

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

Great Southern Organic Olives 2007 Project (ARSN 115 654 950) ("the Scheme")

Circular to Investors

Introduction

This circular is to advise investors in the Great Southern Organic Olives 2007 Project ("the Scheme") that the purpose of the Scheme cannot be accomplished and accordingly the Scheme should be wound up.

Funding

As you are aware, GSMAL is the Responsible Entity ("RE") of the Scheme. Under the Scheme Constitution, the RE is responsible for the costs of management of the Scheme. GSMAL is insolvent. As previously advised, the limited funding which was initially available to the Receivers and Managers for critical expenditure to conduct essential care and maintenance of the olive groves within the Scheme ceased on 30 September 2009. From 1 October 2009, GSMAL had no funds available to meet the costs of managing the olive groves.

Leases

The land on which the Scheme operates is owned by Great Southern Olive Holdings Pty Ltd (In Liquidation) ("GSOH") and leased to GSMAL, with sub-leases to the investors. The head lease between GSOH and GSMAL contains, amongst other things, obligations on GSMAL to maintain the properties and olive groves situated on the properties.

The inability of GSMAL to undertake work to care for the olive plantations is an event of default which may give rise to a right for GSOH to terminate the head lease.

If the head lease is terminated by GSOH, it generally provides that title in the olive trees passes to GSOH. Investor subleases from GSMAL will also automatically terminate at law. Consequently, where the head lease is terminated, investors may no longer be able to participate in future distributions from any net harvest proceeds.

Physical and operational state of the Scheme

Since our appointment as Receivers and Managers of GSMAL and until funding ceased, we have applied the limited funding available to pay for essential care and maintenance of the olive groves within the Scheme.

Since October 2009, the inability of GSMAL to fund the cost of irrigation and undertake essential olive grove maintenance has caused damage to the olive groves. Some olive trees are at risk of dying and future harvest yields have been adversely impacted.

We are informed by the Liquidators that Kailis Organic Olives Group ("KOOG") (the existing managers of the organic olive groves) entered into an agreement with the Liquidators on 23 October 2009 to begin urgent irrigation of the olive groves. The arrangement contemplates the Liquidators being funded by KOOG for costs up to \$0.1 million to pay for water to irrigate and essential equipment to maintain and preserve the olive groves. We are advised that the arrangement is expected to be reviewed on a monthly basis.

Independent expert

The cash flow modelling undertaken by Great Southern management was reviewed by independent experts, Paul Miller and Associates, and adjusted on the basis that the yield forecasts were too high and for other changes to the various assumptions. The Receivers and Managers were informed by Paul Miller and Associates that:

- + Organic olive groves, together with organic farming practices, will tend to lead to lower yields than for conventional olive groves.
- + The water requirements and additional capital expenditure needed to complete the Scheme are significant. The water supply is currently inadequate and there is a degree of uncertainty about whether additional licensing can be obtained to meet the Scheme requirements.
- + A preliminary estimate of approximately \$0.5 million is required for immediate water and irrigation related capital expenditure.

Financial position of the Scheme

A review of the costs of operating the Scheme shows that the funding requirements of the Scheme are substantial and the costs of producing an olive harvest may not be commercially viable, at least in the short term. In any event, GSMAL has no funding to meet these costs.

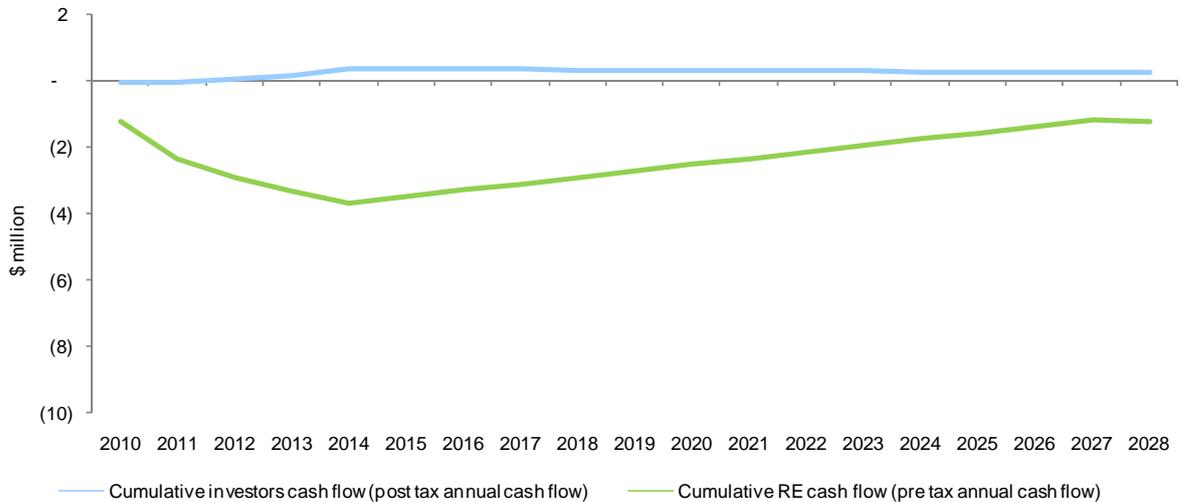
Short term

It is expected that the Scheme will require operational and capital expenditure of approximately \$1.2 million to produce a 2010 olive harvest over the next six months. However, in our view, the 2010 harvest production is not likely to be commercially viable because of the relative immaturity of the trees, the low yields and current low prices for olive produce.

Long term

Great Southern management's forecast cash flows to both investors and the RE under the existing Scheme Constitution are summarised below. More detailed financial information, as well as the independent expert report about the assumptions underlying management's cash flow forecasts is available on the investor portal (<http://investors.great-southern.com.au>).

Total cash flows attributable to RE and all investors



Source: Great Southern management cash flows. Underlying assumptions reviewed by independent expert, Paul Miller and Associates. McGrathNicol formatting. Please note number in brackets denotes a cash outflow.

Great Southern management’s cash flow forecasts indicate that the Scheme will incur a cumulative net cash shortfall over the remaining term of the Scheme. This includes net cash outflows over the term of the Scheme of approximately \$1.2 million by any replacement RE.

No RE is likely come forward to replace GSMAL if there is a net cash shortfall over the term of the Scheme. As such, the positive cash flows attributable to investors are currently not possible as there is no RE willing to spend the approximately \$1.2 million required for investors to achieve this return.

Search for replacement RE

We have carried out an extensive process to identify a suitable replacement RE for the Scheme. This involved a national marketing campaign through advertisements and press releases as well as directly contacting parties we understand to have both relevant MIS management experience and technical management capabilities.

We also established a comprehensive “data room”, containing the legal and financial information which any prospective RE would need to consider. That information included cash flow forecasts prepared by management for the life of the Scheme, as well as a report on those forecasts by an independent expert. We have set out some of that information in summary form above. More detailed forecasts and the expert report can be found on the investor portal (<http://investors.great-southern.com.au>).

Our search process concluded on 23 September 2009. We received no expressions of interest for the role of replacement RE for the Scheme.

We received a proposal from KOOG and the Sumich Olive Group ("SOOG") (collectively the "proposal") which involved the winding up of the Scheme and all investors being issued equity in a new company, based on investors’ relevant interests in the Scheme.

KOOG and SOOG withdrew their offer on 24 November 2009.

Winding up of the Scheme

For the following reasons, there is no viable alternative to winding up the Scheme:

- + GSMAL, the existing RE, is insolvent;
- + GSMAL has no funding available to operate the Scheme;
- + the Scheme requires considerable expenditure (approximately \$1.2 million) over the next six months to remain operational;

- + a new RE would incur a cash shortfall of approximately \$1.2 million over the life of the Scheme under the existing Scheme Constitution;
- + no expressions of interest were received for the role of replacement RE;
- + the KOOG and SOOG proposal was withdrawn on 24 November 2009.

In these circumstances, as contemplated in section 601NC of the Corporations Act, the purpose of the Scheme cannot be accomplished and the Scheme should be wound up. Formal notice to that effect is attached.

If investors have a viable alternative to the winding up of the Scheme, they should contact the Receivers and Managers via the email address provided at the end of this circular within the 28 day notice period referred to in the attached notice. Alternatively, they should call a members' meeting under Division 1 of Part 2G.4 of the Corporations Act.

We encourage any investors pursuing this course to contact Mr Rob Burns of Save My Trees via his website (www.savemytrees.com.au). Mr Burns is a member of the Consultative Committee and is familiar with this matter.

Questions and feedback

You may have many questions regarding the impact of the winding up of the Scheme on investors. There is a list of frequently asked questions on the investor portal which will be updated regularly. In summary, however, we note:

- + unless investors call a meeting with the requisite resolution/s and statement/s within 28 days in accordance with the Corporations Act, GSMAL may proceed to wind up the Scheme;
- + winding up the Scheme will entail the realisation of any Scheme assets, such as uncollected harvest proceeds, and accounting to investors for the net proceeds;
- + dealings with the leases (as discussed under the heading 'Leases' above) may significantly affect the realisation process;
- + it is not presently possible to estimate the amount of return to investors (if any) or timing of any payment, as it will depend on the outcome of the realisation process;
- + there may be tax consequences of the winding up of the Scheme and any distribution to investors. You should discuss these consequences with your tax advisor.

Should you have any other questions or comments in regard to the winding up of the Scheme, please email gsp@great-southern.com.au or fm-gs@mcgrathnicol.com or you may call the Investor Hotline on 1800 258 348.

Disclaimer

The information in this Circular does not constitute legal or financial advice and investors must carefully make their own assessment of the issues outlined in this Circular and seek professional advice if they are uncertain.

Dated: 11 December 2009

Yours faithfully



James Thackray
Joint Receiver and Manager

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

Great Southern Organic Olives 2007 Project (ARSN 115 654 950) ("the Scheme")

Notice of proposal to wind up the Scheme

To: Members of the Scheme

GSMAL, of 16 Parliament Place, West Perth, Western Australia, 6005, the responsible entity ("RE") of the Scheme, gives notice pursuant to section 601NC of the Corporations Act 2001 ("the Act") that:

1. GSMAL proposes to wind up the Scheme, because it considers that the purpose of the Scheme can no longer be accomplished.
2. GSMAL considers that the purpose of the Scheme can no longer be accomplished for the following reasons:
 - a. GSMAL, the existing RE, is insolvent;
 - b. GSMAL has no funding available to operate the Scheme;
 - c. the Scheme requires considerable expenditure (approximately \$1.2 million) over the next six months to remain operational;
 - d. a new RE would incur a cash shortfall of approximately \$1.2 million over the period of the Scheme under the existing Scheme Constitution;
 - e. the Receivers and Managers of GSMAL undertook an extensive process to locate a replacement RE. However, no expressions of interest for the role of replacement RE for the Scheme were received;
 - f. a proposal to convert investors' lease interests to equity in a new company was received. However, the proposal was withdrawn on 24 November 2009;
 - g. as a result of its insolvency, GSMAL may be in breach of a number of covenants under the lease between GSMAL and the land owning entity, Great Southern Olive Holdings Pty Ltd (In Liquidation) ("Head Lease"). It may be possible for the landlord to terminate the Head Lease. If this occurs, investors' sub-leases will automatically terminate at law.

Further information regarding the state of the Scheme is contained in the attached circular to investors.

3. Members of the Scheme are entitled under Division 1 of Part 2G.4 of the Act to call a meeting of members to consider the proposed winding up of the Scheme and to vote on any extraordinary resolution members propose about the winding up of the Scheme.
4. GSMAL is permitted to wind up the Scheme unless a meeting of members is called to consider the winding up of the Scheme within 28 days of the giving of this notice to members.
5. If no meeting is called within 28 days of this notice, then GSMAL will wind up the Scheme in accordance with Part 5C.9 of the Act and the provisions of the Scheme's Constitution.

Dated: 11 December 2009



James Thackray
Joint Receiver and Manager