
LOWELL CAPITAL LIMITED

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AFSL: 241175

High Value Timbers Schemes Grower Meeting Update - November 24th 2011

This Grower Update and the Grower Meeting Update issued on November 19 are updates to the Meeting Booklet issued on October 21 and contain additional information about the Lowell Proposal.

Grower Meetings to be held on November 30th 2011

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

2008 High Value Timber Project – adjourned to 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 accepted motions to adjourn the Grower Meetings for reasons as set out in the Grower update issued on November 19. Principal amongst the reasons for adjournment was to allow more time to meet with grower representatives in an attempt to negotiate a position which could be supported through a positive vote for both Resolutions at the meetings to be held on November 30.

Growers have the opportunity to vote to authorise Lowell to enter into the Land Transaction which will ensure the future security of tenure for the GSHVT 2007 + 2008 Schemes and allow the opportunity for Growers to participate in a potentially lucrative land ownership arrangement.

Events subsequent to the Meetings of November 19

- a) 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 and has advised both Lowell and Grower representatives that he will only consider a further extension until November 30 and then only with evidence that the meetings will confirm approval for Lowell to enter into the Land Transaction.
- b) Concerns that HVT Growers Pty Ltd may have breached the Corporations Act in their actions to collect and collate proxy votes prior to the November 19 meeting have been addressed by Lowell and HVT Growers. HVT Growers agreed that it was in the interests of growers to request that growers who lodged proxies in favour of HVT Growers be contacted and requested to re-submit their proxies directly to Lowell

and in favour of an alternative party to HVT Growers Pty Ltd. Lowell intends to contact affected growers to this effect over the next few days.

- c) During the meeting, it became apparent that many growers were concerned that the releases to be provided to the Liquidator by Lowell as part of the Land Transaction may prejudice their participation in claims managed through Macpherson and Kelley.

Lowell has negotiated an amendment to the relevant clauses in the Land Transaction documents suitable to Macpherson and Kelley who will advise their clients to the effect that the releases are not a threat to the Excluded claims.

- d) Lowell and the re-constituted Growers Committee, who have replaced HVT Growers Pty Ltd in negotiations with Lowell, have spent considerable time working to negotiate a mutually agreed position in relation to changes to the Lowell Proposal which Lowell expect will enable Growers to support both Resolution 1 and Resolution 2 when they are put to the November 30 meeting.

Lowell's Amended Proposal.

At the meeting to be held on November 30, Resolution 1 and Resolution 2 will be put to the meetings in the same form as they were set out in the Notice of Meeting of 21 October.

After negotiation with grower representatives, Lowell has agreed to amend elements of the original Lowell proposal, as set out in the Explanatory Memorandum, for the benefit of growers. The key elements of the amended proposal are set out below:

- a) Growers will have the opportunity to apply for units in the land scheme in the same proportion as to their interest in each of the 2007 & 2008 Projects as an aggregate, subject to Lowell complying with any requirements in issuing interests in the land scheme in the Corporations Act 2001 and the constitution of the land scheme;
- b) This change means that ALL GROWERS currently on the register on the GS HVT 2007 + 2008 Schemes will be eligible to participate in the ownership of the Land Scheme;
- c) Lowell will endeavour to obtain funding of around \$3,500,000 to fund the acquisition of the continuing Plantation Land plus agreed costs and fees, and will raise these funds through a combination of funding from Growers and/or alternative debt financiers. Lowell will endeavour to arrange short term funding to enable the acquisition of the Option Land which will be on-sold to the benefit of members;
- d) The Purchase of the continuing Plantation Land (and the Option Land) will be funded from borrowings and offered to Growers through a Product Disclosure Statement (PDS) which will contain full details of the transactions and the future management plans for the HVT Land Scheme. Lowell will issue the PDS within a short period following the November 30 meetings;
- e) Lowell will be appointed as the responsible entity of the Land Scheme. Growers will not seek to replace Lowell within 12 months of its appointment. However, after this time, and at the request of members holding at least 5% of votes and written consent from a suitably qualified replacement responsible entity, Lowell will call a meeting of Growers to vote on resolutions to replace Lowell;

- f) Growers agree that Lowell is the only entity able to meet the conditions precedent set out in the Liquidator's agreement and should arrange ownership of the purchased assets by the HVT Land Scheme, a registered MIS Land Trust set for this purpose. Lowell will manage the HVT Land Scheme for a period of at least 12 months and afterwards will not oppose replacement if this is the will of members;
- g) Notwithstanding Resolution 2 to be put to the Meeting, Lowell will not exercise its right of indemnity in relation to audit fees or other meeting costs before a review of the viability of the HVT Schemes, management arrangements and associated fees and revenue shares is completed and put to a meeting of Growers in the first quarter of 2012;
- h) Resolution two covers a number of provisions enabling Lowell to raise funds to meet the essential costs and expenses of the Land Transaction. Lowell also requested growers approve that it be authorised to recover audit costs and other general expenses which it is unable to recover from Scheme funds under the present constitution. Under the proposed agreement with grower representatives, Lowell will be approved to recover the costs specific to the Land Transaction but will undertake not to seek to recover audit and other costs until approved by growers at a future meeting to be held early in 2012.

And, in addition to the above, Lowell agrees to amend the Constitution of the Schemes to recognise the standing of the Growers Review Committee and its role.

What Happens Next

- 1) Lowell expects that grower representatives will support Lowell's amended proposal and advise Growers of this position in an Update before close of business on Friday November 25;
- 2) Growers have the opportunity to consider their position and either attend the meetings in Melbourne on Wednesday November 30 and vote or alternatively lodge a proxy vote;
- 3) Growers who wish to change their original vote have the opportunity to change their vote; and
- 4) Growers who originally directed their votes to Mr Head of HVT Growers Pty Ltd should certainly **change their vote** to enable their vote to be counted.

Lodge your Proxy Vote

You should record your vote in this most important matter. If the meetings fail to vote for Lowell to enter into the Land Transaction, the agreement with the Liquidator will collapse and the future of the Schemes is highly uncertain.

If you wish to change your proxy you may do so by submitting a new proxy form which can be obtained from the Lowell Capital Website www.lowellcapital.com.au.

Proxies must be submitted by Monday 28 November by 10am (EST) for the 2007 Scheme and by 11am (EST) for the 2008 Scheme.

Submit your Proxy by

Post to: Real Management Services PO Box 1621 Mount Gambier SA 5290;

Fax to (:08) 8724 7466; or

Email to : hvt@napm.com.au

Keep Up to Date

Please visit www.lowellcapital.com.au over the course of the next few days for any further updates. If you wish to receive updates by email from Lowell Capital in relation to this matter please send your email address and Grower number to hvt@napm.com.au.