

**Great Southern Managers Australia Limited
(Administrators Appointed)
(Receivers and Managers Appointed)
("GSMAL")
ACN 083 825 405**

**Great Southern Vineyards 2004 Project (ARSN 108 137 284)
Great Southern Vineyards 2005 (Project 2) (ARSN 112 665 433)
Great Southern Vineyards 2005 Project (ARSN 108 137 293)
(together the "Schemes")**

PLEASE READ-IMPORTANT INFORMATION FOR INVESTORS

For the latest Investor updates please go to

www.great-southern.com.au

or register for email alerts at

gsp@great-southern.com.au

GSMAL is insolvent and unable to meet its obligations as Responsible Entity ("RE") of the Schemes without securing additional sources of funding.

The Schemes require significant funding and are not viable under the existing Scheme Constitutions.

We have entered into an arrangement to meet the immediate need for funding across the Schemes to ensure the vineyards are managed through to harvest in February 2010. However, the Schemes will require significant funding after that date.

We have identified two potential outcomes:

- 1. Find a suitably qualified and capitalised replacement RE and amend the Scheme Constitutions to make the Schemes commercially attractive to them; or**
- 2. Wind up the Schemes consensually or by court order.**

We have started a competitive process to generate offers for the assets of Great Southern and offers from prospective replacement REs.

Any offers to act as the replacement RE will need to be approved by Investors at meetings to consider the alternative proposals on offer to the Investors. We will provide analysis of those offers to assist Investors in considering the alternatives.

Should Investors receive offers from alternate RE's who have shown a desire to replace GSMAL as the RE of those Schemes, we recommend that they await alternative proposals from the competitive process.

Background

Since our appointment on 18 May 2009 we have spent considerable time:

- + Stabilising operations;
- + Assessing the viability of operations and Schemes;
- + Restructuring operations to reduce the immediate cash requirements of the Schemes in light of the limited available funding;
- + Negotiating ongoing funding;
- + Assessing strategies to deal with the assets of Great Southern and Investors;
- + Preparing detailed information for potential buyers of the assets of Great Southern, including information for potential replacement RE for the Schemes; and
- + Ensuring that the Scheme assets are protected and insured.

Scheme solvency and viability

GSMAL, the RE of the Schemes, is insolvent and is unable to meet its obligations to manage the Schemes in accordance with the Scheme Constitutions. The secured creditors have to date provided limited funding to meet critical costs to protect the assets. We have entered into an arrangement that we expect will ensure that the vineyards of these Schemes are managed until harvest in February 2010. However, GSMAL only has access to this short term funding.

As reported previously, we have commenced an analysis of the solvency and viability of each of the Schemes. That work is substantially complete, but we are waiting on the results of a review by an independent expert before finalising that work.

We have engaged a viticultural consultant to review the vineyards from an operational perspective and assess funding requirements to the next harvest. They have advised that:

- + with off-take arrangements in place the vineyards are viable and may produce a profit; and
- + the vineyards will require operational and maintenance expenditure (excluding capital expenditure and management overheads) of approximately \$8,500 - \$10,000 per hectare to produce a harvest in 2010. This implies a funding requirement of approximately:
 - \$1.52 million for the 2004 Scheme;
 - \$0.87 million for the 2005 Scheme; and
 - \$2.11 million for the 2005(2) Scheme.

The agreement with a viticulture contractor to manage the vineyards and bear the operational costs through to harvest in 2010 relieves the need for much of the funding in the short term but it is unlikely that Investors will receive a distribution from the 2010 vintage. However, the arrangement to manage the vineyards will ensure their care and protection in the short term until a permanent solution is achieved.

Process to identify potential REs and sell the vineyards

We have spent considerable time collating information that would be required by any party with an interest in the role of RE for the Schemes or alternatively interested in the collapse of the Schemes and the distribution of the value of the scheme assets to the Investors. We have also prepared an open, competitive process whereby all interested parties will be invited to access detailed information in order to prepare a proposal for Investors to consider.

Any proposal for the scheme assets will be a matter for the Investors of that Scheme to consider.

We will contact you with further information should suitable alternative REs come forward.

It is likely that any replacement RE will seek to renegotiate the financial terms with Investors in individual schemes on the basis current arrangements are commercially unattractive. In our view, a competitive process will provide the best structure to ensure that Investors' interests are protected.

In evaluating any proposal, Investors need to carefully consider the following:

- + Is the proposal based upon complete and accurate information;
- + Is it comparable to other proposals;
- + Is the proposal realistic in the current circumstances of the viticulture industry;
- + Has the proposal been verified by a qualified independent expert; and
- + Does the proponent have sufficient funding to meet the future operational and capital requirements of the Scheme?

Our process is structured to provide you assurance you have the necessary information to consider your options.

Ongoing funding

As a result of the agreement with a viticulture contractor to manage the vineyards to harvest in 2010, the immediate funding requirements of the Schemes have largely been resolved and we expect that there should be little or no further funding requirements to harvest in 2010. After that time the Schemes will be unfunded. Accordingly, if a potential replacement RE has not been identified by that date for the relevant scheme we may need to transition to the process of winding up of the Scheme, unless Investors are in a position to fund the ongoing requirements of that Scheme. If there is no available funding, then unless the Schemes are wound up, the value of scheme property may be adversely affected to the detriment of Investors.


Communication

We will update Investors as we progress with our process and receive expressions of interest.

Throughout the process, the Consultative Committee will be kept informed, together with ASIC and the Voluntary Administrator.

Investors with questions should in the first instance refer to the Frequently Asked Questions on the Great Southern website. Alternatively, specific questions may be emailed to gsp@great-southern.com.au or to fm-gs@mcgrathnicol.com or you may call the Investor Hotline on 1800 258 348.

Yours faithfully



Simon Read
Receiver and Manager

7 September 2009