

**MINUTES OF MEETING OF MEMBERS OF
GREAT SOUTHERN 2007 HIGH VALUE TIMBER PROJECT
ARSN 123 528 950**

Date: 30 November 2011
Time: 10am (Melbourne time)
Venue: Level 17, Rialto North Tower, 525 Collins Street, Melbourne

PRESENT Michael Ramsden, Lowell Capital Limited, Chairman (**Chair**)
Peter Ryan, Observer
Mark Bland, Clarendon Lawyers, Observer
Lauree Blair, Clarendon Lawyers, Observer
Brooke Stewart, Clarendon Lawyers, Observer
Meryl Parker, Observer
Keith Woodruff, Observer
David Head, holder of proxies
Mark McErlain, Grower
Rod Larsson, Grower

OPENING The Chair, Michael Ramsden declared it was 10:10am, 10 minutes past the appointed time of 10.00am, a quorum to be present, and the meeting to be open.

The Chair introduced himself as the Chairman of Lowell Capital Limited (**Lowell**) and informed the meeting that the meeting had been convened by the responsible entity by way of notice dated 21 October 2011 in accordance with s252A of the Corporations Act.

DISCUSSION OF GRC AND LOWELL AGREEMENT The Chair stated that since the meeting held on 18 November 2011, Lowell had conducted exhaustive negotiations with Grower representatives.

The Chair proposed to include a summary of the key elements on Lowell's website and have a summary read into the minutes.

Agreed elements of the further developed and amended proposal :

- a) The objective is that the ownership of the Land Scheme be taken up exclusively by Growers who have an interest in the HVT Schemes, except to the extent that minority equity is required to fund the Land Scheme.
- b) 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 HVT Schemes as an aggregate, Lowell will determine an annual contribution fee to be invoiced to members (for management expenses). Members who fail to pay their contribution fee in the Land Scheme and HVT Schemes will lose their interest in the Land Scheme and the HVT Schemes in line with the mechanism in clause 44 of the HVT Scheme constitution. Forfeited interests that are not taken up will be held by the responsible entity on trust for Grower members and distributed to Grower members pari

passu at the end of the Scheme.

- c) Lowell will aim for up to \$3,500,000 to fund the acquisition of the land in the land scheme, plus costs and fees, and will raise these funds through a combination of funding from debt financiers and equity, with debt preferred.
- d) Lowell agrees to make provision in the Land Scheme constitution to establish the Investment Review Committee (**IRC**) which will consist of three members to be nominated and elected by the members of the Land Scheme. The IRC will review proposed transactions by the responsible entity to buy, sell, lease or encumber land of the Land Scheme including the Option Land, where such action is not for the purpose of retiring debt of the Land Scheme. Notwithstanding Resolution 2 to be put to the Meeting, Lowell will not exercise its right of indemnity in relation to audit fees or the costs of any future meetings 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 and approved in the first quarter of 2012.
- e) Lowell agrees to amend the Constitution of the Schemes to recognise the standing of the GRC and its role in the HVT Schemes.

DISCUSSION REGARDING ADJOURNMENT

Marilyn Parker noted the GRC sought an adjournment to give the GRC an opportunity to advise the Growers to take up the proposal.

David Head noted that Brian Ward and Partners advised him that he could not vote for the resolutions without first disclosing to Growers what the agreed proposal was and giving Growers an opportunity to amend their proxies, if they sought fit.

The Chair noted the risk of the Liquidator walking away from the proposal if the meetings were adjourned again.

DISCUSSION REGARDING INSURANCE

The GRC suggested re-organising the Growers' insurance to a single policy encompassing the whole scheme.

Peter Ryan explained the tax implications and restructuring to achieve this and confirmed that the Insurer (the underwriter) was happy to defer receipt of insurance premiums for a short period.

David Head noted that there would be less risk of adverse tax implications if the proposed restructure occurred after 2012. David Head noted that the GRC would leave it with Lowell to handle.

The Chair acknowledged that Lowell would continue to consider the issue.

David Head noted Growers' concern about possible internal stress on the trees from cyclone damage.

The Chair explained that the Miltondale property which would be surrendered in the Land Transaction was the only property that we were currently aware of which had been affected.

GENERAL DISCUSSION

Marilyn Parker asked whether the plantations had any value as carbon offsets.

Peter Ryan explained that the carbon legislation excluded managed investment schemes and Michael Ramsden advised that any carbon benefits (if any) were to the benefit of the landowner under the lease agreements.

**DISCUSSION
REGARDING PROXIES**

David Head referred to the previous meetings' discussions on 18 November 2011 with respect to acceptance of proxies.

David Head noted that for the 18 November meeting, at the time of collecting the proxies:

- the GRC was not aware of any problems with its processes and sought legal advice from Brian Ward Partners at the time;
- no proxies had been touched by members of the GRC;
- the Grower update No 12 sent by the GRC specifically quoted the instructions regarding where to send proxies in the Meeting Booklet.

Mark Bland noted Lowell Capital's concerns with the proxies arose from the frequent occurrence of particular handwriting on proxy forms, different handwriting in different sections of proxy forms and sections of proxy forms that had been erased and amended.

The Chair confirmed that Lowell Capital would accept proxies until 7pm on Sunday evening before the next meeting.

**MOTION FOR
ADJOURNMENT**

Rod Larsson proposed a motion to adjourn the meeting to the same time and place on Tuesday 6 December 2011.

Mark McErlain seconded the motion.

The Chair declared the motion passed on a show of hands at 10:24am.

CLOSING

Meeting adjourned at 10:50am until Tuesday 6 December 2011 at 10am at Clarendon Lawyers Level 17, Rialto North Tower, 525 Collins Street Melbourne Victoria.

Signed as a correct record



Michael Ramsden, Chair



December 2011