

CROUCH INSOLVENCY

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5 December 2006

To the Investor as addressed

Dear Sir/Madam,

**HERITAGE FINE WINES PTY LTD
(IN LIQUIDATION) (RECEIVER & MANAGER APPOINTED)
ACN 093 310 715**

INVESTOR UPDATE

I refer to my circular to investors dated 18 October 2006.

Finalisation of sale and resumption of wine deliveries

I am pleased to advise that the terms of the contract for the sale of Heritage's wine storage business to Wine Investment Services Pty Limited ("WIS"), including the wine relocation and final stocktake, have been substantially finalised and wine deliveries, under the control of WIS, have now resumed.

As a consequence of the finalisation of the sale, the control and management of your wine has transferred to WIS.

Wine Return Requests may now be processed via the WAM system

Wine Return Requests may now be processed via the WAM system. Account enquiries and payments may also be made via WAM. Until further notice, the WAM system shall remain accessible via my website at www.bankruptcy.net.au. WIS are currently arranging for the transfer of the system to their website and shall notify investors as soon as this transfer has been attended to.

WIS have advised me that they will shortly be reducing storage charges and will also be introducing new ways that investors will be able to sell their wines. It may be beneficial to wait until details of these offers are known before you decide to move your wine.

Auction valuation figures now available on WAM

In accordance with my earlier undertakings, wine auction valuation figures are now available via the Wine Portfolio page on WAM.

Valuation figures are provided to Investors as a guide to the auction value. The valuation is prepared on the basis that stock is sold, on a forced sale basis, by way of online auction in small isolated parcels over an extended period of 6-24 months and excludes commissions and handling fees. I am advised the auction value may be used by investors to estimate taxable capital and income losses. Creditors should obtain advice from their professional tax advisers regarding this issue.

I have been advised by WIS that in terms of any sales of wines on behalf of investors, they intend to sell wine at above the auction values.

Some adjustments required to Investor Portfolios

The final stocktake undertaken as part of the sale process has given rise to a limited number of adjustments to investor portfolios, which effected approximately 1% of all investors. Effected investors shall be notified separately of any such adjustments.

Wine sales to proceed to recover unpaid levies

I confirm that I retain a lien over any wine subject to unpaid levies or charges due to me as at 16 October 2006. WIS are unable to release wine subject to my lien without my consent.

As previously advised, I intend to recover unpaid levies and charges due to me via the sale of investor wine subject to my lien. Separate notice of my intention to exercise my rights over wine subject to outstanding levies shall be issued shortly to effected investors.

Investors are invited to complete Questionnaire

To assist my ongoing investigations, investors are invited to complete and return to my office the attached questionnaire concerning your dealings with HFW. I confirm that I have received favourable advice from my senior counsel regarding the merits of attempting recoveries from the directors.

During the next month I intend to approach the directors inviting a settlement of claims. If this is not received I expect I will undertake public examinations during the new year.

Thanks to investors

I take this opportunity to thank investors generally for their patience over recent months. I regret the extended delay in the resumption of wine deliveries. This delay was largely as a result of unforeseen complications in attending to the physical relocation of wine, attending to final stocktakes and updating investor records for any resultant portfolio changes on WAM.

The finalisation of the sale represents a major milestone in the receivership and I am hopeful that, for the vast majority of investors, there shall be no further requirement to deal with my staff or me in regard to their wine as my operational involvement has concluded. For these investors, I again take the opportunity to express my thanks for their general support during this difficult and complex receivership.

Should you require any further information please contact Tarnya of my office.

Yours faithfully

HERITAGE FINE WINES PTY LIMITED

**NICHOLAS CROUCH
RECEIVER AND MANAGER
LIQUIDATOR**