
LOWELL CAPITAL LIMITED

ABN 60 006 844 588

AFSL: 241175

High Value Timbers Schemes Grower Meeting Update - November 19th 2011

Grower Meetings adjourned until November 30th 2011

2007 High Value Timber Project – adjourned until 10.00am on 30 November 2011

2008 High Value Timber Project – adjourned until 11.00am on 30 November 2011

The meetings of Growers of the Great Southern High Value Timber 2007 & 2008 Schemes which were held last Friday November 19, were adjourned following motions put to the respective meetings by Grower representatives, and will be reconvened on Wednesday November 30.

Background

Lowell Capital Limited (Lowell), the Responsible Entity has published a detailed Explanatory Memorandum explaining the Resolutions to be put to the Meetings which sets out the details of the arrangements surrounding the Land Transaction proposed by Lowell. Lowell has designed the Land Transaction to secure the future of the Schemes by providing Growers the opportunity to purchase the Plantation Land, which contains the containing viable plantations of the Schemes and to benefit from the anticipated capital gains, once the land is sold at the conclusion of the Schemes.

Summary of Key Discussion Issues at the Meetings

1. Grower are concerned “legal releases” to the Liquidator provided for in the Land Transaction may preclude them from participating in Class Actions against Great Southern entities and Directors.

Post meeting, Lowell has secured in – principal agreement from the Liquidator to amend the transaction documents to exclude such releases.

2. Growers require access to all the legal documents which make up the Land Transaction documents.

Lowell is bound by strict confidentiality clauses inserted into the documents by the Liquidator. The documents were offered, well prior to the meetings, to representatives of HVT Growers Pty Ltd and their legal advisors, under confidentiality agreements; however they choose not to accept those offers. The key details of the Land Transaction, including prices paid for the properties, are set out in the Meeting Booklets and further details of the properties to be purchased including market values will be set out in the Product Disclosure Statement containing the offer to participate in the HVT Land Scheme.

3. Growers expressed a strong preference that the land be owned by Growers and funded by debt.

It is Lowell’s preference that only Growers be able to own interests in the HVT Land Scheme; however in the current financial market it may not be realistic or sustainable that the Land be

funded only by debt, so growers may have to contribute some equity. Lowell will investigate all available options including debt and equity to finance the Land Transaction prior to the release of the final offer to Growers.

4. Growers are concerned about possible “conflicts of interest” if Lowell is the Responsible Entity for both the GSHVT Schemes and the HVT Land Schemes.

Lowell recognises that technical conflicts may emerge from time to time, but is content that in practice the close co-operation between the Landlord (HVT Land Scheme) and the Tenant (GSHVT Schemes) will lead to better, lower cost management to the benefit of Growers. Also, Lowell has lodged strict conflict management policies and procedures with ASIC which will be overseen by an independent Compliance Committee.

Lowell has offered to voluntarily step aside as RE of the Land Scheme if unresolvable conflicts arose in the future.

5. Growers require assurance that all returns in the Schemes will be pooled, regardless of which woodlots may be situated on land to be “surrendered” to the Liquidator.

Lowell strongly agrees with this view and has obtained written confirmation from the ATO that the Growers initial tax deductions will not be affected by the Land Transaction. Lowell will also confirm the standing of the pooling arrangements through an amended Tax Product Ruling early in 2012, providing Growers with the assurance they require.

Why the Meetings were adjourned

- a) The meetings were adjourned to enable Lowell to advise Growers of the alteration of the original offer to Growers to participate in the ownership of the HVT Land Scheme. **ALL Growers** will now be offered the right to own units in the HVT Land Scheme, where previously only Eligible Growers (those who are current fully financial members of GSHVT) were to receive the offer;
- b) Serious concerns are held that the proxy votes collected and collated by HVT Growers Pty Ltd may be invalid as they may breach a number of provisions of the Corporations Act relating to solicitation, interception and otherwise handling proxy votes. All proxy votes must be directed to the designated agent of the RE who has a fiduciary duty to deal honestly with the votes and ensure due process. Lowell must contact all Growers and offer them the opportunity to re-lodge their original votes or to lodge new votes if growers did not vote on this important issue, first time around; and
- c) To allow more time for Lowell to continue to meet with Growers to listen to any further concerns regarding the Resolutions, and to take account of those concerns to the extent possible at the meetings on November 30th.

What Happens Next

- 1) Lowell has negotiated an extension of time to meet the Conditions Precedent for the Land Transactions until Friday 25 November. The Liquidator has reserved his rights to act after that time;
- 2) Lowell will scrutinize the existing proxy votes to determine if there have been irregularities; and
- 3) Lowell will receive proxy votes from growers who wish to change their vote or lodge new votes for the meetings to be held on November 30th.

Lowell strongly encourages growers to vote. Proxy forms must be delivered to Lowell's designated agent Real Management Services Pty Ltd by 10:00 am Monday the 28th November by one of the following means:

- **Post to Real Management Services PO Box 1621 Mount Gambier SA 5290;**
- **Fax to (08) 8724 7466; or**
- **Email to hvt@napm.com.au.**

Proxy forms for meetings can be found by clicking on the appropriate link following:

[HVT 2007 Proxy Form](#)

[HVT 2008 Proxy Form](#)

Please stay informed via the web site www.lowellcapital.com.au