

## CIRCULAR TO MEMBERS

8 January 2009

Dear Sir/Madam

**PWL – ACN 084 252 488 Ltd (formerly Palandri Wines Ltd) (in Liquidation) (PWL)**  
**The Margaret River Wine Business – ARSN 086 241 198**  
**The Palandri America Wine Business – ARSN 098 544 908**  
**Palandri Winegrape Project 2005/2006 – ARSN 114 193 234**  
**Palandri Global Supply Challenge 2007-2008 – ARSN 124 150 616**  
**Margaret River Wine Business Trust – ARSN 119 602 505**  
**Palandri Agricultural Property Trust ARSN 114 192 933**  
(together, the Schemes)

As you may be aware, John Greig, Neil Cussen and I were appointed Liquidators of PWL on 7 October 2008 following our earlier appointment as Administrators on 26 February 2008.

PWL is the responsible entity of the Schemes:

### **1 Court proceedings**

By a circular dated 4 December 2008, we foreshadowed an application to the Supreme Court of Western Australia for directions in relation to whether PWL may modify the constitutions of four of the Schemes, namely The Margaret River Wine Business – ARSN 086 241 198, The Palandri America Wine Business – ARSN 098 544 908, Palandri Winegrape Project 2005/2006 – ARSN 114 193 234 and Palandri Global Supply Challenge 2007 - 2008 – ARSN 124 150 616 (**Grower Schemes**).

The substance of the proposed modifications to the Grower Schemes was set out in that circular.

The matter was heard on 19 December 2008 in the Supreme Court of Western Australia before the Honourable Chief Justice Martin in proceedings COR 116 of 2008 and COR 193 of 2008.

In proceedings COR 116 of 2008 the Court directed PWL to modify the constitutions of the Grower Schemes in the manner we proposed in the circular, subject to the consent of Mark Conlan and Neil Cribb, the persons appointed by the Court to ensure that each Scheme is wound up in accordance with its constitution and any Court order (**Court Appointees**). The actual modifications were set out in the deeds of amendment attached to an affidavit of Gary Peter Doran sworn 16 December 2008.

Proceedings COR 193 of 2008 concerned an application by the Liquidators (as opposed to PWL) for orders in support of the direction obtained in favour of PWL in COR 116 of 2008. In those proceedings the Court ordered, among other things, that subject to the consent of the Court Appointees, the Liquidators:

- (a) may cause PWL to modify the Grower Scheme constitutions as ordered in proceedings COR 116 of 2008; and
- (b) may cause PWL and PWPL – ACN 085 042 879 Ltd (formerly Palandri Wine Production Ltd) ACN 085 042 879 (In Liquidation) to compromise certain debts that will become payable by Grower Scheme members pursuant to the lease and management agreements of those schemes for the year ending 30 June 2009.

The purpose of direction (b) was to allow the Liquidators to release, so far as is possible, members of the Grower Schemes from having to pay for maintenance costs and rent for the current period if the grapes growing on the vineyards for that period are vested in some other party.

We enclose copies of the orders made in COR 116 of 2008 and COR 193 of 2008 for your information.

## **2 Role of Court Appointees**

At the hearing on 19 December 2008, the Court also clarified the role of the Court Appointees. The Court Appointees were appointed on 24 September 2008 pursuant to section 601NF(1) of the *Corporations Act 2001* (Cth). However, it was unclear from the legislation as to the division of the powers and responsibilities of PWL as responsible entity of the Schemes on the one hand and the Court Appointees on the other.

For this reason, the Court made orders in COR 116 of 2008 which, in effect, vested full power and authority to wind up all the Schemes in PWL (under the control of the Liquidators being John Greig, Neil Cussen and me) subject to the consent of Messrs Conlan and Cribb being obtained to the exercise of that power.

As a result of the orders, we cannot take any steps, among other things, to execute deeds amending the Grower Scheme constitutions until the Court Appointees have had the opportunity to consider and give their consent to the Liquidators doing so.

If you wish to contact the Court Appointees about this matter, the contact details are as follows:

By post: RSM Bird Cameron Partners  
8 St Georges Terrace  
PERTH WA 6000  
Attention: Geoffrey Lasscock

By facsimile: (08) 9261 9340

By phone: (08) 9261 9100

By email: palandriwinegroup@rsmi.com.au

If you wish to contact the Court Appointees by telephone, please ask for Geoffrey Lasscock in the first instance.

### **3 Next Steps**

The Court Appointees are currently reviewing the proposed amendments to the Grower Scheme constitutions and will review draft notices of termination of the lease and management agreements under the Schemes. If the Court Appointees consent to the amendments and the issue of notices of termination, the Liquidators intend to:

- (a) finalise negotiations and arrangements to release members from claims for rent and maintenance expenses for the current period;
- (b) execute deeds amending the Grower Scheme constitutions; and
- (c) issue the notices of termination in respect of each lease and management agreement under the Schemes on behalf of PWL;

as soon as possible and then settle the sale of the vineyard properties known as Frankland River Vineyard No 2 and Palandri Reserve. The sale process for the Harvey Vineyard and the Cookernup property is continuing.

### **4 Questions**

If you have any questions about any of the matters contained in this circular or the enclosed orders, please contact Sarah Marshall of this office on (08) 9365 7369.

Yours faithfully



Gary Doran  
Joint and Several Liquidator  
PWL – ACN 084 252 488 Ltd (In Liquidation)  
Responsible Entity of the Schemes