



GREAT SOUTHERN
LIMITED

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Great Southern Limited ABN 54 052 046 536

Notice of Extraordinary General Meeting

A Meeting of Shareholders of Great Southern Limited (ACN 052 046 536) will be held
at **10 am** (Australian Western Daylight Time)
on **Thursday 4 December 2008**, at the Parmelia Hilton, 14 Mill Street, Perth, Western Australia

**This Notice of Meeting
is dated
28 October 2008.**

Enclosed with this Notice of Meeting is an Explanatory Memorandum. The Explanatory Memorandum has been prepared to assist Shareholders in determining whether or not to vote in favour of the resolutions set out in this Notice of Meeting. The Explanatory Memorandum is intended to be read in conjunction with this Notice of Meeting.

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Action Required by Shareholders

Step 1 : Read the Notice of Meeting and the Explanatory Memorandum.

This information is important. The Explanatory Memorandum provides information to explain the proposed resolutions in order to assist Shareholders to determine how to vote on the resolutions.

Step 2 : Vote on the resolutions: Your vote is important. You may cast your vote by:

Attending and voting at the meeting to be held at 10 am (Australian Western Daylight Time) on 4 December 2008 at the Parmelia Hilton, 14 Mill Street, Perth, Western Australia; or

Completing and returning the enclosed proxy form so that the form is received at Computershare, GPO Box 242, Melbourne, Victoria 3001 or at Great Southern Limited's offices, 16 Parliament Place, West Perth, WA 6005 by mail or facsimile within Australia to 1800 783 447 and outside of Australia to (61) (3) 9473 2555 by no later than 10am (Australian Western Daylight Time) on 2 December 2008.

GSL Chairman's Letter



28 October 2008

Dear Investor

Enclosed is the Notice of an Extraordinary General Meeting to be held by Great Southern Limited (GSL) on Thursday, 4 December 2008. This meeting will provide you with the opportunity to vote on GSL's Proposal to issue GSL shares to Project Investors in the Plantation Projects (being the 1998 to 2003 projects) and Cattle Projects (being the 2006 and 2007 projects) in exchange for their Woodlots and/or Drove.

This Proposal comes after GSL has conducted a full strategic review of its existing business structure in order to recognise and react to the changing markets in which it operates. The offering of GSL shares in exchange for

Woodlots and Drove is a key initiative of this review and represents a major undertaking by GSL which is expected to improve the financial strength and operating efficiencies of the company.

Existing shareholders will share in the benefits that are expected to accrue to GSL as a result of the success of the Scheme Proposals including:

- It will create a hardwood plantation business with sustainability and significant scale;
- It will create an integrated cattle business with significant scale;
- It will deliver a broader, more predictable revenue and cash flow base;
- It will strengthen GSL's balance sheet and give GSL greater scale and flexibility;
- It will provide greater opportunity to take full advantage of its assets and opportunities such as the possibility of an emerging carbon trading market; and
- GSL believes that the success of the Scheme Proposals will make GSL more attractive to investors.

Shareholders should carefully read section 2.3 (Benefits of the Scheme Proposals for the Company) and section 2.4 (Consequences for the Company if Shareholders do not approve the Resolutions) of the Explanatory Memorandum.

On behalf of the Directors of GSL, I strongly encourage you to read the Notice of Meeting and the Explanatory Memorandum, and vote in favour of the resolutions either by attending the meeting or by completing and returning the enclosed Proxy form.

Yours sincerely

A handwritten signature in dark ink, appearing to be 'DC Griffiths', written in a cursive style.

DC Griffiths

CHAIRMAN

Great Southern Limited

Notice of Extraordinary General Meeting

Notice is hereby given that a meeting of the Shareholders of Great Southern Limited will be held at the Parmelia Hilton, 14 Mill Street, Perth, Western Australia on 4 December 2008 commencing at 10 am (Australian Western Daylight Time).

If you are unable to attend the Meeting, you are encouraged to complete and return the enclosed proxy form. The completed proxy form must be received at Computershare, GPO Box 242, Melbourne, Victoria 3001 or at Great Southern Limited's offices, 16 Parliament Place, West Perth, WA 6005 by mail or facsimile within Australia to 1800 783 447 and outside of Australia to (61) (3) 9473 2555 by no later than 10 am (Australian Western Daylight Time) on 2 December 2008.

Shareholders should read the Explanatory Memorandum in full. Capitalised terms used in this Notice of Meeting are defined in the Glossary in section 3 of the Explanatory Memorandum.

Agenda

The following resolutions to be considered at the Meeting are explained in the attached Explanatory Memorandum.

Resolution 1 – Approval for the purpose of Listing Rule 7.1 and Listing Rule 10.11 of the issue of up to 639,646,380 Shares to Project Investors in the Plantation Projects

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

“THAT the issue of up to 639,646,380 Shares to Project Investors in the Plantation Projects as explained in the Explanatory Memorandum, be and is hereby approved for all purposes including rule 7.1 and rule 10.11 of the ASX Listing Rules.”

Resolution 2 – Approval for the purpose of Listing Rule 7.1 and Listing Rule 10.11 of the issue of up to 176,383,980 Shares to Project Investors in the Cattle Projects

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

“THAT the issue of up to 176,383,980 Shares to Project Investors in the Cattle Projects as explained in the Explanatory Memorandum, be and is hereby approved for all purposes including rule 7.1 and rule 10.11 of the ASX Listing Rules.”

Voting Restrictions

In relation to the Resolution 1, in accordance with the ASX Listing Rules, the Company will disregard any votes cast on Resolution 1 by:

- (1) a Project Investor in a Plantation Project or a person who might obtain a benefit, except a benefit solely in the capacity as a holder of Shares, if Resolution 1 is passed; or
- (2) any associate of the persons or entities in (1) above.

In accordance with the Voting Restrictions set out above, Mr Cameron Rhodes and any of his associates will be excluded from voting on Resolution 1.

In relation to the Resolution 2, in accordance with the ASX Listing Rules, the Company will disregard any votes cast on Resolution 2 by:

- (1) a Project Investor in a Cattle Project or a person who might obtain a benefit, except a benefit solely in the capacity as a holder of Shares, if Resolution 2 is passed; or
- (2) any associate of the persons or entities in (1) above.

In accordance with the Voting Restrictions set out above, Ms Alice McCleary and any of her associates will be excluded from voting on Resolution 2.

Limit on voting restrictions

However the Company need not disregard a vote in relation to the Resolutions if:

- (1) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (2) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

It is the intention of the Chairman of the meeting acting as proxy to cast any such votes in favour of the Resolutions.

Voting entitlements – Snapshot Date

Pursuant to Regulation 7.11.37 of the Corporations Regulations 2001, the Board has determined that the persons eligible to attend and vote at the meeting are those persons who are recorded as Shareholders on the Register at 10 am (Australian Western Daylight Time) on 2 December 2008.

Proxies

Each Shareholder is entitled to appoint a proxy. The proxy does not need to be a Shareholder. A Shareholder who is entitled to attend and vote is entitled to appoint not more than two proxies. In accordance with the Company's constitution, Shareholders are further advised that if a Shareholder appoints two proxies:

- and does not specify the proportion or number of votes each proxy is appointed to exercise, then each proxy shall be entitled to vote half of the Shareholder's voting rights;
- neither proxy may vote on a show of hands; and
- each proxy may only exercise the voting rights the proxy represents on a poll.

A proxy form accompanies this Notice of Meeting and, to be effective, proxy forms must be:

- (1) received at Computershare, GPO Box 242, Melbourne, Victoria 3001 or at Great Southern Limited's offices, 16 Parliament Place, West Perth, WA 6005; or
 - (2) faxed to Computershare's facsimile number within Australia to 1800 783 447 and outside of Australia to (61) (3) 9473 2555
- by no later than 10 am (Australian Western Daylight Time) on 2 December 2008.

Incorporation into Notice of Meeting

The Explanatory Memorandum to Shareholders is hereby incorporated into, and forms part of, the Notice of Meeting.

By Order of the Board



Neil J Hackett

**Company Secretary
Great Southern Limited**

Dated 28 October 2008

Explanatory Memorandum

1. Introduction

This Explanatory Memorandum provides information for Shareholders to explain the proposed Resolutions set out in the Notice of Meeting of the Company to be held at 10 am (Australian Western Daylight Time) on Thursday, 4 December 2008 at the Parmelia Hilton, 14 Mill Street, Perth Western Australia.

Capitalised terms used in this Explanatory Memorandum are defined in the Glossary in section 3 of this Explanatory Memorandum.

Shareholder approval is being sought for the Resolutions in order that the Company complies with the requirements of the ASX Listing Rules.

The Company can only issue a limited number of new shares without Shareholder approval. If the Company wishes to issue more new shares than the maximum number prescribed, then it must obtain Shareholder approval. ASX Listing Rule 7.1 requires a company that wishes to issue more than 15% of its shares on issue 12 months before to obtain shareholder approval by way of ordinary resolution (unless the issue is exempted under ASX Listing Rule 7.2). The successful implementation of all of the Scheme Proposals will result in between 55% and 71% of the Company's Shares on issue being issued to Project Investors. Accordingly, the approval of Shareholders is required under Listing Rule 7.1.

In addition, Listing Rule 10.11 prohibits a company from issuing equity securities to a related party without the approval of the holders of ordinary shares in the company unless the issue is exempted under ASX Listing Rule 10.12. Two of the Project Investors who the Company will offer to issue Shares to in exchange for their interests in the 8 Projects are Ms Alice McCleary and Mr Cameron Rhodes. Each of Ms McCleary and Mr Rhodes is a director of the Company and, accordingly, a related party of the Company under the ASX Listing Rules. Accordingly, in order for Shares to be issued to Ms McCleary under Resolution 2 and Mr Rhodes under Resolution 1, the approval of Shareholders is required under Listing Rule 10.11 for each of the Resolutions.

2. Resolutions - Approval of issue of up to 639,646,380 Shares to Project Investors in the Plantation Projects and up to 176,383,980 Shares to Project Investors in the Cattle Projects

Resolution 1 and Resolution 2 have been proposed so that Shareholders may approve, for the purposes of ASX Listing Rule 7.1 and Listing Rule 10.11, a possible future issue of Shares by the Company to Project Investors in the Plantation Projects, in the case of Resolution 1, and the Cattle Projects, in the case of Resolution 2. The provisions of ASX Listing Rule 7.1 and ASX Listing Rule 10.11 are explained above in the Introduction.

2.1 The Scheme Proposals and the Individual Offers

The Resolutions seeks Shareholder approval in relation to the issue of Shares in the Company to Project Investors in the Plantation Projects and Cattle Projects as part of the Scheme Proposals and Individual Offers as announced on 9 October 2008.

Pursuant to the Scheme Proposals, the Company is offering Project Investors in each of the 8 Projects the opportunity to collectively decide to transfer each of their Woodlots in the Plantation Projects and cancel each of their Drove in the Cattle Projects in exchange for Shares. A Scheme Proposal for a Project will be implemented if Project Investors in that Project approve the resolutions to implement the Scheme Proposal by the requisite majorities at a meeting of Project Investors to be held on 1 December 2008. If the resolutions are passed at the meeting, then all Project Investors in that Project will be bound by the resolutions and the Scheme Proposal will be implemented.

Concurrently, under the Individual Offers, the Company is also offering Project Investors in the 8 Projects the opportunity to individually transfer their Woodlots or Drove in exchange for Shares (on the same ratio as the Scheme Proposals) irrespective of the outcome of the Scheme Proposals. This means that the Individual Offers will only be activated if the resolutions to implement the Scheme Proposal for a Project are not approved by the requisite majorities at the meeting of Project Investors for that Project. If this is the case, Project Investors who have accepted the Individual Offer will then have the right to withdraw their acceptance of the Individual Offers up to the closing date of the Individual Offers, which is 11 December 2008.

The number of Shares to be issued to Project Investors in a Project under the Scheme Proposal or the Individual Offers will vary depending on the trading volume weighted average price (VWAP) of Shares on the ASX for the Reference Period prior to the Project Investors' Meeting Date:

- if the VWAP of Shares on the ASX for the Reference Period is at or below the floor price (\$0.50), the number of Shares Project Investors will receive per Woodlot or Drove will be fixed at the maximum number (as shown in the table below).
- if the VWAP of Shares on the ASX for the Reference Period is at or above the ceiling price (\$1.00), the number of Shares Project Investors will receive per Woodlot or Drove will be fixed at the minimum number (as shown in the table below).
- if the VWAP of Shares on the ASX for the Reference Period is more than the floor price and below the ceiling price, the Consideration will be fixed and the number of Shares issued to Project Investors will be equal to the fixed Consideration divided by the VWAP. As an example, for the 1998 Project, if the VWAP of Shares on the ASX for the Reference Period is \$0.75, each Project Investor in the Project would receive 3,071 Shares per Woodlot.

The Reference Period will be the 5 Trading Days beginning 8 Trading Days prior to the Project Investors' Meeting Date.

The Shares to be issued per Woodlot or Drove in each Project is set out in the table below:

Project	Fixed Consideration per Woodlot Drove if VWAP is between \$0.50 and \$1.00	Maximum Shares to be Issued per Woodlot or Drove at VWAP of \$0.50 or below	Minimum Shares to be Issued per Woodlot or Drove at VWAP of \$1.00 or above	Total Shares to be issued for all Woodlots or Drovers in a Project at VWAP of \$0.50 or below (million)	Total Shares to be issued for all Woodlots or Drovers in a Project at VWAP of \$1.00 or above (million)
1998 Project	\$2,303	4,606	2,303	47.0	23.5
1999 Project	\$2,733	5,466	2,733	68.7	34.4
2000 Project	\$2,479	4,958	2,479	211.2	105.6
2001 Project	\$1,760	3,520	1,760	49.2	24.6
2002 Project	\$1,732	3,464	1,732	63.4	31.7
2003 Project	\$1,903	3,806	1,903	200.0	100.0
2006 Project	\$2,955	5,910	2,955	89.0	44.5
2007 Project	\$2,801	5,602	2,801	87.3	43.7
Total Scheme Proposals¹				816.0	408.0
Total Existing Shares²				329.3	329.3
Proforma Shares on Issue³				1,145.3	737.3

¹ If a Project Investor has any amounts owing to GSMAL in relation to the Project (for example GST or insurance premiums), then a trading lock will be placed on the Shares until the amounts are repaid.

² Shares on issue as at 8 October 2008.

³ Assumes the successful implementation of all of the Scheme Proposals.

Immediately following the Reference Period, the VWAP of Shares on the ASX will be published on the Company's website (www.great-southern.com.au) and announced to the ASX clarifying the actual number of Shares to be issued under each Resolution contained within the Notice of Meeting. The Project Investor meetings to vote on the Scheme Proposals will be held on 1 December 2008 with the outcomes subsequently announced to the ASX immediately following so that Shareholders will be aware of the exact number of Shares proposed to be issued under the Scheme Proposals.

It is the intention of the Board to only issue the number of Shares under each of Resolutions 1 and 2 that corresponds to the level of acceptances under the Scheme Proposals based on the applicable prevailing VWAP, floor or ceiling price under the Scheme Proposals.

2.2 Strategic Review

During its 21 year history, the Company has emerged as a leader in the agribusiness MIS sector, the Company has built a market leading Agricultural Investment Services business, significant agricultural management skills as well as a portfolio of prime agricultural land. Over the same period, the Company's MIS investors have collectively built a substantial portfolio of assets including rights to hardwood plantation projects extending across more than 171,000 hectares and rights to a share of sale proceeds from a 217,000 cattle herd and a share of its horticulture project returns.

Today the Company has over 43,000 tax effective agricultural MIS investors, over 500 staff, and agricultural operations spread across Australia and across a variety of agricultural products. The Company's operations are conducted on behalf of both MIS investors and Shareholders. However, the regulatory uncertainty created by the ATO's decision to change its view on non-forestry tax effective MIS, the volatility in the global credit and equity markets, the increase in land prices and operating costs and the expected introduction of legislation with regard to carbon trading has led to the Company conducting a full strategic review of its existing business structure. The review determined that the Company needed to:

- take advantage of its significant existing strategic assets including its large forestry land estate and forestry management skills;
- improve the size and certainty of its future cash flows;
- focus on selling tax effective MIS products that meet internal return thresholds, have attractive project investor returns and have sufficient regulatory certainty;
- reduce fixed overheads and tax effective MIS sales costs;
- reduce gearing;
- grow its existing agricultural funds management business;
- maximise value from its significant cattle land estate; and
- be less susceptible to ATO regulatory forces.

In summary, the strategic review concluded that the Company needs to leverage its existing capabilities, assets and resources and increase the focus on cash flow and selling profitable agricultural investment services - with the overall objective of maximising shareholder value. An outcome of the Company's strategic review and the successful implementation of the Scheme Proposals is the reorganisation of its business into 3 areas:

- Forestry;
- Agricultural Investment Services; and
- Cattle.

The approval of the Scheme Proposals is a key component of the strategic review and is expected to enhance the Company's position as a leading agricultural company.

If the Scheme Proposals are successful there will be a significant change to the capital and operating structure of the Company. Investors in each of the Projects, through the issue of the Shares, will own between 71% and 55% of the Company. The Company will consist of three core divisions as shown in the diagram below.

Figure 2.2.1: Pre Transaction Asset Position

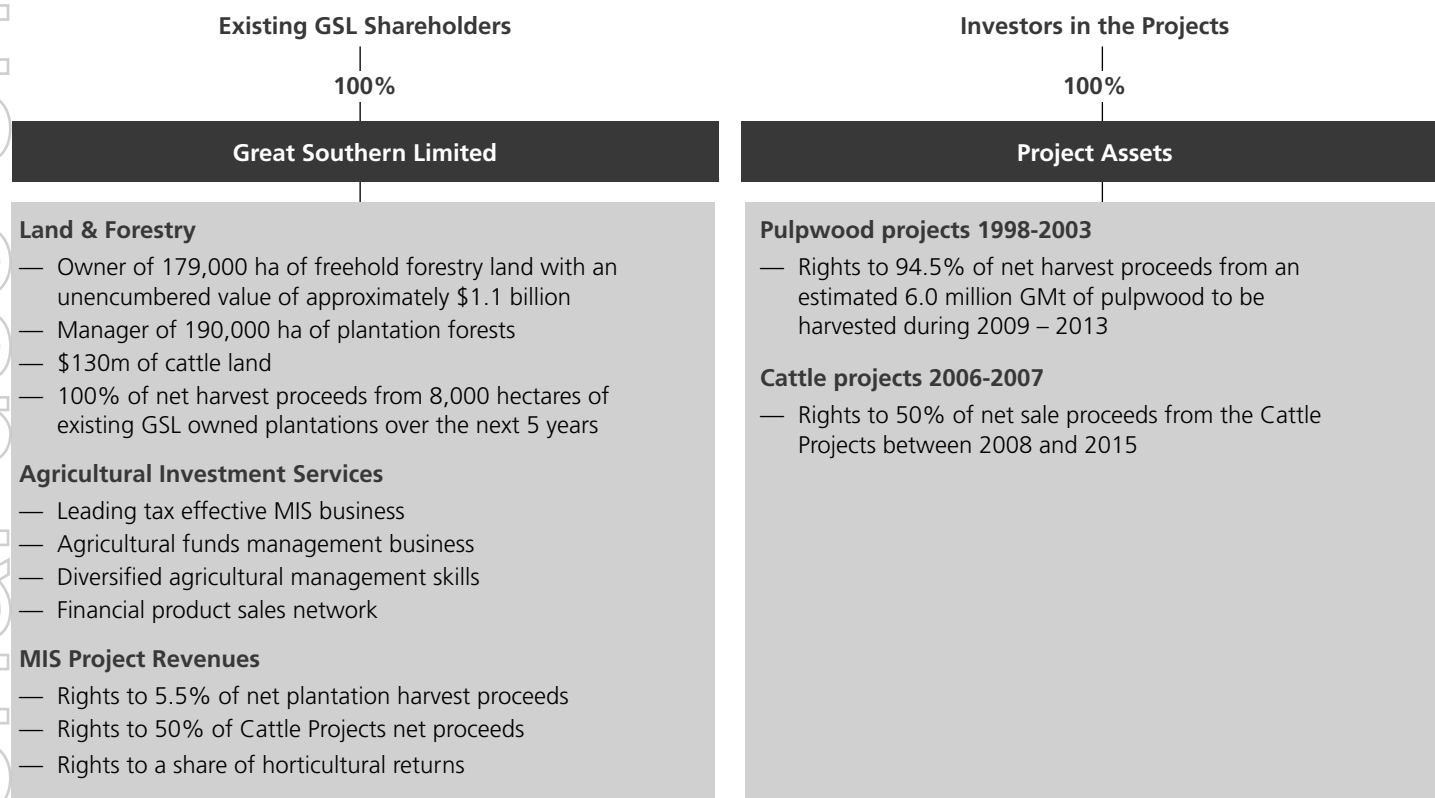
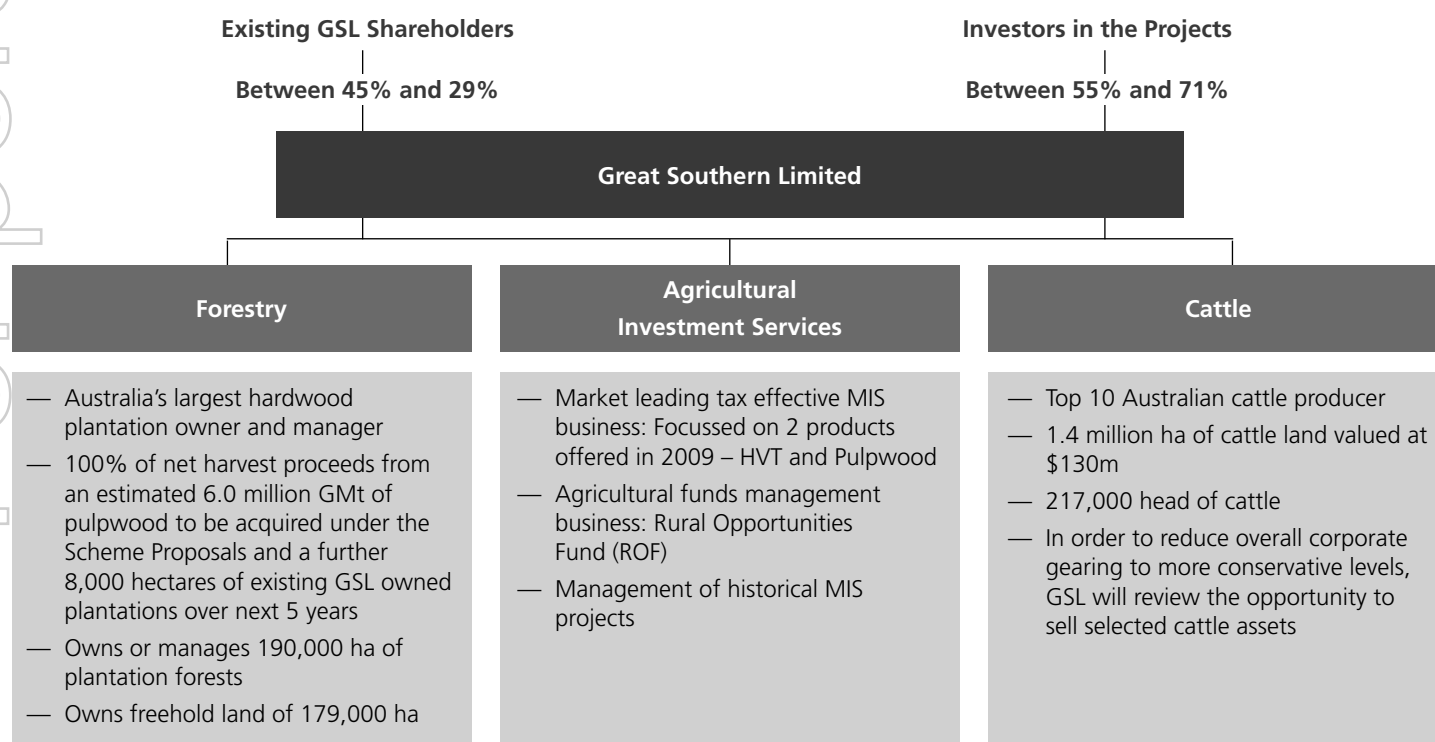


Figure 2.2.2: Post Transaction Asset Position & Structure



2.3 Benefits of the Scheme Proposals for the Company

The successful implementation of the Scheme Proposals is a key component of the Company's strategy. The following benefits are expected to accrue to the Company and Shareholders following the approval of the Scheme Proposals.

The full potential of the benefits listed below are only expected to be realised if all, or a large majority of the Scheme Proposals are implemented or a large majority of the Individual Offers are accepted. If all, or a large majority of the Scheme Proposals are not implemented and only a small proportion of the Individual Offers are accepted, the realisation of the benefits set out below will be limited and the Company's operations will not be materially different from its current position.

1) Improved revenue and cash flow certainty - through transformation to a more robust agricultural company

Despite having a significant agricultural land bank, the Company's business currently suffers from earnings volatility and uncertainty due to reliance on annual tax effective MIS sales which have recently been impacted by ATO regulatory uncertainty (i.e. delays in the issuance of product rulings and in the case of non-forestry the decision not to issue product rulings at all). This, together with global financial markets having recently experienced unprecedented volatility and uncertainty leading to significantly deteriorating equity and financial market conditions, a general slowing of the economy, and the current negative sentiment towards financial services companies, has contributed to a decline in the Company's ability to attract capital at competitive prices and, if sustained, is likely to negatively impact on MIS sales. Further uncertainty has been generated with the Company's current major shareholder having publicly indicated that it is closing its flagship hedge fund after incurring significant losses. Through improved predictability of the Company's future cash flow, reduced gearing, reduced exposure to regulatory uncertainty, strong tangible land asset backing and the positive overall longer term outlook for agricultural commodities including world fibre markets, the success of the Scheme Proposals is expected to improve the Company's attractiveness to investors.

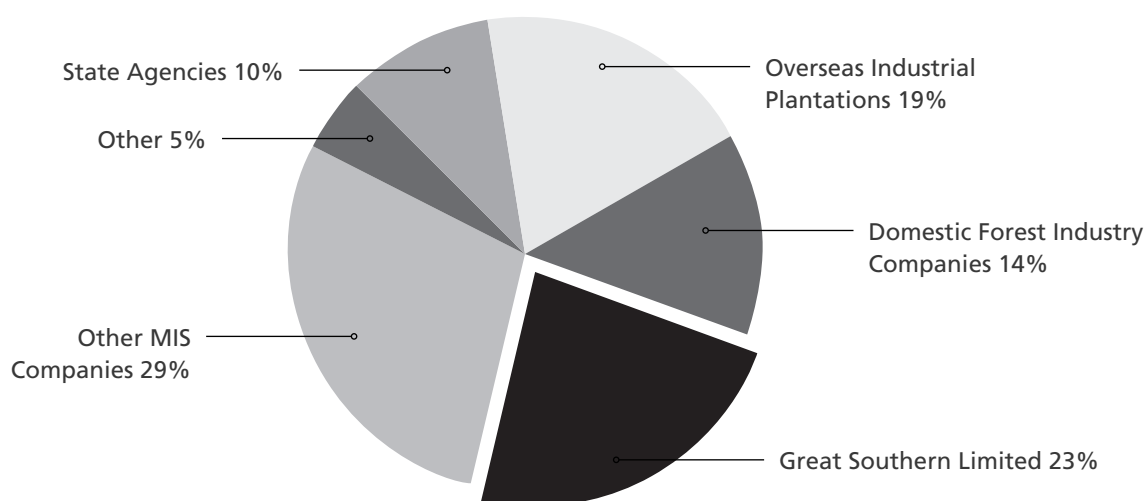
Although the Company intends to maintain its position as a market leading tax effective MIS business, upon the successful implementation of the Scheme Proposals, the resulting diversification and improved revenue certainty and a lower risk profile, leads the Company to expect that its shares are likely to trade more in line with Australian agricultural companies rather than companies whose sole business is tax effective MIS.

2) The creation of Australia's largest hardwood plantation forestry business

The Company's tax effective forestry MIS business currently:

- owns 179,000 hectares of freehold plantation forestry land;
- has access to a further 59,000 hectares of plantation forestry land through long term leases;
- has a substantial forestry management team of over 150 full time staff with on ground capability in 8 regions;
- through GSMAL, manages 171,000 hectares of MIS plantations on behalf of investors in the MIS projects, has sole rights to market woodchips produced from these projects, and has a right to receive 5.5% of net harvest proceeds from sale of woodchips from these projects; and
- has woodchip offtake contracts in place with 3 major Japanese paper companies.

Figure 2.3.1: the Company's Market Share of Australia's Hardwood Plantation Estate



Source: Poyry Forest Industry Report 2007 and the Company management estimates

The combination of the 6 Plantation Projects and the Company's existing forestry assets and forestry management skills is expected to create an integrated hardwood plantation forestry business with significant scale. The business will have the skills to manage all key forestry processes including land acquisition, establishment, maintenance, harvesting, processing and marketing.

Figure 2.3.2: the Company's Forestry Division Structure

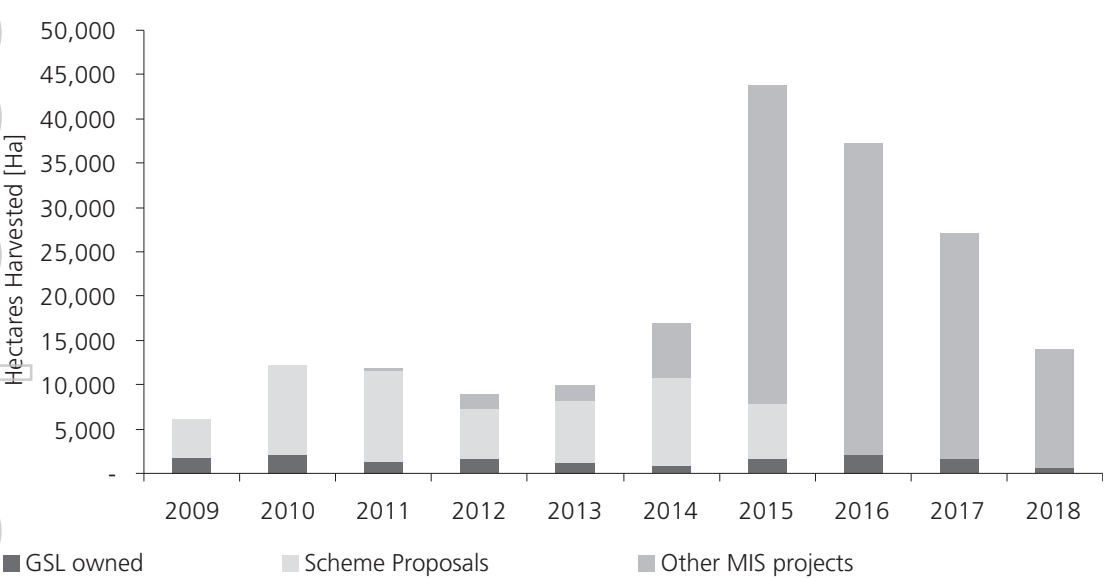
Plantation Management	Processing and Marketing	Land Management
<ul style="list-style-type: none"> — Managing GSL plantations — Managing MIS plantations — Carbon trading (future) — Third party plantation management (future) 	<ul style="list-style-type: none"> — Sale of woodchips (fibre) — Third party processing services — Selling harvest residues for biomass energy production (future) 	<ul style="list-style-type: none"> — Active management of land estate — Maximising value through consideration of alternative land uses

If the Scheme Proposals for the Plantation Projects are successful, based on the work done by GHD Australia Pty Ltd (**GHD**) as independent forestry specialist, the Company will acquire rights to an estimated 6.0 million green metric tonnes of woodchips to be harvested over the next 5 years. This estimate is based on limited sampling to estimate current volume and modelling to estimate future volumes. Due to sampling variability and the imprecision associated with modelling, some variation around this mean estimate should be expected. Similarly the estimate makes assumptions about future growth of the trees. This expectation of future growth is subject to normal agricultural risks.

At current market prices of \$207.40 per bone dry metric tonne and a dry fibre percentage of 52%, the Company estimates 6.0 million green metric tonnes of woodchips has the capacity to deliver gross harvest proceeds of approximately \$650 million.

In addition to the wood acquired under the Scheme Proposals, the Company estimates that it will harvest approximately 8,000 hectares of the Company owned plantations over the next 5 years.

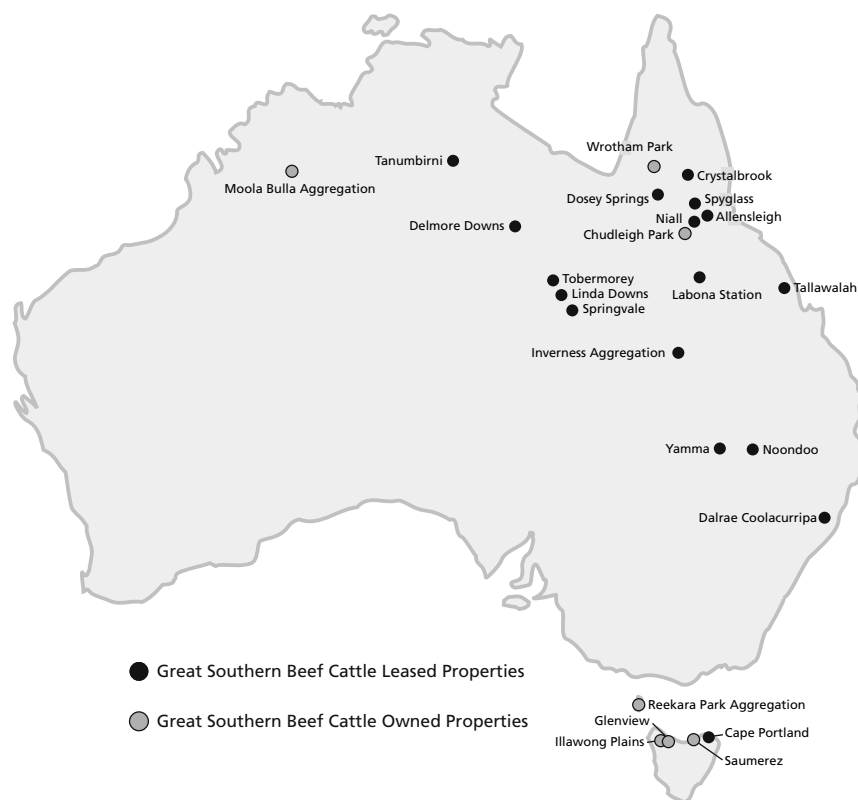
Figure 2.3.3: the Company Indicative Forecast Harvest Profile by Hectare (Ha)



3) Creates a cattle business with significant scale

The Company's cattle MIS business currently manages 217,000 head of cattle on behalf of investors in the Cattle Projects. The Company owns pastoral leases or the freehold of 1.4 million hectares of cattle grazing property across 7 individual properties and leases a further 22 properties through short term leases (and agistments) comprising 2.4 million hectares. The Company's owned cattle land has been independently valued at approximately \$130 million. The combination of management, cattle and land assets through the successful implementation of the Cattle Projects' Scheme Proposals will create an integrated, geographically diverse, top 10 Australian cattle business.

Figure 2.3.4 Company Owned and Leased Cattle Properties



The removal of the MIS structure around the Company's cattle business will allow greater operational flexibility in managing the Company herd and the timing surrounding the sale of cattle. Currently the Company is required to maintain a stable breeding herd and sell cattle according to the requirements of the Cattle Projects. Factors such as seasonal conditions and fluctuations in the cattle market could be better managed without the operational restrictions of the Cattle Projects.

In order to reduce overall corporate gearing to more conservative levels, the Company will review the opportunity to sell selected cattle assets.

4) Improved forestry returns through operational efficiencies

The Company, through GSMAL currently manages each of the Plantation Projects in the best interests of the Project Investors, however, is bound by the terms of the Woodlot Agreements which reduces its flexibility to adapt to market developments or adjust its practices to maximise overall returns. The successful implementation of the Scheme Proposals will allow greater management flexibility to actively manage the plantation estate in relation to the Plantation Projects as follows:

- Remove operational costs associated with the ongoing management and reporting of the Projects
- The optimal time to harvest a pulpwood plantation can vary between 8 to 12 years. Having flexibility to harvest at any time is potentially beneficial because of factors including:
 - Age/yield: the Company can determine the most opportune time to harvest; current MIS obligations impose a requirement to harvest plantations at 10 years irrespective of the yield profile being achieved at that time;
 - Location: the Company can harvest plantations in close proximity to one another at the same time;
 - Revenue smoothing: the Company's forestry revenue under the relevant PDS or Prospectus for the Projects' harvest timetable will be closely linked to the level of forestry MIS sales achieved over the 1998-2003 period. Given the lumpy nature of annual MIS sales, the Company will have the option to smooth the harvest of plantations; and
 - Price: Harvesting profile can be optimised to maximise revenue given existing and expected future contract price negotiations.

The combination of the above is expected to allow the Company, as owner of both the land and tree assets, to achieve greater returns for its existing and new shareholders pursuant to the successful implementation of the Scheme Proposals.

5) Capturing the benefits of the introduction of carbon emissions trading

In July 2008, the Australian Federal Government published its Carbon Pollution Reduction Scheme (CPRS) Green Paper (Green Paper), outlining a preliminary framework for a carbon emissions trading scheme in Australia to be introduced by 2010. The Green Paper recognised the strong contribution made by plantation forests to Australia's greenhouse gas accounts and provided encouraging principles for the plantation forestry industry to allow plantation forestry carbon sequestration to be valued under the trading scheme. The paper concluded that upon harvest, all carbon sequestered by a plantation is likely to be deemed to be emitted. Therefore, there is unlikely to be any permanent carbon sequestration and therefore no permanent value accruing to project investors from a project as the purpose of the project is to harvest trees with the likely result being no net carbon sequestration.

However, for a plantation manager that manages a large plantation estate of various age classes and also owns the underlying land, it is able to commit to being a long term plantation forestry company and therefore has the potential, under an appropriate regime, to permanently sequester carbon even though it continues to harvest plantations on a rotational cycle. The key factor for being able to do so would be the ownership of forestry land. Refer to the illustrative figures below which demonstrate the Company's interpretation of how the CPRS would result in no net carbon sequestration in the case of a single plantation that is harvested (Figure 2.3.5) whereas a series of plantations with the carbon sequestration profiles represented in Figure 2.3.6 may result in the aggregated carbon sequestration profile represented in Figure 2.3.7.

The Green Paper suggests that plantation forestry companies such as the Company will be able to choose to either:

- opt-in and be covered by the CPRS and receive credit for any carbon sequestration; or
- opt-out and not be covered by the CPRS and not receive credit for any carbon sequestration - but also incur no liability for harvesting land and not replanting plantations.

Upon the successful implementation of the Scheme Proposals, the Company, as the owner of both the land and the plantation assets will be in a better position to capitalise on the potential benefits available under the CPRS or a similar scheme. There is currently insufficient detail and certainty expressed in the Green Paper to determine the likely revenue or value benefit of the CPRS for the Company. However, given some international benchmark carbon prices, and the size of the Company's estate, the value of any carbon asset sales has the potential to be material. Following the successful implementation of the Scheme Proposals, the Company will be better placed to more quickly capitalise on any benefits that may arise from the introduction of carbon emissions trading in Australia.

The ability of the Company to harness the benefits of a carbon trading scheme will be dependent on a number of factors, many of which are beyond the Company's control, including the timing of the introduction of any such scheme and the eventual structure and terms of the scheme that is implemented. The potential benefits available to the Company (and indirectly to Shareholders) from a carbon trading scheme of the type contemplated by the Green Paper may not materialise to the extent indicated by the Green Paper or at all.

Figure 2.3.5 Illustrative Carbon Sequestration of One Plantation Project – Net Zero Carbon Sequestration

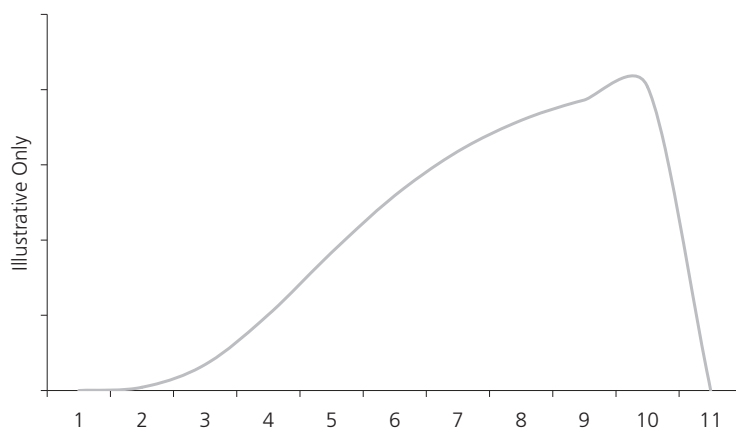


Figure 2.3.6 Illustrative Carbon Sequestration of multiple Plantation Projects

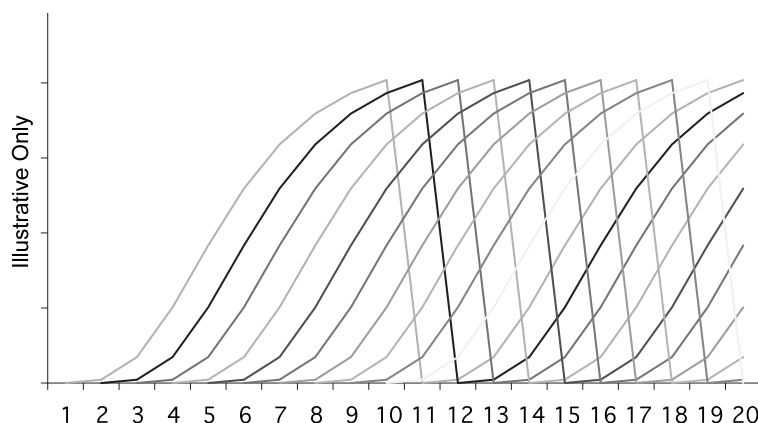
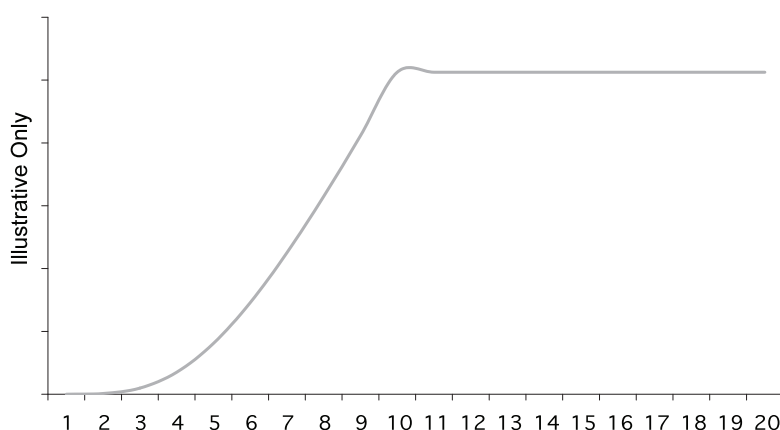


Figure 2.3.7 Illustrative Carbon Sequestration of Portfolio of Plantation Assets (Land and Trees) – Produces an Average Level of Permanent Carbon Sequestration



6) Improved balance sheet strength and flexibility

As a result of the success of the Scheme Proposals:

- the Company's total assets will increase to \$2,333 million and net assets increase to \$1,122 million;
- the Company's market capitalisation will increase to \$583 million if the Shares trade at the Pre-Announcement Price of \$0.53;
- the Company's proforma debt to total assets is expected to fall from 39% to 33%; and
- the Company's proforma NTA per share of \$0.94 would imply a market capitalisation of \$1,025 million if the maximum number of Shares under the Scheme Proposals were issued at the Pre-Announcement Price of \$0.53 and those Shares were to trade at NTA.

With the Company's increased scale and financial flexibility, the Company will be able to concentrate on driving operational efficiencies, construction of woodchip processing infrastructure, actively managing its forestry land portfolio, maximising the value of its cattle assets and focussing on its existing Agricultural Investment Services business, without the same level of restrictions and constraints required to manage the project investors' Woodlots and Drovers.

7) Greater ongoing exposure to woodchip/fibre prices

As the leading Australian hardwood plantation woodchip supplier, the Company will be well placed to take advantage of any positive world wood fibre market factors. Such factors include:

- Australia is currently the largest exporter of hardwood woodchips in the Pacific Rim, and is likely to continue to play a significant role as a leading supplier nation especially as Australian woodchip producers and exporters hold a significant competitive advantage due to geographic position and lower transportation costs over woodchip exporters located in Latin America, South Africa, and the US;

- Australian plantation hardwood supply is increasing its market share compared with native hardwood chip supply due to factors such as higher pulp yield and environmental concerns about the harvesting of old growth and native forests; and
- higher woodchip prices and relative improvements in foreign exchange differentials should translate to a more profitable forestry and tax effective MIS forestry business.

8) Better positioning the Company to maximise the value of its significant agricultural land bank

The majority of the Company's total assets will be comprised of agricultural land assets. Historically, Australian agricultural land has demonstrated consistent growth as noted in figure 2.3.9 below. In recent times, land in relatively secure rainfall locations (such as that in the far north and the far south of Australia) has been in particularly strong demand. The Company's freehold forestry estate of 179,000 hectares is made up of 688 individual properties each of which was initially selected for its expected suitability for pulpwood plantations (i.e. relatively high rainfall, good soils and proximity to ports). At harvest the Company retains the option to sell selected individual properties that may be better suited for alternative uses (e.g. subdivision, dairy, cattle or cropping).

Figure 2.3.8: the Company's Land Portfolio Composition by value

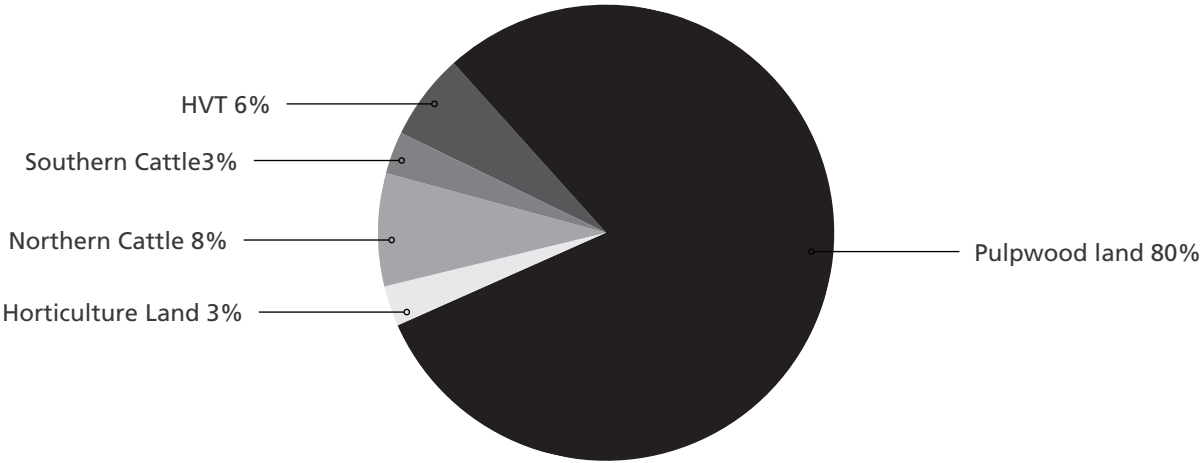
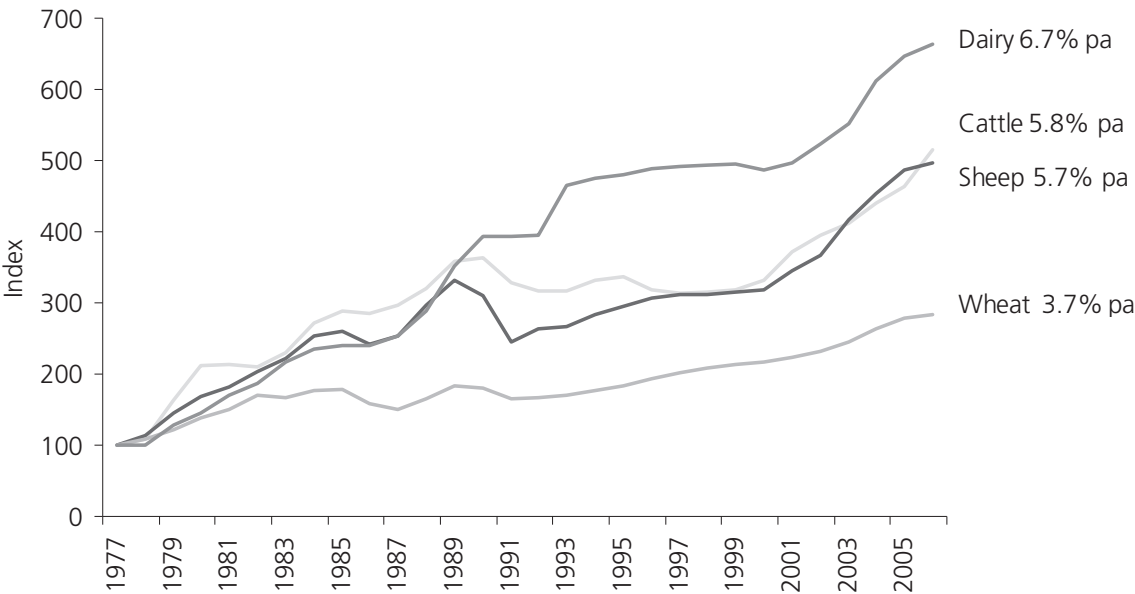


Figure 2.3.9: Australian Agricultural Land Capital Growth 1976-2006



Source: ABARE 2007

2.4 Consequences for the Company if Shareholders do not approve the Resolutions

Prudent liquidity management of the Company is a significant focus of the Company's Board and management. Liquidity is maintained primarily by generating positive operating cash flow, which to date has been achieved by the sale of MIS products predominately in the June quarter of each year, and through access to lines of credit.

As detailed above in Section 2.2, one of the benefits for the Company of the successful implementation of the Scheme Proposals is the improved predictability of the Company's future cash flow as the Company would decrease its dependence on MIS sales.

Shareholders should be aware that if the Scheme Proposals are not successfully implemented, the Company's major cash flow dependency for the 2009 financial year relates to the ability of GSL to generate new MIS sales and securitise those sales into cash. In addition, the Board and management of the Company have commenced the process of identifying non-core assets for sale.

The dependencies in the cash flow for the 2009 financial year as noted above together with the unusual variations in cash flow timing that tend to occur in the agricultural industry, for example due to weather conditions, will require strict and careful cash flow control by the Company's Board and management.

Further, the Scheme Proposals have been presented at a time of unprecedented volatility and turmoil in global financial, securities and credit markets. This market volatility and turmoil will increase the risk and challenge associated with securing additional capital in the absence of the Scheme Proposals and will increase the risk of executing the possible sale of non core assets to support cash flow.

All of these factors support the Board's unanimous recommendations to vote in favour of the shareholder resolutions to enable the Company to evolve from an agribusiness investment manager, primarily reliant upon new sales via managed investment schemes in the agribusiness investment sector, to a vertically integrated forestry company and achieve the anticipated benefits of this restructuring which include increased earnings and cashflow certainty, greater balance sheet strength and flexibility, and improved positioning of your Company to maximise the value of its significant agricultural land bank.

2.5 Capital structure of the Company

1) Current capital structure of the Company

Issued shares

As at 8 October 2008, the last trading day before the Announcement Date, the Company had 329,290,129 Shares on issue.

Options

As at 8 October 2008, the last trading day before the Announcement Date, the Company had the following options on issue:

Number of Options	Expiry Date	Exercise Price
4,670,000 (management performance rights Series 1)	17 December 2009	\$0.00 (subject to performance hurdles)
1,417,500 (management performance rights Series 2)	1 March 2011	\$0.00 (subject to performance hurdles)
3,245,000 (management performance rights Series 3)	20 December 2011	\$0.00 (subject to performance hurdles)
3,550,000 (management performance rights Series 4)	25 November 2012	\$0.00 (subject to performance hurdles)

Convertible securities

As at 8 October 2008, the last trading day before the Announcement Date, the Company had the following convertible securities on issue:

Class	Number	Face Value	First Reset Date
TREES2	799,000	\$100 per TREES2	31 October 2009
TREES3	1,247,000	\$100 per TREES3	31 October 2010

2) Capital structure if all Scheme Proposals successful

The capital structure of the Company will be a function of the successful implementation of each of the Scheme Proposals or the level of acceptances of the Individual Offers. The capital structure of the Company following the successful implementation of the Scheme Proposals presented in this Section is for illustrative purposes only. Project Investors in each of the Projects are provided the opportunity to accept the Individual Offers for their Project regardless of whether the Scheme Proposal for their Project is implemented and therefore the number of Shares issued in total may vary from the capital structure shown in this Section 2.4.

Figure 2.4.1 The maximum and minimum number of Shares on issue (depending on the VWAP of Shares) if all Scheme Proposals implemented (100% success)

Project	Total GSL Shares to be issued for all Woodlots or Drovers in a Project at VWAP of \$0.50 or below (million)	Total GSL Shares to be issued for all Woodlots or Drovers in a Project at VWAP of \$1.00 or above (million)
1998 Project	47.0	23.5
1999 Project	68.7	34.4
2000 Project	211.2	105.6
2001 Project	49.2	24.6
2002 Project	63.4	31.7
2003 Project	200.0	100.0
2006 Project	89.0	44.5
2007 Project	87.3	43.7
Total Scheme Proposals¹	816.0	408.0
Total Existing Shares²	329.3	329.3
Proforma Shares on Issue³	1,145.3	737.3

¹ If a Project Investor has any amounts owing to GSMAL in relation to the Project (for example GST or insurance premiums), then a trading lock will be placed on the Shares until the amounts are repaid.

² Shares on issue as at 8 October 2008

³ Assumes the successful implementation of all of the Scheme Proposals.

It is the intention of the Board to only issue the number of Shares under each of Resolutions 1 and 2 that corresponds to the level of acceptances under the Scheme Proposals based on the applicable prevailing VWAP, floor or ceiling price under the Scheme Proposals.

On successful implementation of the Scheme Proposals, the number of options on issue will not be affected. The Scheme Proposals will not trigger separate/new holder conversion or redemption rights in respect of TREES2 or TREES3 or an adjustment to the terms of the TREES2 or TREES3.

3. Shareholder approval

The effect of approving the Resolutions is that:

- the Company will be able to issue up to 816,030,360 Shares without these Shares being included when calculating the 15% capital threshold restricting the issue of new Shares in the Company under Listing Rule 7.1; and
- under Listing Rule 10.11, Shareholders will have approved the issue of Shares to Ms Alice McCleary and Mr Cameron Rhodes, each a director of the Company and, accordingly, a related party of the Company.

4. Additional information

4.1 ASX Listing Rule 7.3 and ASX Listing Rule 10.13

The following additional information in relation to the Resolutions is required under ASX Listing Rule 7.3 and ASX Listing Rule 10.13.

1) *Maximum number of Shares the Company is to issue*

The maximum number of Shares the Company would issue under Resolution 1 and Resolution 2 is 816,030,360 Shares.

2) *Date of issue and allotment of Shares*

It is anticipated that the Company would issue and allot the Shares under the implementation of the Scheme Proposals on or about 15 December 2008 and under acceptance of the Individual Offers on or about 29 December 2008. In any event, no Shares will be issued after the period of 1 month after the date of the Meeting. The period of 1 month would end on 2 January 2009.

3) *Issue price of the Shares*

Under the Scheme Proposals and the Individual Offers, Project Investors are, in effect, exchanging their interests in the 8 Projects for Shares. Each Project Investor will surrender or transfer their interest in their Project for a specified sum and will also subscribe for Shares at an issue price which will vary depending on the VWAP of Shares on the ASX during the Reference Period, with the specified sum and the issue price per Share being set off against each other. Therefore, the Company will not receive any direct funds from the issue of the Shares.

4) *Names of allottees*

The Shares would be issued to Project Investors in the 8 Projects if the Project Investors in a Project approve the Scheme Proposal for their Project or if a Project Investor individually accepts the Individual Offer.

5) *Terms of the Shares*

The Shares proposed to be issued would have the same terms and conditions as the existing Shares quoted on ASX.

6) *Intended use of funds raised*

The Shares are proposed to be issued to Project Investors in exchange for their interests in the 8 Projects. These interests include the right to 94.5% of net harvest proceeds from estimated 6,000,000 green metric tonnes of woodchips to be harvested during 2008-2014 for the Plantation Projects and the rights to 50% of the net sale proceeds from the sale of an estimated 217,000 head of cattle between 2008 and 2015 for the Cattle Projects.

7) *Names of related parties*

The related party to be issued Shares under Resolution 1 if the Project Investors in the Plantation Projects in which that related party has interests approve the Scheme Proposals or if the related party accepts the Individual Offers, is Mr Cameron Rhodes. Therefore, Mr Cameron Rhodes and any of his associates will be excluded from voting on Resolution 1.

The related party to be issued Shares under Resolution 2 if the Project Investors in the Cattle Projects in which that related party has interests approve the Scheme Proposals or if the related party accepts the Individual Offers, is Ms Alice McCleary. Therefore, Ms Alice McCleary and any of her associates will be excluded from voting on Resolution 2.

8) *Maximum number of Shares the Company is to issue to Ms Alice McCleary and Mr Cameron Rhodes*

The maximum number of Shares the Company would issue to:

- Ms McCleary is 23,640 Shares; and
- Mr Rhodes is 125,936 Shares.

5. Further Information

On 9 October 2008, the Company released the following documents to the ASX in respect of the Scheme Proposals and the Individual Offers:

- Announcement regarding restructure and Revised Offer; and
- Material changes to Investor Presentation and Annexure.

On 23 October 2008, the Company released the following documents to the ASX in respect of the Scheme Proposals and the Individual Offers:

- Prospectus for the issue of shares under the restructure; and
- Explanatory Memoranda issued by GSMAL for each Project.

Copies of these documents are available on www.great-southern.com.au and www.asx.com.au.

6. Glossary

8 Projects	The managed investment schemes listed in the Annexure.
Announcement Date	The date the Scheme Proposals were announced on ASX being 9 October 2008.
ASIC	Australian Securities and Investments Commission.
ASX	ASX Limited (ACN 008 624 691) or the stock market conducted by ASX Limited, as the context requires.
ASX Listing Rules	The Listing Rules of ASX as amended from time to time.
ATO	Australian Taxation Office.
Board	The board of directors of the Company.
Cattle Projects	The Great Southern 2006 Beef Cattle Project and the Great Southern 2007 Beef Cattle Project.
Company	Great Southern Limited (ABN 54 052 046 536).
Computershare	Computershare Investor Services Pty Limited (ACN 078 279 277).
Corporations Act	Corporations Act 2001 (Cth).
Director	A director of the Company.
Drove	means in relation to each of the Cattle Projects, each Project Investor's rights, titles, interests, claims (present and future), privileges, other benefits and obligations under the lease, management and agistment agreement entered into by the Project Investors and GSMAL, and the product disclosure statements for, or in relation to, the relevant Project.
GSMAL	Great Southern Managers Australia Limited (ACN 083 825 405).
Individual Offers	The offers, subject to the Scheme Proposal for a Project not being implemented, by the Company to the Project Investors in that Project to purchase the Woodlots or Drovers of Project Investors in that Project.
Meeting	The meeting of the Shareholders of the Company convened by the Notice of Meeting.
MIS	Managed investment scheme and has the same meaning as that term is given in the Corporations Act.
Notice of Meeting	The Notice of Extraordinary General Meeting of the Company accompanying this Explanatory Memorandum.
NTA	Net tangible assets.
PDS or Prospectus	The product disclosure statement or prospectus for a Project, as those terms are defined in the Corporations Act.
Plantation Projects	The Great Southern Plantations 1998 project; the Great Southern Plantations 1999 project; the Great Southern Plantations 2000 project; the Great Southern Plantations 2001 project; the Great Southern Plantations 2002 project; and the Great Southern Plantations 2003 project.
Pre-Announcement Price	The last trading price of a Share on ASX before the Announcement Date, being \$0.53 on 8 October 2008.
Project Investor	A person who is recorded as a grower or a drover in the register of growers or drovers of a Project.
Project Investors' Meeting Date	1 December 2008 or such other date as notified by GSMAL to Project Investors.
Reference Period	The 5 Trading Day period beginning on the date that is 8 Trading Days prior to the Project Investors' Meeting Date.
Register	The register of Shareholders held by Computershare.
Resolutions	Resolution 1 and Resolution 2 set out in the Notice of Meeting.
Scheme Proposals	The proposals under which the Company is offering Project Investors in each of the Projects the opportunity to collectively decide to transfer each of their Woodlots and cancel each of their Drovers in the Projects in exchange for Shares and Scheme Proposal means the proposal in relation to a Project.
Share	An ordinary fully paid share in capital of the Company.
Shareholder	A person recorded in the register of Shareholders as the holder of a Share.
Trading Day	Has the same meaning as in the ASX Listing Rules.

TREES2

The 800,000 Transferable REset Exchangeable Securities series 2 each with a face value of \$100 issued by the Company in October 2004.

TREES3

The 1,247,000 Transferable REset Exchangeable Securities series 3 each with a face value of \$100 issued by the Company in October 2005.

VWAP

Trading Volume weighted average price.

Woodlot

In relation to each of the Plantation Projects, means each Project Investor's rights, titles, interests, claims (present and future), privileges, other benefits and obligations under the Woodlot Agreements entered into by the Project Investors and GSMAL, and the product disclosure statements for, or in relation to, the relevant Project.

Woodlot Agreement

In respect of Woodlots means either;

- (a) a lease and management agreement; or
- (b) a forest right and management agreement; or
- (c) a land and management agreement together with either a lease or a forest right agreement.

Annexure

Project	ARSN
Great Southern Plantations 1998	092 780 204
Great Southern Plantations 1999	092 452 849
Great Southern Plantations 2000	085 669 361
Great Southern Plantations 2001	089 958 029
Great Southern Plantations 2002	095 343 963
Great Southern Plantations 2003	099 131 825
Great Southern 2006 Beef Cattle Project	118 784 026
Great Southern 2007 Beef Cattle Project	118 784 115

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ABN 54 052 046 536

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MR SAM SAMPLE
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THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Lodge your vote:



By Mail:

Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

OR:

Great Southern Limited
16 Parliament Place West Perth
Western Australia 6005 Australia

For all enquiries call:

(within Australia) 1300 728 127
(outside Australia) +61 3 9415 4193

Proxy Form

For your vote to be effective it must be received by 10.00am (AWDT) Tuesday 2 December 2008

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged a Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.computershare.com.

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

Turn over to complete the form ➔



View your securityholder information, 24 hours a day, 7 days a week:

www.investorcentre.com

- ☒ Review your securityholding
- ☒ Update your securityholding

Your secure access information is:

SRN/HIN: I9999999999



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

☐

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

IND

Proxy Form

Please mark ☒ to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Great Southern Limited hereby appoint

☐ the Chairman of the Meeting **OR**



PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the General Meeting of Great Southern Limited to be held at the Parmelia Hilton, 14 Mill Street, Perth, Western Australia on Thursday, 4 December 2008 at 10.00am (AWDT) and at any adjournment of that meeting.

Important for Items 1 and 2: If the Chairman of the Meeting is your proxy and you have not directed him/her how to vote on Items 1 and 2 below, please mark the box in this section. If you do not mark this box and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on Items 1 and 2 and your votes will not be counted in computing the required majority if a poll is called on these Items. The Chairman of the Meeting intends to vote undirected proxies in favour of Items 1 and 2 of business.

☐ I/We acknowledge that the Chairman of the Meeting may exercise my proxy even if he/she has an interest in the outcome of the Item and that votes cast by him/her, other than as proxy holder, would be disregarded because of that interest.

STEP 2 Items of Business



PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain
Item 1	Approval for the purpose of Listing Rule 7.1 and Listing Rule 10.11 of the issue of up to 639,646,380 Shares to Project Investors in the Plantation Projects	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 2	Approval for the purpose of Listing Rule 7.1 and Listing Rule 10.11 of the issue of up to 176,383,980 Shares to Project Investors in the Cattle Projects	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

SIGN

Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact
Name

Contact
Daytime
Telephone

Date ____/____/____

GTP

999999A

Computershare +