

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

Great Southern 2006 Wine Grape Income Project (ARSN 117 119 276)
Great Southern 2007 Wine Grape Income Project (ARSN 117 119 507)
Great Southern 2008 Wine Grape Income Project (ARSN 128 566 601)
(together the "Schemes")

Circular to Investors

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.

Our preliminary view is that the Schemes require immediate funding of approximately \$16.5 million for operations, maintenance and lease costs in 2009 in order to obtain a harvest in 2010. With no off take agreements in place it may not be economic to undertake these works. The Schemes also require substantial funding for the duration of their life and are not expected to generate positive net harvest proceeds in the short term.

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.

The secured creditors have provided substantial funding since the appointment of the Receivers and Managers but we cannot be assured of funding after 30 September 2009. After that date, unless circumstances change, the Schemes will be unfunded.

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. However, GSMAL only has access to 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 no off-take arrangements in place, poor grape prices and the high cost of irrigation, the majority of vineyards within these Schemes are not economically viable in the current market;
- + the vineyards will require operational and maintenance expenditure (excluding capital expenditure, management overheads and water allocation costs) of approximately \$8,000 - \$10,000 per hectare to produce a harvest in 2010. This implies a funding requirement of approximately:
 - \$7.80 million for the 2008 Scheme;
 - \$5.40 million for the 2007 Scheme; and
 - \$2.13 million for the 2006 Scheme.

In addition, 3 of the 19 properties are leased and require immediate funding as they are now overdue. In the event these are not paid, the lessor has the right to terminate and reclaim the land and vines.

There will also be a substantial funding requirement beyond the 2010 harvest.

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

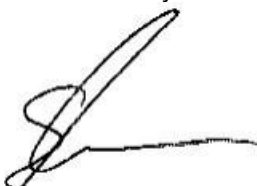
The Schemes will continue to require funding during the process to locate a new RE. We expect to have sufficient short term funding but are unable to confirm that funding will be available beyond 30 September 2009. After that date the Schemes will be unfunded. Accordingly, if a potential replacement 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 also update Investors as we progress with our sales process and receive expressions of interest. Throughout the process the consultative committees 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