

**Notice to Growers  
of  
Brooklyn Park Olive Groves Project - ARSN 087 477 610 (Project)**

**Proposal to Wind Up the Project**

The Responsible Entity of the Brooklyn Park Olive Groves Project, Australian Green & Gold Limited ACN 084 417 845 (**AGG**), has formed the view that the purpose of the Project cannot be accomplished. AGG therefore gives this notice to the Growers of the Project and ASIC pursuant to section 601NC (2) of the *Corporations Act, 2000* that it intends to wind up the Project.

**Explanation of Proposal**

*Introduction*

The initial project proposal was constructed with the aim of providing a long term income stream to growers as well as equity in the land upon which the olives were grown. One of the main features of the project was the management fees which were structured to align management and growers interests. These fees were to be taken as a percentage of production and protected growers from having to pay ongoing management fees, as the costs associated with operating and maintaining the groves would be funded from revenue. Naturally in constructing the project, assumptions were made in relation to the price obtainable for the end product, levels of production and the market for the end product. The risks around these three areas were mitigated by:

- an established contract with Inglewood Olive Processors Limited (IOPL) to purchase all of the fruit at farm gate, and
- maintaining cash reserves within Australian Green & Gold Ltd (AGG) to ensure the continuity of operations, notwithstanding unfavourable weather conditions and low production.

In relation to the fluctuation in price and movements in the Australian dollar there was very little that practically could be done to mitigate these risks.

The original management projections have not been achieved and AGG believe that they will not be achievable in the foreseeable future because:

- IOPL was placed in liquidation and as a result, farm gate sales of produce has not been possible as originally intended,
- adverse environmental conditions in recent years (wind storms, dust storms, hail storms, and colder than normal winters) have resulted in lower than expected yields and damage to Project assets which has depleted AGG's cash reserves, and
- the price for olive oil has collapsed due to a glut of oil and the increase in the Australian dollar. This has resulted in the oil price being lower than cost of production.

*AGG Initiatives*

When IOPL went into liquidation AGG sought other practical options for the sale of product without success. As a consequence funds were raised via Australian Green and Gold Olive Processors Limited (AGGOPL) to process the fruit into oil for sale. Sufficient funds were raised to establish Stage 1 of a three stage project and the IOPL processing facility at Inglewood was purchased and used to process the fruit into oil. At the same time, AGG established a contract with Boundary Bend, the country's largest processor and marketer, to market the olive oil under a pooling arrangement. This arrangement has enabled oil to be sold and has provided income to the project. The collapse in the oil price however, has resulted in the operations being unsustainable.

AGG also established an internal marketing department to establish a market for table olives through Coles, Woolworths, and Aldi, which was not successful.

At the same time, AGG maintained its marketing activities and also established an online sales website to allow growers to purchase their own produce. The support for this website however was below expectations.

### *Current Position*

AGG currently receives its management fees as a percentage of the produce rather than through a management fee charged directly to the Growers. Olive oil prices have dropped in recent years from \$7 to \$2.60 per litre which is below the cost of production. Cash reserves have been exhausted with the range of setbacks the Project has experienced affecting AGG's ability to maintain the groves and manage the Project as envisaged. AGG has approached one other Responsible Entity (RE) to take on the project without success.

The Managed Investment Scheme (MIS) structure limits the options available moving forward and also adds to the cost of running the investment.

Finally, in order for the project to become economically viable, a substantial increase on today's prices would have to be achieved and new markets for olive oil and table fruit would have to be established. This is well outside the initial scope of the existing project.

Accordingly, AGG considers the Project unsustainable and proposes to wind up the Project.

**It should be noted that although the Project is to be wound up, Growers will continue to hold shares in the Company which owns the project land. As the groves will revert to the company, Growers will also maintain an indirect interest in the project's land and water assets.**

**Once the project is wound-up, a meeting of the shareholders in the Company will be held to consider the alternatives available with your investment.**

### **Rights of Growers**

Growers may take action under Division 1 of Part 2G.4 of the *Corporations Act, 2001* for the calling of a Growers' meeting to consider the proposed winding up of the Project and to vote on any extraordinary resolution Growers propose about the winding up of the Project.

The procedure for Growers to take action under Division 1 of Part 2G.4 of the *Corporations Act, 2001* is set out in section 252B of that Act. Pursuant to that section, the Responsible Entity must call and arrange to hold the meeting of the Growers to consider and vote on any extraordinary resolution the Growers propose about the winding up of the Project on the request of:

- (a) Growers with at least 5% of the votes that may be cast on the resolution; or
- (b) at least 100 Growers who are entitled to vote on the resolution.

The request must:

- (a) be in writing; and
- (b) state any extraordinary resolution to be proposed at the meeting; and
- (c) be signed by the Growers proposing to move the extraordinary resolution.

