

**Great Southern 2007 High Value Timber Project
ARSN 123 528 950 (Project)**

Meeting of Members

to be held at 10:00am on 26 June 2012 at Level 6, 530 Collins Street, Melbourne

Meeting Booklet

Important Notices

Meeting Booklet (“Booklet”)

This Booklet contains information about the meeting of Members called to approve Lowell doing things necessary to enter into the Finance Arrangements on the terms set out in the Booklet if Lowell considers it necessary to do so to complete the Land Transaction arising out of the insolvency of the Great Southern Entities and associated matters.

Your vote is important. The meeting of Members is to be held at 10.00am (Melbourne time) on Tuesday 26 June 2012 at the offices of Mills Oakley Lawyers, Level 6, 530 Collins Street, Melbourne. If you cannot attend in person, please complete and return the proxy form enclosed at Part F to Lowell at the address stated on the proxy form by 10am on Friday, 22 June 2012, or **no later than 48 hours prior to the Meeting**.

In preparing the Booklet, Lowell has not considered your objectives, financial situation or needs. Accordingly, before acting on any information, opinion or recommendation in the Booklet, you should consider it having regard to your objectives, financial situation and needs.

This is an important document. Please read the information in this Booklet very carefully. If you do not understand these documents or are in doubt as to the course you should follow, you should consult your professional advisor.

Not an offer document

This Booklet is not an offer document in relation to the capital raising referred to in this Booklet, the Offer. You should consider the PDS that has been sent to you before deciding whether to participate in the Offer. Anyone who wishes to subscribe for the Offer will need to complete an application form that accompanies the PDS.

Disclosure about forward-looking statements

Certain statements in this Booklet relate to future matters. Such statements are not based on historical fact but reflect the expectations of Lowell. They may be identified by forward-looking words such as ‘aim’, ‘anticipate’, ‘believe’, ‘expect’, ‘estimate’, ‘intend’, ‘plan’, ‘potential’, ‘propose’, ‘should’ or

similar words and phrases. These forward-looking statements are not guarantees of future performance or actions.

Changes

Circumstances may change between the date of this Booklet and the Meeting of Members. Material changes will be communicated to Members by way of update posted on the Lowell website at www.lowellcapital.com.au.

Members are strongly encouraged to check the website regularly for any updates.

Lowell will email you any update if it has your email address. If you want to ensure Lowell has your correct email address, email Lowell at hvtgrowers@realmanagementservices.com.au

Glossary

A Glossary of the capitalised terms used in this Booklet is contained in Part D.

Date

This Booklet is dated 1 June 2012.

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A. Chairman's Letter

Dear Member

Restructure of the Great Southern 2007 High Value Timber Project

Lowell is calling a meeting of Members to be held on 26 June 2012. The primary purpose of the meeting is for Members to consider and vote on two resolutions to enable Lowell to enter into the Finance Arrangements if required to complete the Land Transaction.

Prior to the meeting in 2011 where Members approved Lowell completing the Land Transaction (**2011 Meeting**), Lowell had extensive discussions with a number of Members. Those Members expressed a strong preference that Lowell complete the Land Transaction with debt rather than equity.

Banks are unwilling to lend to forestry managed investment schemes in the current environment, and although Lowell has secured access to a short term high interest rate Debt Facility which effectively underwrites this transaction, Balanced Securities Limited (the Lender) requires that the Members of the Projects specifically approve the Finance Arrangements at a Meeting of Members.

However as the terms of the Debt Facility allow only for a maximum of \$3,000,000 loan with very high interest rates, Lowell is seeking to raise capital, first from Members of this Project and the Other Project. Members will have an opportunity to subscribe up to \$4 million to acquire Units in the Land Scheme to complete the Land Transaction. This Offer is made under a Product Disclosure Statement (**PDS**).

To the extent that the Capital Raising does not raise sufficient funds to proceed with the Land Transaction, Lowell proposes to enter into the Finance Arrangements allowing the Land Scheme RE to borrow the required funds.

Your vote is important

Lowell considers that approval for the Finance Arrangements are required to continue the Project and ensure that Members have the opportunity to acquire an interest in the highly valuable Project land (through the Land Scheme).

If the first resolution is not passed at the Meeting, the Finance Arrangements will not be able to be entered into, and Lowell may not be able to raise sufficient funds to complete the Land Transaction.

The Land Transaction with the Liquidators is due for completion on 2 July 2012 and the Liquidators have indicated that no further extensions to this settlement date will be granted.

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

It is therefore **vital**, 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 Members who do not wish to attend the meeting in person. To be effective, the proxy must be received by Lowell **by 10am on 22 June 2012**.

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

Yours sincerely

MICHAEL RAMSDEN
Chairman
Lowell Capital Limited

B. Notice of Meeting

Lowell Capital Limited ACN 006 844 588 (**Lowell**) as responsible entity of the Great Southern 2007 High Value Timber Project ARSN 123 528 950 (**Project**), gives notice pursuant to Section 252A of the *Corporations Act 2001* (Cth) (**Corporations Act**) that a meeting of all members of the Project (**Members**) will be held on:

Time and Date: 10am on Tuesday, 26 June 2012
Place: Level 6, 530 Collins St, Melbourne
(Meeting)
Chair: Michael Ramsden

The business of the Meeting will be to consider, and if thought fit, pass the following:

Resolution 1 – an ordinary resolution to approve Lowell’s commitment to the Finance Arrangements

“That the Members approve Lowell Capital Limited entering into the Finance Arrangements described in section 3 of the Explanatory Memorandum in its capacity as responsible entity of the Project.”

Resolution 2 – a special resolution to amend the Constitution

“That Lowell Capital Limited amends the Constitution in accordance with the amendments set out in section 4 of the Explanatory Memorandum.”

Part E of this Booklet contains information about voting procedure and eligibility. Lowell expects that the value of a Member’s vote will be reduced in proportion to the extent to which it has not made contributions to the Project as at 9am AEDT on the Business Day before the poll is taken.

Part F of this Booklet contains the Proxy Form.

Further Information

Further information regarding the Finance Arrangements and the reasons for the proposed Resolutions are set out in Part C of this Booklet.

By order of the Board
Michael Ramsden
Chairman

C. Explanatory Memorandum

The purpose of this Explanatory Memorandum is to provide the Members with such material information as will fully and fairly inform the Members of what is to be considered at the Meeting.

Lowell may update this Explanatory Memorandum by placing updates on its website, www.lowellcapital.com.au. We encourage Members to check the website for updates.

1. Background

The previous responsible entity of the Project, Great Southern Managers Australia Limited (in liquidation) (Receivers and Managers appointed) (**GSMAL**) leased land from Great Southern HVT Holdings Pty Ltd (In Liquidation) (**GSHVTPL**) to establish the Members' plantations in the Project. The Liquidator of GSHVTPL issued default notices and threatened to terminate the leases and sell the Land on the basis that Lowell and GSMAL (before Lowell's appointment) defaulted on some of the terms of the leases.

Lowell entered into a conditional Asset Sale Agreement (**ASA**) with the Liquidator, to resolve the dispute and protect the land containing viable plantations. At a meeting of Members on 6 December 2011 (**2011 Meeting**), Members approved Lowell entering into the ASA to buy parcels of land with commercially viable plantations (**Continuing Land**). Lowell set up a special purpose land trust (**Land Scheme**) to buy the Continuing Land from the Liquidator.

2. Continuing the Project

2.1. Purpose of the Meeting

The purpose of the Meeting is to seek Member approval for Lowell doing the things necessary to enter into the Finance Arrangements on the terms set out in this Booklet so that it can complete the Land Transaction if insufficient funds are raised under the Land Scheme Product Disclosure Statement.

2.2. About the Land Transaction

Fundamentally, the Land Transaction enables Lowell to continue the Project on viable land and permits the Liquidators to sell the unviable land.

The Land Transaction allows Lowell as RE for the Land Trust to purchase the remaining properties on which the tree schemes are planted. This will give Members the opportunity to participate in land ownership and any potential capital gains from the sale of properties.

To accommodate the Lender's requirement for approval of the Finance Arrangements by members of this Project and the Other Project, the Liquidators have agreed to extend the date for completion of the Land Transaction to 2 July 2012. If this transaction is not settled on this date the transaction is unlikely to proceed and the Liquidator may seek to terminate the leases which could lead to the end of this Project and the Other Project.

2.3. Funding the completion of the Land Transaction

Lowell registered a managed investment scheme, the Land Scheme, to acquire the Continuing Land. Members in the Projects are being offered priority in subscribing for up to \$4 million of Units in the Land Scheme under the PDS (**Offer**).

If insufficient funds are raised in the Offer, Lowell may be required to rely on the Finance Arrangements to complete the Land Transaction. As a result of the high cost of the Debt Facility, Lowell believes that it is in the best interests of Members to sell certain properties in order to reduce the debt in the Land Scheme, as soon as practicable.

Details of the Finance Arrangements are set out below in Section 3.

2.4. Key Dates for the Land Transaction, Offer and Finance Arrangements

| Date | Proposed Event |
|--------------|--|
| 29 May 2012 | Date of PDS and the date the Offer to acquire units in the Land Scheme opens |
| 1 June 2012 | Date of Notice of Meeting |
| 26 June 2012 | Date of Meeting of Members to vote on the resolutions outlined in this Booklet and date the Offer closes |
| 2 July 2012 | Settlement Date for the Land Transaction |

3. Resolution 1 – Approval of the Finance Arrangements

3.1. Effect of Resolution 1

Resolution 1 is an ordinary resolution.

"That the Members approve Lowell Capital Limited entering into the Finance Arrangements described in section 3 of the Explanatory Memorandum in its capacity as responsible entity of the Project."

The effect of resolution 1 being passed is that Lowell will have the approval of Growers to take the necessary steps to enter into the Finance Arrangements if required to complete the Land Transaction. The necessary steps and key terms of the Finance Arrangements are set out below.

The Finance Arrangements are described in this section. They are the product of extensive negotiations by Lowell with the assistance of a finance broker. Lowell is satisfied that the terms of the Finance Arrangements are commercially reasonable in the circumstances, however Lowell has decided to give Members the opportunity of the Land Scheme Offer in order to remove or at least reduce the level it needs to rely on the Finance Arrangements.

3.2. Requirement of Member approval

Lowell as Project RE notified and sought approval from Members prior to the meeting in December 2011 that:

"Lowell will use reasonable endeavours to raise debt and will be empowered to enter into commercially reasonable terms and security arrangements with debt providers."

At that time, the specific terms of the Finance Arrangements were not known.

The Lender requires that, in addition to the above approval, Lowell obtains Member approval to the specific terms of the Finance Arrangements, in particular that the Land will be mortgaged in favour of the Lender to secure the obligations of the Land Scheme RE in priority to the Head Leases and that in the event the Land Scheme RE defaults in its obligations to the Lender, the Head Leases (as amended) will terminate automatically.

3.3. Key Terms

Under the proposed Facility Agreement, which forms part of the Finance Arrangements (**Debt Facility**), the Land Scheme RE:

- (a) will be able to draw down up to \$3 million repayable within 24 months (**Term**);
- (b) is required to pay interest at a rate of 19.75% from 7 days after the despatch of mortgage documents, and this rate is subject to change by the Lender;
- (c) is required to pay a higher interest rate of 31.95% if the whole of the secured amount is not paid within the Term;
- (d) is required to pay a fixed risk fee of \$250,000 if all secured moneys are repaid on time or \$500,000 if repayment does not occur within the term or an event of default occurs;
- (e) shall pay all fees, costs and expenses of the Lender; and

- (f) agrees to grant a mortgage over the Land to the Lender securing the commitment of the Land Scheme RE.

3.4. Priority of mortgage over Project head leases

The Lender requires that its mortgage security over the Land is first ranking in priority to any other interests in the Land (including leases past, present and proposed).

The mortgage security granted to the Lender by the Land Scheme RE will be registered in priority to the Head Leases and also the Forest Right Agreements (**Land Interests**) held by Growers.

Under the Project as it was established by Great Southern, the Head Leases over the Land secured the responsible entity's tenure and a Growers' Land Interest (Forestry Rights Agreement, Forestry Right Lease Agreement or Sub-Lease) was the basis of their interest in the Project.

As a consequence of the restructure of the Project following the insolvency of the Great Southern Entities, a Grower's interests in the Project is no longer contingent on their Land Interest. Their interest in the Project is dependent upon their entitlements to Net Proceeds of Sale, which may have increased or decreased since the restructure in line with the amount of contributions each Grower has made. This is reflected in the Constitution where the concept of Member has been inserted to account for interests taken up by way of increased contributions.

Members' interests still remain contingent upon the existence of Head Leases, as they are the basis of Lowell's right to access the land to harvest the trees for the Project. Granting mortgage security in priority to the Head Leases will reduce the security of the Project's right to the trees, however Lowell considers that doing so will be in the best interests of members if it is unable to raise sufficient funds to complete the Land Transaction.

3.5. Mechanism for granting the mortgagee's interest priority over the Head Leases

Under the Finance Arrangements, the Lender has required that Lowell take the following steps to ensure that the Lender perfects the mortgage security it requires as a condition to the drawdown of funds:

- (a) the Land Scheme RE terminates and the Project RE agrees to surrender the Head Leases;
- (b) the Land Scheme RE¹ grants mortgage security to the Lender to be registered on unencumbered title with a first ranking priority over the Head Leases; and
- (c) the Land Scheme RE grants new Head Leases to the Project RE as Lessee which are registered in favour of the Project RE.

The new Head Leases referred to above at 3.5(c) will contain provisions specifically acknowledging the rights of the Lender and that the new Head Leases automatically terminate upon the occurrence of an Event of Default under the Debt Facility.

3.6. Consideration for the Project

In return for the Project surrendering the Head Leases and allowing the Land Scheme RE to provide mortgage security to the Lender that ranks in priority to the new Head Leases, the Project will have the right to the greater of 10% of the proceeds of the sale of Land returned to the Land Scheme net of costs, and an amount that can be apportioned to the value of the trees on the basis of an independent valuation. In addition, Members of the Project will have the opportunity to acquire units in the Land Scheme under the Offer. Lowell considers that these are reasonable, commercial terms in return for it agreeing to surrender the Head Leases, and entering into new Head Leases with the Land Scheme RE which will terminate if the Land Scheme RE defaults under the Debt Facility enabling the mortgage security to be enforced.

If the capital raising is unsuccessful and the Finance Arrangements were not available, the Project RE would not be able to complete the Land Transaction, the Liquidators would terminate the Head Leases and the Project would likely have to be wound up. Accordingly, the Finance Arrangements, if required, produce a considerable benefit to the Project in and of itself.

¹ This step and the next will be done by the Custodian appointed by the Land Scheme RE.

3.7. Terms of Default

It will be an Event of Default and all Secured Moneys will become immediately payable under the Debt Facility, if amongst other things:

- (a) the Land Scheme RE does not punctually make repayments;
- (b) an Insolvency Event occurs in relation to the Land Scheme RE;
- (c) the Land Scheme RE or a Related Party does not perform a covenant, agreement, condition or provision binding on it;
- (d) a representation or warranty given by the Land Scheme RE is found to be incorrect or misleading in a material respect or any undertaking given by the Land Scheme RE is breached or not wholly performed;
- (e) without the Lender's consent, the Land Scheme RE changes directors, transfers or issues shares, convertible notes or options, or reduces its capital;
- (f) any circumstances arise which give reasonable grounds in the opinion of the Lender for belief that the Land Scheme RE may not (or may be unable to) perform its obligations under the Debt Facility;
- (g) the value of the Land materially decrease from its values at the date of the Agreement;
- (h) the Head Leases are not lawfully surrendered or a Grower takes any steps howsoever or whatsoever to enforce or preserve any rights legal or equitable pursuant to the Head Leases; or
- (i) the Land Scheme RE breaches any term of the New Leases.

3.8. Advantages of the Finance Arrangements

Lowell considers that Members should support the Finance Arrangements because, if required by the Land Scheme RE, it will:

- (a) allow the Project to continue;
- (b) avoid costly and high-risk litigation to re-instate any terminated Head Leases and, if successful, the additional cost of re-establishing plantations on such land which to date has failed;
- (c) provide security of tenure (albeit subordinated to the rights of the Lender under the mortgage security) over a number of commercially viable plantations.

If Members do not approve the Finance Arrangements it is possible that Lowell will be unable to raise sufficient capital to fund the Land Transaction and the Project will be wound up. If this happens:

- (a) the prospect of any value being returned to Members is uncertain; and
- (b) the Project's existing liabilities to GSHVTPL under the Head Leases will continue.

3.9. Risks specific to the Finance Arrangements

There is a risk that the Land Scheme RE will not be able to raise sufficient funds under the Offer to complete the Land Transaction and the Land Scheme RE and Lowell will be required to enter into the Finance Arrangements. The risks involved with entering the Finance Arrangements are as follows:

- (a) The Land Scheme RE will be required to terminate the Head Leases over certain parcels of Continuing Land to enable mortgage security over the Land in favour of the Lender to be registered in priority to the Head Leases.
- (b) The Land Interests held by Members will be terminated if the Land Scheme RE defaults in its obligations to the Lender under the Debt Facility and Members will have no rights over the Continuing Land.
- (c) The Debt Facility attracts a high interest rate, using a base indicator rate plus a margin associated with the Land Scheme RE's circumstances, receiving no income and having no way to service the debt except through member contributions to the Fund and Land sales.

- (d) The Debt Facility is short term (2 years) and involves a risk fee of up to \$500,000.
- (e) The Land Scheme RE's ability to refinance its debt is dependent on its ability to access funding from external sources, which may be in the form of debt, equity or quasi-equity. There can be no assurance that any such funding will be available to the Land Scheme RE on favourable terms, or at all, if required. If the Land Scheme RE is forced to sell Land it may have a material adverse effect on the Land Scheme RE's financial position.
- (f) The Land may materially decrease in value, which will be an event of default under the Debt Facility.
- (g) The Land Scheme RE may be forced to sell Land at a discount to market value.
- (h) The Lender will have security over all of the Land and in the event of any default against the payment of interest or repayment of principal, may sell the Land at less than fair market value to recoup funds owed.

Risks that are present whether or not Lowell and the Land Scheme RE are required to enter into the Finance Arrangements include that the information in this Explanatory Memorandum may be incomplete or inaccurate, because despite taking reasonable steps to ascertain all relevant information, Lowell has not been able to obtain a complete set of Project records (e.g. Woodlot locations) from the previous responsible entity, GSMAL.

3.10. Conflicts of interest

This information is disclosed in this Booklet to inform Members and seek their approval of any potential conflict of interest arising out of Lowell's possible dual role as responsible entity for the Project and the Land Scheme.

Conflicts that may arise include the provision of plantation management services to the Lessee by the Manager of the Project, property leasing by Lowell in its dual capacities, disputes between the Lessor and the Lessee under the Head Leases, conflict of performance of duties and powers in these capacities, apportioning proceeds of sale of land between the Land Scheme RE and the Projects.

Lowell acknowledges its obligation to have adequate arrangements in place to manage conflicts of interest. Lowell intends to have adequate arrangements in place to accommodate its role as responsible entity of the Project and the Land Scheme to ensure that members of the Projects and the Land Scheme are treated fairly. These will be reflected in the compliance plan for each scheme. Lowell proposes to appoint an independent valuer to ensure that the net proceeds of any sale are appropriately and fairly distributed between the Projects and the Land Scheme.

If Lowell is required to enter into the Finance Arrangements, it may be considered to be giving a financial benefit to the Land Scheme RE, by surrendering the Head Leases, and allowing the Lender's mortgage security to be registered on the title of the Continuing Land in priority to the Head Leases. Lowell considers that approval of Members is not required to give this financial benefit to the Land Scheme RE as it is given on commercial terms that would be reasonable in the circumstances if Lowell and the Land Scheme RE were dealing at arm's length.

4. Resolution 2 – Amendments to the Constitution

4.1. The Finance Arrangements

The Project is governed by various legal documents which are the Constitution, a Land and Management Agreement and a Lease or Forestry Right Agreement (**Member Agreements**) that have been entered into with each Member of the Project.

If the level of subscription to the Offer is not sufficient to fund the Land Transaction and Lowell is required to implement the Finance Arrangements, Members participating in the Project must approve the changes to the Constitution required. This section sets out the proposed amendments and describes their effect on the Projects.

4.2. Proposed Amendments to the Constitution

This section sets out the specific amendments to the Constitution which Members are being asked to approve to enable Lowell to enter into the Finance Arrangements.

Definitions

A new definition of 2012 Explanatory Memorandum will be included in the Constitution by inserting the following definition in clause 1.1 of the Constitution:

“2012 Explanatory Memorandum means the Explanatory Memorandum in the Meeting Booklet given to Members in relation to the Notice of Meeting dated 1 June 2012.”

A new definition of Land Scheme and Land Scheme RE will be included in the Constitution by inserting the following definitions in clause 1.1 of the Constitution:

“Land Scheme means Lowell Capital Limited – HVT Land Scheme ARSN 154 154 033.”

“Land Scheme RE means Lowell Capital Limited in its capacity as responsible entity of the Land Scheme.”

Power to surrender and agree to termination of Head Leases

Amend clause 6.6 of the Constitution to remove the RE’s obligation to ensure that it will not deregister the Head Leases while it is subject to any Land Interest of a Member by deleting clause 6.6(b) and inserting the following wording in its place:

- “(b) Notwithstanding clause 6.6(a), the Responsible Entity will have power to terminate and deregister the Head Land Interest where it considers it is in the best interests of the Members to do so in circumstances in which:
- (1) it is borrowing or raising money for the purposes of the Project or the Land Scheme RE borrows or raises money for the purposes of the Land Scheme and such termination and deregistration of the Head Lease allows the Responsible Entity or the Land Scheme RE to mortgage the land previously subject to the Head Land Interest as security for the money borrowed; and
 - (2) it does all things necessary to ensure that it lodges for registration a new or replacement Head Land Interest as soon as practicable on terms that permit the registration of mortgage security in priority to the interest of the Member.

For the avoidance of doubt, the Responsible Entity is not required to ensure that the new or replacement Head Land Interest the Responsible Entity must lodge for registration ranks equally or higher in priority to the security provided to secure the money borrowed in clause 6.6(b)(1).”

Amend clause 6.6 of the Constitution by deleting “; and” at the end of clause 6.6(c)(1) and inserting a new clause 6.6(c)(3) which provides:

- “(3) Notwithstanding anything in clause 6.6(c)(1) and clause 6.6(c)(2) above, the Responsible Entity:
- (a) may terminate a Head Land Interest at any time where the land subject to the Head Land Interest acts as security for money borrowed in accordance with clause 6.6(b); and
 - (b) will, where any security for money borrowed in accordance with clause 6.6(b) is enforced in accordance with its terms, not take any action to prevent the lawful enforcement of such security which shall be enforced on the basis that the Head Land Interests are automatically terminated.”

Amend clause 13.2 of the Constitution which gives the Responsible Entity power to act on behalf of Growers by inserting a new clause 13.2(a)(2)(iv) after clause 13.2(a)(2)(iii) with the following wording:

- “(iv) without limiting the generality of the foregoing and despite clause 6:
- (A) agree to assign, terminate or otherwise deal with any Head Land Interest for the purposes of allowing the security granted to a

secured lender of the Responsible Entity or the Land Scheme RE to be given priority over the Head Land Interest; and

- (B) enter into any new Head Land Interest which specifically provides that upon the default of the Responsible Entity or the Land Scheme RE under the security granted to any Lender, the Head Land Interests are automatically terminated and shall be of no further force or effect enabling any Lender to enforce its mortgage security without the encumbrance of Head Lease interests,

in circumstances in which the Responsible Entity considers it is in the best interests of Members to do so.”

Power to facilitate borrowing by Land Scheme RE

Amend clause 12.2 of the Constitution by deleting it and replacing it with the following wording:

“12.2 Borrowings (S. 601GCA(3))

The Responsible Entity may borrow or raise money for the purpose of the Project and may secure such money by or with property held on trust for Members.”

The insertion of the additional powers above may be considered adverse to Members’ rights.

However, Lowell has assessed the Members’ rights as they exist before the amendments and the impact the amendment will have on those rights. Having compared them, Lowell considers that the proposed Constitutional changes above are in the best interests of Members but may be adverse to their rights under the existing Head Leases in relation to the Project.

5. Taxation

Lowell considers that the Finance Arrangements will not give rise to a CGT event in relation to Members’ interests in the Project. However, Members should seek their own independent taxation advice.

If the Finance Arrangements gave rise to a CGT event, deductions will not be denied under the Product Ruling for the Project (PR 2010/22) as Growers were accepted into the Project more than 4 years before the Finance Arrangements would be entered into.

6. Implementation of the Finance Arrangements

The Finance Arrangements will be implemented as follows:

- (a) at 10 am Tuesday 26 June 2012, there will be a Meeting of Members to consider the resolutions;
- (b) as soon as is practicable, Lowell will make the necessary amendments to the Project documents and lodge the amendments to the Constitution with ASIC;
- (c) when the PDS offer closes on 26 June 2012, the Land Scheme RE will issue interests in the Land Scheme to the Members and other parties that subscribe for the Offer;
- (d) if insufficient capital is raised to complete the Land Transaction, the Land Scheme RE and the Project RE will be required to enter into the Finance Arrangements; and
- (e) the Land Scheme RE will settle the Land Transaction and comply with all of its requirements and obligations under the ASA.

D. Glossary

The following terms are used in this Booklet:

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|-------------------------|---|
| 2011 Booklet | Meeting Booklet for the meeting of Members dated 21 October 2011. |
| 2011 Meeting | Meeting of Members at which Members approved the Land Transaction on 6 December 2011. |
| ASA | Asset sale agreement between Lowell, GSMAL, GSHVTPL and the Liquidators dated 7 October 2011. |
| ASIC | Australian Securities and Investments Commission. |
| ATO | Australian Taxation Office. |
| Booklet | This document containing the Notice of Meeting and Explanatory Memorandum. |
| Completion | The completion of the purchase of the Land Assets which will occur 10 Business Days after the first date that all conditions have been fulfilled or waived under the ASA. |
| Constitution | The constitution of the Project (as amended). |
| Continuing Land | Means the Land Assets that are purchased by the Land Scheme. |
| Contributions Fund | Has the meaning given in the Constitution. |
| Corporations Act | <i>Corporations Act 2001</i> (Cth). |
| Debt Facility | Facility Agreement to be entered into with BSL if Lowell is required to enter into the Facility Arrangements. |
| Deferred Payment | Balance of the Purchase Price on the Land Assets due on 30 June 2012. |
| Explanatory Memorandum | Explanatory memorandum as Part C of this Booklet, as amended by Lowell from time to time. |
| Finance Arrangements | Facility Agreement and other agreements between the Lender, the Custodian and Lowell as described in section 3.5. |
| Forest Right Agreement | Forest right agreement for the Project and attached as Schedule 7 to the Constitution. |
| Great Southern Entities | GSHVTPL and GSMAL. |
| GSHVTPL | Great Southern HVT Holdings Pty Ltd (In liquidation) ACN 123 433 778. |
| GSMAL | Great Southern Managers Australia Limited (Receivers and Managers Appointed)(In liquidation) ACN 083 825 405. |
| Head Leases | Head leases of the Land on which the Project operates. |
| Land Scheme | Lowell Capital Limited – HVT Land Scheme ARSN 154 154 033. |

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|-------------------------------|--|
| Land | The land used by the Project for the Members' plantations. |
| Land and Management Agreement | Means the land and management agreement for the Project attached as Schedule 2 to the Constitution. |
| Land Assets | The land to be acquired by the Land Scheme RE under the Land Transaction. |
| Land Interest | A Forest Right Agreement where the Grower's Land Area is situated in Queensland |
| Land Scheme RE | Lowell Capital Limited in its capacity as responsible entity of the Land Scheme. |
| Land Transaction Documents | The ASA, Option Assets Sale Agreement and Deed of Acknowledgment. |
| Liquidators | Martin Bruce Jones, Andrew John Saker, Darren Gordon Weaver and James Henry Stewart in their capacity as liquidators of GSHVTPL and GSMAL. |
| Lowell | Lowell Capital Limited ACN 006 844 588. |
| Meeting | Meeting of members of the Project scheduled to be held on at 10:00 am on Tuesday 26 June 2012. |
| Members | Members of the Project. |
| Net Proceeds of Sale | Gross proceeds of sale less the various costs defined in the Land and Management Agreement. |
| Offer | The offer to acquire units in the Land Scheme made under the PDS. |
| Option | The option to purchase the Option Assets. |
| Option Assets | College Farm, Miltondale and Theyona (with Miltondale being relevant to this Project). |
| Other Project | Great Southern 2008 High Value Timber Project ARSN 123 529 233. |
| PDS | The product disclosure statement issued by the Land Scheme RE in relation to the Offer and dated 29 May 2012. |
| Proceeds Fund | The fund containing the income of the Project as defined in the Constitution. |
| Project | Great Southern 2007 High Value Timber Project ARSN 123 528 950. |
| Project RE | Lowell in its capacity as responsible entity of the Project. |
| Projects | The Project and the Other Project. |
| Purchase Price | Means \$2,340,000 for the Land Assets. |
| Real Management Services | Real Management Services Pty Ltd ACN 121 786 712 as Lowell's agent. |

E. Notice of Meeting - Voting Procedure and eligibility

1. Quorum requirements

The quorum requirement for the Meeting, is in accordance with s252R(2) of the Corporations Act, and requires at least 2 Members to be present at the Meeting.

If a quorum is not present within 30 minutes after the scheduled time for the meeting, the meeting will be adjourned to a date time and place determined in accordance with section 252R(4) of the Corporations Act.

2. Voting and required majority

(a) Ordinary Resolution 1

In accordance with sections 252J and 253J of the Corporations Act, for the Ordinary Resolution 1 to be effective:

- (i) the resolution must be passed at a meeting of which the required days notice specifying the intention to propose the resolution, subject to any amendments, has been given; and
- (ii) the resolution must be passed by at least 50% of votes cast by members entitled to vote on the resolution (whether present in person or by proxy, attorney or representative).

Resolution 1 will be decided on a poll.

(b) Special Resolution 2

In accordance with sections 9, 252J and 253J of the Corporations Act for the Special Resolution 2 to be effective:

- (i) the resolution must be passed at a meeting of which the required days notice specifying the intention to propose the resolution, subject to any amendments, has been given; and
- (ii) the resolution must be passed by at least 75% of the total votes cast by members entitled to vote (whether present in person or by proxy).

Resolution 2 will be decided on a poll.

- (c) Subject to paragraph 4(d), on a poll each Member has one vote for each Woodlot held in the Project and, on a show of hands every Member has one vote. You need not exercise all of your votes in the same way, nor need you cast all of your votes.
- (d) If your interests are jointly held, only one of the joint holders is entitled to vote. If both joint holders are present at the meeting, only the vote of the person named first in the register counts.
- (e) If you plan to attend the meeting, we ask you to arrive at the venue at least 15 minutes prior to the time designated for the meeting so that we may check your interests against the Project's register of members and note your attendance.
- (f) In order to vote at the meeting, a corporation that is a Member may either appoint a proxy or appoint a person to act as its representative. The appointment must comply with section 253B of the Corporations Act. The representative should bring to the meeting evidence of his or her appointment including any authority under which it is signed.

3. Votes

Interests in the Project will be taken to be held by persons registered as members at 9am AEDT on Monday, 25 June 2012 (the **Effective Time**).

For the purpose of voting, the value of an interest will be determined by the responsible entity, in accordance with section 253F(c) of the Corporations Act, as the price that a willing

but not anxious buyer would pay for the interest if it was sold on the Business Day immediately before the day on which the poll is taken.

4. Proxies and Representatives

- (a) All members at the Effective Time who are entitled to attend and vote at the Meeting may appoint a proxy for that purpose.
- (b) A proxy need not be a Member of the Project.
- (c) The Proxy Form relating to the Meeting accompanying this Notice of Meeting should be used.
- (d) A Member who is entitled to cast 2 or more votes at the Meeting, may appoint up to 2 proxies and may specify the proportion or number of votes that each proxy is entitled to exercise. If a member **does not** specify the proportion or number of that member's votes each proxy may exercise, each proxy will be entitled to exercise half of the votes. An additional Proxy Form will be supplied by Mr Jarrod Ryan of Real Management Services on request by phone (08) 8724 2400 or email hvtgrowers@realmanagementservices.com.au.
- (e) Unless a Member specifically directs the proxy how to vote, the proxy may vote as he or she thinks fit or abstain from voting.
- (f) In the case of an individual, a proxy must be under the hand of the individual or his or her attorney duly authorised in writing and, in the case of a corporation, a proxy must be under either the common seal of that corporation or under the hand of its duly authorised officer/s or attorney.
- (g) If a meeting of the Project's members has been adjourned, an appointment of any authority received at least 48 hours before the resumption of the meeting are effective for the resumed part of the meeting.
- (h) Any Member may appoint an attorney to act on the Member's behalf. The power of attorney, or a certified copy of it, must be received as set out in paragraph (j) below.
- (i) Any corporation which is a Member of the Project may appoint a representative to attend and vote for that corporation at the Meeting. Appointments of representatives by corporations must be received as specified in paragraph (j) below.
- (j) Proxies and powers of attorney granted by members must be received by Lowell, as responsible entity of the Project, **at least 48 hours before the meeting**:
 - (i) at the registered office:
Real Management Services
PO Box 1621
Mt Gambier South Australia 5290; **or**
 - (ii) by fax to the office of Real Management Services – fax number (08) 8724 7466 (within Australia) and +61 88724 7466 (outside Australia); **or**
 - (iii) by email to hvtgrowers@realmanagementservices.com.au.

5. Voting by Proxy

You can vote by completing and returning the Proxy Form (attached at Part F).

Those members that lodge Proxy Forms but later wish to revoke or amend their proxy appointment may do so by submitting another Proxy Form (further copies can be obtained by calling Jarrod Ryan of Real Management Services on 08 8724 2400. Revised Proxy Forms must be submitted **at least 48 hours before the Meeting**, or at least 48 hours before any adjournment of the meeting.

6. Questions

If you have any questions, please contact your adviser or Jarrod Ryan of Real Management Services on (08) 8724 2400.

F. Proxy Form

I/We _____

of _____

being a member of the Great Southern 2007 High Value Timber Project ARSN 123 528 950
(Project) hereby appoint/s

of _____

or failing such person, or if no person is named, the Chair of the Meeting,

as my/our proxy to act generally at the Meeting on my/our behalf and to vote for and on my/our behalf at the Meeting of the Project to be held in Victoria at Mills Oakley, Level 6, 530 Collins Street, Melbourne on Tuesday 26 June 2012 commencing at 10am, and at any adjournment thereof and I/we direct my/our proxy to vote as follows in respect of the following resolutions set out in the Notice of Meeting, subject to any amendment:

| | For | Against | Abstain |
|---|--------------------------|--------------------------|--------------------------|
| Business | | | |
| Resolution 1: Approval of the Finance Arrangements | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 2: Amendments to the Constitution | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

DATED this _____ day of _____ 2012

*** Please sign below if individuals or joint Members**

.....

| | |
|---------------------|---------------------|
| Signature of Member | Signature of Member |
|---------------------|---------------------|

***Please sign below if a corporate member**

EXECUTED by _____)

| | |
|--|---|
| Signature of director/sole director and sole secretary (delete as applicable) | Signature of director/company secretary Signature of sole director and sole secretary(delete as applicable) |
| Name of director/sole director and sole secretary (delete as applicable) (print) | Name of director/company secretary or sole director/sole secretary (delete as applicable) (print) |