (the “Trust”). I have received phone calls and letters from many of you and there appears to be some confusion concerning the plan of liquidation (the “Plan”) that was confirmed by the bankruptcy court (the “Court”) in October 2018, and regarding the general overall status of the Trust. I recognize that much of the confusion arises out of the fact that the documents available for you to read on our website are in legal terms and highly technical. I am hopeful this letter is easier for you to understand and will clarify certain issues.

When the Plan became effective in February of this year, all of the real estate formerly owned by Woodbridge was transferred to an entity referred to as the “Wind Down Entity.” The Wind Down Entity, although owned by the Trust, is a completely separate company with its own management, board, employees and budget. The Wind Down Entity is responsible for all real estate related issues including construction and selling all homes. The Plan provides that excess proceeds generated by the Wind Down Entity—beyond what the Wind Down Entity requires for construction and operations—will be distributed by the Wind Down Entity to the Trust for distribution to beneficiaries.

The Trust is not involved in the day-to-day business of developing, marketing, and selling real estate. However, the Wind Down Entity is required, under the Plan, to advise the Trust of the sales of properties. To date, I have not had any disagreement with the sales decisions of the Wind Down Entity, which is being managed by real estate professionals. This structure was set forth in the Plan and approved by the Court.

One of the most common questions I receive is why the sale of properties is not going faster. One of the primary reasons is that when Woodbridge filed bankruptcy, many of the properties that it owned were unfinished—some of them in very early stages of construction, and others where construction had not even been started. Therefore, the Wind Down Entity has been focusing a large part of its efforts on completing the construction of the unfinished homes so that

they can then be marketed and sold. Our experts have advised us that completing the unfinished homes rather than selling them immediately in their unfinished state is likely to maximize the recovery to beneficiaries. The cost of completing the unfinished homes, however, is expensive. The average price of the home owned by the Wind Down Entity is approximately \$24 million and it costs millions of dollars to complete construction. Therefore, even though the Wind Down Entity has sold several homes over the past six months, it has reinvested a large portion of the proceeds back into completing the unfinished homes and funding its operations, rather than distributing those proceeds to the Trust for distribution to beneficiaries. It is anticipated that a substantial portion of the construction will be complete sometime around the end of this year which will significantly lower go-forward development costs and permit a larger portion of sale proceeds to be distributed to the Trust for ultimate distribution to beneficiaries.

Again, only after the Wind Down Entity sells enough homes and accumulates enough money to fund the construction and its operations can it distribute money to the Trust that can be distributed to beneficiaries. The distribution made to beneficiaries earlier this year was made from the funds the Trust received from the Wind Down Entity that was in excess of the funds the Wind Down Entity needed to develop properties and operate. Thus, we are not arbitrarily withholding money. Rather, the timing of future distributions is dependent on the Wind Down Entity's ability to complete and sell homes, and the amount of money that the Wind Down Entity needs to reserve to be able to complete homes. Therefore, the next distribution will take place after the Wind Down Entity generates proceeds beyond what it needs to continue to fund construction and operations, at which time it will distribute those excess proceeds to the Trust. Although not guaranteed, I am hopeful that we will make another distribution later this year and additional distributions the following years. Be assured that the Wind Down Entity is hard at work completing and selling homes; each calendar quarter, a report of all property sales with gross proceeds in excess of \$100,000 is filed on the Court's docket and posted for review (free of charge) on the Trust's website.

In addition to real estate assets, Woodbridge also owned litigation claims against third parties that were transferred to the Trust. The Trust now owns and oversees these litigation claims, as well as claims contributed to the Trust by certain beneficiaries as part of the Plan process. The litigation claims include, among others, (i) claims against brokers who previously sold Woodbridge "notes" and "units" and may have received commissions from such sales, (ii) claims against Robert and Jeri Shapiro (and any others associated with them) for their conduct in connection with the Woodbridge Ponzi Scheme or for money received using investor funds; (iii) claims against other former insiders of Woodbridge for their conduct in connection with the Woodbridge Ponzi Scheme or for money received using investor funds; (iv) claims against third parties for money paid by Woodbridge for the benefit of Robert Shapiro (or others associated with him) for items such as hotels, airfare, home furnishings, luxury retail, jewelry, and wine; (v) "clawback" claims against investors to the extent such investors received more money from Woodbridge than they put in; (vi) other claims for "preferences" and "fraudulent transfers" pursuant to chapter 5 of the Bankruptcy Code; and (vii) claims against former attorneys,

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accountants, and banks (including Comerica Bank) of Woodbridge for alleged conduct in connection with the Ponzi Scheme. Lawsuits, to the extent they have already been filed, are in the early stages and it is impossible to tell at this point what, if any, recoveries will be achieved. However, we are hopeful that we will achieve positive results from these efforts and I can assure you that we are working hard to do our best to recover as much money as possible for you.

Please continue to check the website at www.woodbridgeliquidationtrust.com and I will endeavor to post similar update letters like this in the future.

Sincerely,



Michael Goldberg

Liquidating Trustee of the Woodbridge Liquidation Trust