

Great Southern Plantations Update

- AAG has been informed by Great Southern that Pulpwood Plantations Pty Ltd has put forward a public offer (the only offer to date) to growers for the 1998 to 2003 Great Southern Plantations projects.
- AAG have spoken to Gordon Martin and several other board members of Pulpwood Plantations Pty Ltd as well as Gary Inions, the Managing Director of Pulpwood International who believe they have the capability and financial resources to undertake the management of the projects through to harvest.
- The proposal involves appointing a new Responsible Entity (RE) for these six schemes. Primary Securities Ltd, the proposed independent RE has rapidly become one of the largest independent RE's with agricultural MIS experience in Australia, and seems well placed to undertake this role.
- The proposal appears to be a genuine commercial offer that does not require growers to contribute any further cash, and aligns the interests of both the grower and Pulpwood Plantations Pty Ltd through the sharing of net harvest proceeds.
- AAG understands that substantially more than the requisite 5% of growers who have registered their support to convene a grower meeting where this proposal can be formally presented and voted on has been substantial. Indications are that the minimum requirement of 5% of growers required to support a meeting has been well and truly surpassed.
- We expect the next grower meeting will be convened in the second half of October 2009.
- We make no comment on the commerciality of the proposal, pending a review of the full data set, which must be made and produced in time for the October grower meeting.
- We do note however that this proposal provides a potential alternative to winding up the schemes. We further understand that as Pulpwood Plantations Pty Ltd will take their costs and profit at harvest, there will be no cash cost for growers at the point of election to take up this option.

Extract from AAG's MIS Newsletter, **Monday 7 September 2009**

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