
LOWELL CAPITAL LIMITED

ABN 60 006 844 588

AFSL: 241175

GS High Value Timbers 2007 + 2008 Growers Update - 4 June 2012

Final date for Completion of the Land Transaction

Lowell Capital Limited (Lowell) and the Liquidator have agreed a final date to complete the purchase of continuing Scheme Properties under the Asset Sale Agreement (ASA).

The final date for completion is now **2 July 2012**. The Liquidator has indicated that there will be no further extension of time beyond this date.

In the event that the Land Transaction does not complete by the due date, it is likely that the Liquidators will seek to terminate the leases held by HVT Projects over the Scheme Properties and sell them which could lead to a termination of HVT Projects.

Offer of Interests in HVT Land Scheme

The HVT Land Scheme (the Land Scheme) has been registered by Lowell to purchase the continuing Properties on which the tree schemes are planted and members of the High Value Timber Schemes (HVT Projects) are now offered the preferential opportunity to subscribe for up to \$4 million worth of Units in the Land Scheme (The Offer).

Lowell has negotiated the purchase of the properties at a price, which is considered to be substantially below unencumbered market value of more than \$10,000,000. Members can purchase units in the new Land Scheme and enjoy the benefits of ownership of the land which contains their woodlots and to share in the potential for capital gains.

The Grower Update of November 30 2011 advised that the Growers Representative Committee had expressed a preference for completing the Land Transaction through Debt rather than Equity, and allowing all members of the HVT Projects to apply for units in the Land Scheme to be issued at a nominal cost. Lowell agreed to endeavour to raise the funds through debt and equity, and ensure that Growers received priority in any equity raising.

The raising of Debt Funding has proven a very difficult task in the present financial climate with Banks unwilling to lend to forestry managed investment schemes. Lowell has secured access to a short term, high interest rate Debt Facility of up to \$3,00,000. However, Lowell considers that due to the terms of the Debt Facility, raising as much equity as possible through the Offer is in the best interests of members of HVT Projects and members of the Land Scheme.

Lowell may also arrange the early sale of some properties to supplement capital raised through the Offer and use the proceeds to reduce the Land Schemes reliance on the Debt Facility

Full details of the Offer are explained within the Product Disclosure Statement (PDS) which was issued on 1 June 2012 and has been mailed to you. The Board of Directors recommends that Members subscribe to the offer as a full take up of interests will enable the Land Scheme to own and operate the properties on a secure, debt free basis.

Grower Meetings Scheduled for June 26 – Approval to enter Finance Arrangements

Members previously approved Lowell to complete the Land Transaction and enter into a Debt Facility at a meeting held in December 2011. Access to the Debt Facility effectively underwrites Lowell's ability to complete the purchase of the Land Scheme properties under the ASA. Failure to complete the ASA may result in the termination of the HVT Projects as discussed previously.

Balanced Securities Limited (The Lender) requires that the Members of the Projects specifically approve the Finance Arrangements at Meetings of Members.

A Meeting Booklet including a Notice of Meeting and Explanatory Memorandum has been mailed to you. The Board of Directors of Lowell strongly recommends that you vote in favour of the Resolutions to be put to the Meetings.

Further information

The Meeting Booklet and Product Disclosure Statement have been mailed and should be with you shortly. Copies of both documents are available for download from the Lowell Capital Limited website. Members should read all documentation in full and if necessary consult their personal financial advisers.

Lowell or its Associates do not intend to participate in the Offer.

Updates to the information already provided will be posted to our webpage www.lowellcapitallimited.com.au. Please check the site regularly.