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Private and confidential
CIRCULAR TO INVESTORS

Our ref Circular to investors - Letten
Operating Business Schemes.doc

7 May 2010

Dear Sir/Madam

Letten Group – Receivers and Managers appointed – Yarra Valley Golf Joint Venture, Glenbelle Project and Reef House Resort

As you are aware, Receivers and Managers (Damian Templeton and Philip Hennessy of KPMG) have been appointed to various companies and joint venture schemes associated with Mark Letten (“**the Schemes**”), one or more of which you have invested in.

You will have received access to the disclosure reports prepared by the Receivers and Managers in respect of the Yarra Valley Golf Joint Venture, the Glenbelle Project and/or the Reef House Resort (“**Letten Operating Business Schemes**”) in which you have invested (“**the Reports**”). Each of the Reports contains a recommendation by the Receivers and Managers that the property of the relevant Letten Operating Business Scheme be sold and a recommendation as to how this sale should take place.

The Orders of the Federal Court made on 25 February 2010 provide that you, as an investor, are entitled to make an application to the Court in respect of the future of the Scheme(s) in which you have invested, in response to the Reports.

On 6 May 2010, the Court made further orders to clarify the way in which an application can be made, and how any applications or written submissions will be dealt with. This is explained in the questions and answers below.

You are not required to do anything, however if you wish to make a written submission to the Court, please note the following.

1. Sale of Scheme property - What kind of submissions can I make?

You may make written submissions to the Court in respect of the proposals set out in the Reports that the property of the Letten Operating Business Scheme/s, in which you are an investor, be sold.

You are entitled to make a formal legal application to the Court, however given that written submissions can be made and will be considered (as explained in Question 5 below), this is not necessary.

2. Sale of Scheme property - How do I make a submission?

You should complete the form attached to this letter as Schedule 1.

3. Sale of Scheme property - What is the cut-off date for my submission?

Your submissions must be received by the Federal Court by no later than **4pm on 26 May 2010**.

4. Sale of Scheme property - Who do I send my submission to?

Your submissions should be sent to the Federal Court at the following address:

The Registrar
Federal Court of Australia
Victoria District Registry
305 William Street
Melbourne VIC 3000
Fax: (03) 8600 3351

5. Sale of Scheme property - How will the Court deal with my submission?

The Court, ASIC, the Receivers and Managers, the Secured Lenders and the parties will read the submissions filed with the Court. Based on the submissions, as well as any submissions made by ASIC, the Receivers and Managers, the Secured Lenders and the parties, the Court will make orders in relation to the sale of the property of the Letten Operating Business Schemes.

6. Sale of Scheme property - Can I appear before the Court to support my submission?

You (or your legal representative) will only be entitled to appear before the Court at the hearing in relation to the sale of the property of the Letten Business Schemes if you have filed a written submission, or a formal application, before the cut-off date. You are not required to do so – your submissions will be read and considered in any event – but you may do so if you wish. That hearing has been set for 28 May 2010.

If you (or your legal representative) intend to appear at the hearing on 28 May 2010 you must notify the Court by completing the relevant sections of Schedule 1.

7. How will I know the outcome of the court hearing?

The Receivers and Managers will post the results of the hearing on its website as soon as orders are made.

8. Further investigations and reporting by Receivers and Managers

On 6 May 2010, the Court made orders that the Receivers and Managers provide a further report to the Court and to investors in relation to LGH Administration Pty Ltd, LGH Holdings Ltd and LGH Finance Pty Ltd. This report will set out, amongst other things, the status of the Receivers' and Managers' investigations into the flow of funds between the entities in the Letten Group and the "War Chest" and the Receivers' and Managers' recommendations as to the distribution of the property of the Schemes.

The primary focus of the further investigations by the Receivers and Managers will be to:

- gain an understanding of the extent of the accounting information available for the LGH Companies;
- identify whether it is likely additional assets are owned by the LGH Companies that are not associated with the LGH Schemes;
- identify the potential costs of seeking to recover any assets that are identified;
- assess whether consideration should be given to the distribution of funds ultimately realised on a:
 - (a) scheme by scheme basis; or
 - (b) pooled basis,

based on the work undertaken and the expected costs of finalising the winding up of the Schemes on a scheme by scheme basis.

This further report is to be provided to the Court on 3 June 2010. This report will be relevant to your consideration of how the sale proceeds of the Schemes in which the investors have invested (after payment of amounts due to any secured lender or other priority creditors) will be distributed. After receipt of that further report, you will have an opportunity to make submissions to the Court on that subject in the manner set out below.

9. Distribution of Scheme property - What kind of submissions can I make?

The Court has ordered that investors may make any application they wish to make in relation to the distribution of property of the Schemes by filing with the Registry a written submission on or before 5 July 2010.

10. Distribution of Scheme property - Can I appear before the Court to support my submission?

The Court has ordered that a hearing take place in relation to the issue of the distribution of property of the Schemes on 30 July 2010.

You (or your legal representative) will only be entitled to appear before the Court at that hearing if you have filed a written submission, or a formal application, before the cut-off date. You are not required to do so – your submissions will be read and considered in any event – but you may do so if you wish.

11. Distribution of Scheme property - How can I make a submission?

If you (or your legal representative) intend to appear at the hearing on 30 July 2010 you must notify the Court by completing the relevant sections of Schedule 2, which is attached to this letter.

If you require any further information, please contact Jason Colosimo on 1800 882 944 if you are an Australian based investor or +61 3 9838 4238 if you are an International investor. Investors can also choose to contact us by email at lettenschemes@kpmg.com.au.

Yours faithfully



Damian Templeton
Receiver and Manager

Enclosures:
Schedule 1
Schedule 2

SCHEDULE 1

Notice of submission in respect of the "Letten Schemes" – Realisation of property
Filed in Victoria District Registry

IN THE MATTER OF MARK RONALD LETTEN & OTHERS**No. VID 95 of 2010**

**To: The Registrar
Federal Court of Australia
Victoria District Registry
305 William Street
Melbourne VIC 3000
Fax: (03) 8600 3351**

I, _____, wish to make submissions in respect of the following Scheme(s) in which I am an investor:

- _____
- _____
- _____

My submissions in relation to **the realisation of property** of the Scheme(s) are as follows [Set out in the space below the submissions you wish to make. Attach additional pages as necessary]:

(Tick as appropriate)

- I intend to appear before the Court at the hearing of this matter on 28 May 2010.
- I will appear on my own behalf.
- I will be represented by a lawyer.

Signed: _____

Name: _____

Address: _____

Phone no: _____

Email address: _____

Date: _____

SCHEDULE 2

Notice of submission in respect of the "Letten Schemes" – Distribution of property
Filed in Victoria District Registry

IN THE MATTER OF MARK RONALD LETTEN & OTHERS**No. VID 95 of 2010**

**To: The Registrar
Federal Court of Australia
Victoria District Registry
305 William Street
Melbourne VIC 3000
Fax: (03) 8600 3351**

I, _____, wish to make submissions in respect of the following Scheme(s) in which I am an investor:

- _____
- _____
- _____

My submissions in relation to **the distribution of property** of the Scheme(s) are as follows [Set out in the space below the submissions you wish to make. Attach additional pages as necessary]:

(Tick as appropriate)

- I intend to appear before the Court at the hearing of this matter on 30 July 2010.
- I will appear on my own behalf.
- I will be represented by a lawyer.

Signed: _____

Name: _____

Address: _____

Phone no: _____

Email address: _____

Date: _____