
LOWELL CAPITAL LIMITED

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Dear Grower,

Restructure of the Great Southern 2007 High Value Timber Project

Lowell is calling a meeting of Growers to be held on 18 November 2011. The primary purpose of the meeting is for Growers to consider two resolutions associated with the Land Transaction.

If approval is granted and Lowell is authorised to complete the purchase of the land, Lowell proposes to raise the required capital either through debt or equity or both and make the necessary arrangements for Growers to acquire units in a special purpose land trust that will own the Land.

Background

Lowell was appointed as responsible entity of the Project in June 2010 to replace the previous responsible entity, Great Southern Managers Australia Limited (in liquidation) (**GSMAL**) which is insolvent. If Lowell wasn't appointed as responsible entity, the Project would almost certainly have been wound up. Following Lowell's appointment the majority of Growers elected to continue to support their investment by paying management and maintenance fees. Since then, Lowell has made detailed assessments of the forestry estate and carried out large scale remedial maintenance work to the plantations.

GSMAL, as the initial responsible entity for the 2007 Project, leased land from Great Southern HVT Holdings Pty Ltd (In Liquidation) (**GSHVTPL**) in order to establish the Growers' plantations. The Liquidator of GSHVTPL has been threatening to terminate these leases and sell the Land, claiming that Lowell and GSMAL (before Lowell's appointment) defaulted on some of the terms of the leases. Lowell has disputed such claims but considers that to pursue the dispute through the courts would not be in the best interests of the Growers.

If the leases are terminated, Lowell would have no other option than to wind up the scheme.

Lowell has conducted extensive negotiations with the Liquidator in order to resolve the dispute and to achieve security over the land for the benefit of Growers. Lowell has entered into a conditional agreement with the Liquidator, to achieve these aims.

Under this agreement, Lowell proposes to:

1. set up a special purpose land trust (**HVT Land Scheme**) to buy parcels of land that contain commercially viable plantations of the Project. The HVT Land Scheme will also be able to buy and on-sell the Continuing Land;
2. following approval of the resolutions, issue a product disclosure statement and offer units in the HVT Land Scheme to qualifying Growers;
3. accept the Liquidators' termination of Head Leases over large parcels of land that have been assessed as commercially unviable; and
4. give certain acknowledgments and releases to the Great Southern Entities.

We refer to this proposal and the consequential arrangements set out in this Booklet as the **Land Transaction**.

Land Transaction

The Land Transaction will result in a sizable reduction of the gross area of land leased under the Project, however the net area of potentially profitable plantations will be affected to a much lesser degree. Lowell commissioned an Independent Forester's Report, included in Part E of this Booklet. It explains the basis for categorising the land into commercially "viable" and "unviable". This guided Lowell's negotiations with the Liquidators.

Although the land area will be diminished, we cannot identify the impact of the Land Transaction on each Grower's Land Interest because the Liquidators have been unable to locate records of GSMAL's allocations of land to individual Growers. Lowell proposes to ensure that Growers' proportional interests in the net proceeds of the Project will remain the same. We have checked the proposed arrangements with the Australian Taxation Office and they have confirmed that your previous and future tax deductions are not at risk. Please see section 5 of Part C and Part F of the Booklet for further information from KPMG and the Australian Taxation Office.

Additionally, the Land Transaction is conditional upon both the Liquidators and Receivers relinquishing their liens over the Project assets. The Receivers estimated the value of their lien to be approximately \$580,000.

Grower approval required

Lowell requires Growers to approve the first resolution so that it can commit to certain aspects of the Land Transaction. Under the second resolution, Lowell requires approval for its expenses and indemnity relating to the Land Transaction, and audit expenses in relation to the Project. These resolutions are contained in this Booklet together with a detailed explanation at Part C.

We consider the Land Transaction to be in the best interests of Growers and necessary to facilitate the continuation of the Project. It will also provide greater certainty of tenure over the land to be leased by the Project.

Continuation of the Project

Lowell proposes to set up the HVT Land Scheme and offer Growers who are fully financial in the Project, at 22 December 2011, the opportunity to participate in the ownership of the land assets by investing in the HVT Land Scheme. Full details of that offer will be set out in a detailed product disclosure statement to be sent shortly after the meeting.

Future management of the Project

Once the Land Transaction settles, Lowell intends to put a further proposal to Growers to re-arrange the Project terms to reflect the reduced area of land under management and the changed conditions in relation to the management of the Project. In doing so, Lowell aims to ensure an equitable outcome among stakeholders.

Your vote is important

Lowell considers that the Land Transaction is the only realistic way to continue the Project and represents the opportunity for Growers to acquire an interest in the highly valuable Project land (through the HVT Land Scheme). If the first resolution is not passed at the Meeting, the Land Transaction will not complete, the Liquidators will terminate the leases and the Project is almost certain to be wound up.

It is therefore **vital**, if you would like to see the Project continue and if you are interested in owning an interest in the HVT Land Scheme which owns valuable Project land, that you carefully consider the information in this Booklet and cast your vote.

If you cannot attend the meeting

This Booklet includes a Proxy Form for Growers who do not wish to attend the meeting in person. To be effective, the proxy must be received by Lowell **by 10am on 16 November 2011**.

The Board of Directors of Lowell strongly recommends that you vote in favour of the resolutions.

Yours Sincerely

Michael Ramsden

MICHAEL RAMSDEN
Chairman
Lowell Capital Limited