
LOWELL CAPITAL LIMITED

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High Value Timbers Schemes Grower Meeting Update - November 27th 2011

This Grower Update and the Grower Meeting Updates issued on November 19 and November 24 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 Friday November 19, were adjourned following motions put to the respective meetings by Grower representatives, and will be reconvened on Wednesday November 30.

CURRENT STATUS REPORT

After the Growers' Meeting of November 19 was adjourned the Liquidator granted a formal extension of the Agreement until November 25 to allow Lowell to address the concerns of Grower representatives.

Since then Lowell has conducted exhaustive negotiations with some grower representatives and made alterations to its original proposal that were legally permissible and commercially rational. Lowell believed that it had reached a mutually agreed position but was advised on Saturday November 26 by a group of growers led by Mr David Head that they did not agree with Lowell's amended proposals and, if they had sufficient votes to cast at the growers meeting on Wednesday 30, they were intending to move for a further adjournment.

Lowell believes that such a move will cause the Liquidator to cancel the Land Transaction as he is entitled to do under the terms of the Agreement and move to sell the land on which the GSHVT Schemes are contained to other parties. This will deny growers the opportunity to participate in a potentially lucrative deal which would see them buy land with an estimated value of \$13, 000,000 for a fraction of that cost, as well exposing the future of the Schemes to much greater risk.

If the land were to be sold to other parties it is highly probable that the Schemes will be liquidated as they would no longer be viable in the view of the Responsible Entity.

What Happens Next

Growers should attend the meetings next Wednesday November 30 or if they cannot attend Growers should lodge their proxy votes in favour of the Resolutions. It is vital that All

Growers are represented at the meetings and not dictated to by a minority group of Growers. Please see below for instructions of how to lodge your vote.

1. Lowell intends to put resolutions 1 + 2 to the meeting for approval and stands by the amendments to its original proposal, which are outlined below. Lowell has a fiduciary duty to act in the best interests of All Growers and has outlined a proposal that secures the long term security of the Schemes as well as allowing growers to share in the likely capital gains associated with the Land Transaction.
2. After extensive negotiations with Mr Head and his group Lowell remains unaware of any alternative proposal to put to the Liquidator. Without a viable alternative to secure the land and maintain the Schemes vast sums of Growers investments are at real risk.

Lowell remains available to meet with any Grower representative at any time, in the hope of reaching any practical solution which will enhance the interests of ALL growers.

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 October 21.

Lowell has agreed to amend elements of the original proposal, as set out in the Explanatory Memorandum, for the benefit of growers.

The key elements of the amended proposal are set out below:

Lowell agrees to amend the Constitution of the Schemes to recognise the standing of a legally constituted and duly elected Growers Review Committee (GRC) and its role.

Growers will have the opportunity to apply for units in the land scheme in the same proportion as their interest in each of the 2007 & 2008 Schemes 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.

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 in the form of an effective **FREE CARRY** into the scheme.

Lowell will endeavour to obtain funding of up to \$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.

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 meeting.

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 agreed assets by the HVT Land Scheme, a registered MIS Land Trust established and registered 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.

Lowell will arrange for an Investment Review Committee (IRC) to be constituted within the HVT Land Scheme. The IRC will overview any dealings in Scheme Land and in the event that the RE and the IRC fail to agree upon an appropriate course of action, Lowell will put the matter before a meeting of growers, except in the event where land sales are necessary to repay Scheme borrowings where the RE will have sole responsibility.

Resolution 2 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.

In order to allow as many growers as possible to be fully informed and to vote at the November 30 Meeting, Lowell has extended the time for lodgement of proxy votes until 7:00 pm (EDT) Tuesday November 29 for both the 2007 & 2008 Schemes.

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 7:00 pm (EDT) Tuesday November 29 for both the 2007 Scheme and 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.