

COONAWARRA PREMIUM VINEYARDS PROJECTS DECEMBER 2005 NEWSLETTER

COONAWARRA
PREMIUM
VINEYARDS

INSIDE THIS ISSUE:

<i>Group Managing Directors Report</i>	1
<i>Nugan Update</i>	1
<i>Bulk Wine</i>	1
<i>CPV 2 Restructure</i>	1
<i>Correspondence</i>	1
<i>CPV 1 & 2 Grapes</i>	2

GROUP MANAGING DIRECTORS REPORT

It has been a tough but productive year for everyone at Coonawarra Premium Vineyards and we are pleased with the progress we have made. The vineyards are in good condition and vineyard manager Peter Copping is monitoring the unfolding season closely to optimise the crop produced.

The general outlook for 2006 looks similar to that of the past year with vineyards across Australia expecting another big crop with higher than average yields.

PROJECT 2 RESTRUCTURE

The General Meetings of Growers and Shareholders were held on 31st January in Adelaide. All votes received were in favour of the resolutions and the restructure of Project 2 was duly approved.

This means that all of the assets and liabilities of Project 2 will now be vested into CPV Wines Ltd (the new name of CPV Land Holdings Ltd) and all future liabilities of the CPV2 Growers will be extinguished. However, all debts outstanding for amounts invoiced to Growers prior to the vote remain due and payable by the Growers. Separate correspondence will shortly be sent to those Growers who still have debts owing.



BOARD CHANGES

Richard Beck has resigned as a director of CPV Wines Ltd & Coonawarra Premium Vineyards Limited (CPVL) the responsible entity for Project 1 and the Trust.

CEO Andrew Parkinson has joined the board of CPVL in Richard Beck's place and John Whitehead has joined the board of CPV Wines Ltd. Paul Miller has been appointed independent Chairman of both companies.

A compliance committee has been formed, with two independent members: Prof, Michael Burgess and Paul Miller plus CEO Andrew Parkinson.

PROJECT 1 PROCEEDS DISTRIBUTION

Please ensure all distribution cheques sent out at 30 November 2005 are banked promptly. Any

cheques not presented by 28 February 2006 will be cancelled by Australian Executor Trustees who will not accept instructions to re-issue a new cheque. The funds can be forwarded electronically or used to offset any outstanding management fees in the name of the Investor.

CORRESPONDENCE

We have an increasing amount of returned mail and remind investors to update their details as regularly as possible.

We are holding a number of unallocated receipts due to payments being made with no account reference data attached that we need to apply correctly. If any Investors consider that a payment has not been allocated to their account, please contact us.

Rex Watson
Group Managing Director

COONAWARRA PREMIUM VINEYARDS PROJECT ONE

Grapevines

The vines are in good condition after a dry Autumn and below average winter rains. Fruit set has been good in all varieties.

Yield Levels

Shoot density and bunch numbers were relatively high and some thinning to reduce crop density to a manageable level has been carried out. This keeps the number of bunches to a level where the vines can safely carry them and to enable the bunches to ripen properly.

Fruit set looks to have been successful and the cropping

potential looks sufficient to achieve normal commercial yields. Final yields will be determined as the season progresses.

Nugan Litigation

No hearing date has yet been set to hear the substantive issues regarding the breach of contract by Nugan. The Nugan litigation continues with various court hearings held to decide preliminary issues.

Proceeds Distribution

The annual grape distribution was paid to Project 1 investors

on the 30 November 2005. For many investors this was offset against any outstanding amounts and also against the October–December Grant of Use fees (licence fees). This means that some investors may not have received an actual cash distribution but had their debtor account with CPV reduced.

If you have any queries regarding your distribution payment please contact Megan Kennedy by email megan@coonawarravineyard.com.au or by phone: 08 8299 9455.

COONAWARRA PREMIUM VINEYARDS PROJECT TWO

Stage 1&2-Grapevines

Continuation of mild weather and low wind velocity through until mid December has resulted in even fruit set and good to high crop levels throughout.

Berry counts are being conducted to refine the current yield estimates and avoid over cropping of the earlier planted vines that are now reaching maturity.

All varieties in Stages 1 & 2 have stopped growing now and are starting to have yellowing of the basal leaves therefore we have begun an irrigation program for those blocks that require it.



Stage 3– Grapevines

Good spring growth and early training has seen a large part of this vineyard on the cordon wire this season. There is reasonably strong growth occurring, the second training pass has been completed.

Water monitoring devices are showing a declining moisture level, as we would expect given the fairly dry December period. Irrigation monitoring and visual appraisal are now a regular task to avoid over stressing the vines.