

CIRCULAR TO MEMBERS

15 December 2008

Dear Sir/Madam

PWL – ACN 084 252 488 Ltd (formerly Palandri Wines Ltd) (PWL) (in Liquidation) Palandri Global Supply Challenge 2007/2008 – ARSN 124 150 616

We refer to our circular dated 4 December 2008.

In our circular we informed you of a proposed court application in relation to the modification of the constitutions of the following managed investment scheme:

- Palandri Global Supply Challenge 2007 - 2008 – ARSN 124 150 616 (**PGSC**);

1 Correcting statement – grapes and vines

Our circular contained an error in the following paragraph in section 3. That paragraph stated:

Finally, even if some other party was willing to carry out the harvest of the 2009 vintage, it is likely that growers would be required to pay the shortfall which would exist between the value of the grapes on the one hand and the harvesting and maintenance costs on the other.

Upon further investigation of the matter, we consider that this statement requires correction in the following respects.

Firstly, that statement omitted a reference to the cost to growers of rent pursuant to the lease and management agreements of their respective schemes. Secondly, no maintenance costs are payable by growers under the lease and management agreements for the PGSC Scheme for the period in which the harvest of the 2009 vintage would take place. Thirdly, the statement made no reference to other potential costs which the growers might incur should they opt to undertake the harvest of the 2009 vintage themselves. Accordingly, we consider the above statement should read:

Finally, even if some other party was willing to carry out the harvest of the 2009 vintage for growers of the PGSC scheme, there is a risk that there will be a shortfall between the value of the grapes harvested on the one hand and the costs that growers would ultimately incur to conduct the harvest on the other.

On the basis of our estimates of conducting the harvest alone, the revenue from the harvest might exceed the costs of harvest and rent payable by approximately \$100 per lot. However, in our view, there would be a number of significant additional costs which would need to be incurred by members to perform the harvest. It is

difficult to accurately estimate the quantum of those costs. However we consider that those costs would include the following:

- (a) Legal fees to determine the rightful owner of the grapes. Our investigations have revealed that some lots appear to have been previously leased to growers of another Scheme and it is not entirely clear as to whether those growers continue to have an interest in the grapes. This issue would need to be resolved before growers could take the benefit of the grapes.*
- (b) The costs to address and if appropriate pay claims from third parties for costs incurred to preserve the value of the grapes. Although growers have prepaid maintenance fees in the PGSC Scheme for the current period, there was no money to actually perform the maintenance services. Accordingly, we negotiated an arrangement with a third party to incur that expenditure on certain terms. That party may seek to recover its costs against growers if growers take the benefit of the grapes.*
- (c) Professional fees to properly account for the harvest proceeds and to account to growers for this activity. If the harvest is conducted by the growers themselves, it is likely that they would need to appoint a professional manager to coordinate the harvest on behalf of growers.*
- (d) Professional surveyor fees to determine which vineyard lots may be harvested by PGSC members. It is not currently clear from an inspection of the vineyards as to precisely where the boundaries of each vineyard lot are.*

In our view, the costs referred to above are likely to well exceed \$100 per vineyard lot.

2 Directions from the Court – update

On 10 December 2008 the Supreme Court of Western Australia tentatively scheduled a hearing for the proposed application referred to in our last circular for 19 December 2008 at 11:00am WDST. That hearing date is tentative only.

If you intend to appear, or would like further information, you will need to contact our solicitors by no later than 5:00pm WDST on 18 December 2008.

The contact details for our solicitors this regard are as follows:

By post: McKenzie Moncrieff Lawyers
Level 5, 37 St Georges Terrace
PERTH WA 6000
Attention: Tony Zaffino

By facsimile: (08) 9326 5050

By email: Palandri@mckenziemoncrieff.com

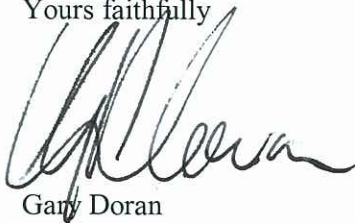
If you do not inform our solicitors of your objection, we will assume that you have no objection to the course proposed by us.

In any event, if you are in any doubt about the effect of what we are proposing, we recommend that you obtain your own independent legal advice as soon as possible. Neither our firm nor its solicitors can advise you in this respect.

3 Questions

If you have any questions about any of the matters contained in this circular or the attached notices, 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 Grower Schemes