

13 May 2011

**Rewards Projects Limited
(Subject to Deed of Company Arrangement) (RPL)
ACN 089 582 427****Rewards Premium Vineyard Project 2009 (ARSN 136 404 816) (the Scheme)****CIRCULAR TO GROWERS**

I refer to the appointment of Darren Weaver, Andrew Saker and I as Joint and Several Administrators of the above Company on 16 May 2010 and to our subsequent appointment as Joint and Several Deed Administrators on 9 November 2010.

Introduction

The purpose of the circular is to advise growers in the Rewards Premium Vineyard Project 2009 (the Scheme) that the purpose of the Scheme cannot be accomplished and accordingly the Scheme should be wound up.

Funding and Operational State of the Scheme

As you are aware, RPL is the Responsible Entity (RE) of the Scheme. Under the Scheme Constitution, the RE is responsible for the costs of the management of the Scheme. Due to the insolvency of the RPL and the lack of funding available to conduct maintenance and preserve the Scheme, the Administrators issued notices of intention not to exercise property rights pursuant to Section 443B(3) and 443B(4) of the Corporations Act 2001 (the Act) on 16 June 2010 (Property Disclaimers). In this regard the lease agreement between RPL and Tunbridge Properties Pty Ltd (Receivers and Managers Appointed) (Tunbridge) was terminated.

Leases

The Scheme was operated on two (2) properties located at Stirling Road and Kemp Road, Pemberton, Western Australia. The properties are owned by Tunbridge which is a related party of RPL by virtue of the common directorships. In turn RPL entered into sub-leases with each grower of the Scheme.

On 24 August 2010, the Receivers and Managers of Tunbridge (the Receivers) issued termination notices in respect of the head leases to RPL given RPL's insolvency.

I understand that the Receivers have commenced marketing the above two (2) properties for sale.

ADELAIDE
BRISBANE
MELBOURNE
SYDNEY
JAKARTA
KUALA LUMPUR
SINGAPORE
TOKYOAffiliated through
Zolfo Cooper
United States
United Kingdom
Caribbean
and
KLC Kennic Lui & Co
Hong Kong
China



The termination of the head lease between Tunbridge and RPL, automatically terminated each sub-lease as at the date of the above termination notice. Consequently, any proceeds of sale derived from future harvest are unlikely to be available to growers. Growers may wish to take their own independent legal advice with regard to this issue.

Financial Position of the Scheme

I advise that the Administrators reviewed and amended a cashflow forecast/ budget of the Scheme prepared by management prior to making a decision to disclaim the properties.

In respect of the twelve (12) month cashflow model prepared by RPL and its management, I make the following comments:

- The cashflow indicated that substantial operational and capital expenditure was required for the following twelve (12) months of which RPL was unable to fund.
- Due to the lack of funds available to the Scheme and RPL generally, I made the assessment that it was in the interests of the creditors of RPL to disclaim the property leases to prevent further liability being incurred which could not be paid by RPL.
- The Scheme was forecast to incur an estimated net loss of appropriately \$1.3 million for the financial year ending 30 June 2011.
- Given that no long term cashflow model had been prepared, I was unable to quantify the net loss that a replacement RE might incur.
- The twelve (12) month cashflow was not reviewed by an independent expert, however given the lack of funding available, the Administrators had no reasonable option other than to exercise their statutory rights in relation to property leases under Section 443B(3) and 443B(4) respectively of the Act.
- I did not issue tax invoices to growers for the 2011 financial year, as I considered it adverse to growers' position to contribute funds to a Scheme that would ultimately be wound up due to its infancy, lack of available funding and absence of a long-term model.

Replacement RE

We have not sought expressions of interest for the replacement of RPL as RE for the following reasons:

- Long term cashflow forecasts for the Scheme are not available to be able to reasonably quantify the expected cashflows to growers and the RE respectively. RPL and the Scheme had insufficient funds at the date of appointment of the Administrators to engage appropriately qualified persons to prepare such forecasts.



- The overall infancy of the vines meant that the predicted yields were volatile and subject to significant variables, including but not limited to, general geographical factors, vine management factors, fruit price indexes and the availability of water. The difficulty in reliably predicting yields also made the task of preparing reliable and accurate cashflows difficult.
- The Scheme was undersubscribed according to records of RPL and, as a result, it is likely that the amount of annual management fees contributed by growers would not be sufficient to allow the Scheme to remain cashflow positive without RPL injecting significant amounts of funds from alternate sources.
- The combination of the lack of available funds as at the date of my appointment and the significant cashflow requirements on the Scheme for the upcoming 2011 financial year, would have required the Administrators to incur significant personal liability and source funding whilst they attempted to find a suitable replacement RE. The Administrators were not prepared to expose themselves to such risk, and the Act does not require them to do so.
- The appointment of Receivers and Managers to Tunbridge and the consequent issue of notices termination of the leases held by RPL over the Scheme properties meant there was, and is, no possibility of continuing the Scheme on these properties.

Winding up of the Scheme

For the following reasons, in the opinion of the Deed Administrators, the purpose of the Scheme cannot be accomplished and there is no viable alternative other than to wind up the Scheme:

- The current RE, RPL is insolvent and was unable to fund the Scheme going forward from 16 June 2010 and cannot continue as RE of the Scheme.
- The cashflow prepared by RPL indicated that substantial operational and capital expenditure was required for the following 12 months which could not be funded by RPL.
- RPL had not prepared long term Scheme models and accordingly the Administrators were unable to ascertain the net cashflow that growers could possibly receive over the life of the Scheme.
- The Scheme was forecast to incur an estimated net loss of approximately \$1.3 million for the financial year ending 30 June 2011.
- After the appointment of Receivers and Managers to Tunbridge, the leases of the Scheme properties held by RPL were terminated on 24 August 2010.
- For the reasons set out above under the heading 'Replacement RE' the Administrators believe that it would be futile to seek a replacement RE for the Scheme, and there is no potential replacement RE.



Therefore, in accordance with Section 601NC of the Act, the purpose of the Scheme cannot be accomplished and the Scheme should be wound up. Formal notice to that effect is attached.

Growers have the right under Division 1 of Part 22G.4 of the Act to call a members' meeting to consider the proposed winding up of the Scheme and to vote on any extraordinary resolutions growers propose about the winding up of the Scheme.

If a meeting is not called within 28 days of the date of the formal notice, the RE is permitted to wind up the Scheme.

If growers have a viable alternative to the winding up of the Scheme, they should contact this office within the 28 day notice period referred to in the attached notice. Alternatively, they should call a members' meeting under Division 1 Part 2G.4 of the Act.

Next Steps

In summary, the following steps will be undertaken in respect of the winding up of the Scheme:

- Unless growers convene a meeting with the appropriate resolutions and statements to growers within 28 days in accordance with the Act, RPL will proceed with the winding up of the Scheme.
- Winding up of the Scheme will entail the realisation of any available Scheme assets and accounting to growers for the net proceeds.
- I am presently unable to determine the net return that will be available to growers or the timing of any distribution, as it subject to the costs incurred in relation to the winding up and the general complexities in relation to the current Deed of Company Arrangement which may have flow on effects due to the encapsulation of multiple schemes and Group assets.
- I recommend that growers should seek their own independent taxation and professional advice with respect to the winding up of the Scheme.

Should you wish to discuss any content of this circular, please do not hesitate to contact either Penny Vetten or Hannay Smith of this office.

A handwritten signature in black ink, appearing to read 'Martin Jones', written over a horizontal line.

Martin Jones
Joint and Several Deed Administrator of
Rewards Projects Limited



13 May 2011

**Rewards Projects Limited
ACN 089 582 427
(Subject to Deed of Company Arrangement) (RPL)**

Rewards Premium Vineyard Project 2009 (ARSN 136 404 816) (the Scheme)

Notice of proposal to wind up the Scheme

Dear Scheme Member

Rewards Projects Limited (RPL) the Responsible Entity (RE) of the Scheme, hereby gives notice pursuant to Section 601NC of the Corporations Act 2001 (the Act) that:

1. RPL proposes to wind up the Scheme, as it considers that the purpose of the Scheme can no longer be accomplished.
2. RPL considers that the purpose of the Scheme cannot be achieved on the following basis:
 - a. RPL is currently insolvent;
 - b. RPL has no funding available to operate the Scheme;
 - c. The Administrators issued notices in respect of the Scheme properties not to exercise property rights pursuant to Section 443B(3) and 443B(4) of the Act on 16 June 2010;
 - d. Receivers and Managers have been appointed to the land owning entity of which the Scheme was subject to;
 - e. Given that there is no available funds or land to continue the Scheme, the only foreseeable option is to wind up the Scheme; and
 - f. The Administrators have not received any interest from parties to replace RPL as RE of the Scheme;

Further information pertaining to the status of the Scheme is contained in the attached circular to growers.

3. Growers of the Scheme are entitled pursuant to Division 1 of Part 2G.4 of the Act to call a meeting of growers to consider the proposed winding up of the Scheme and to vote on any extraordinary resolutions growers propose about the winding up of the Scheme.

CORPORATE ADVISORY

FORENSICS

CORPORATE RECOVERY





4. RPL is permitted to wind up the Scheme unless a meeting of growers is called to consider the winding up of the Scheme within 28 days of the giving of this notice to growers.
5. If no meeting is called within the 28 days of this notice, the RPL will wind up the Scheme in accordance with Part5C.9 of the Act and the provisions of the Scheme's Constitution.

A handwritten signature in black ink, appearing to read 'Martin Jones', with a large, stylized flourish at the end.

Martin Jones

Joint and Several Deed Administrator of
Rewards Projects Limited