



Coonawarra
Premium
Vineyards

Coonawarra Premium Vineyards Projects

June 2004 Newsletter

GROUP MANAGING DIRECTOR'S REPORT

The hectic but exciting period of harvest is now over, and yields for Project 1 have been higher than expected. As explained in our March 2004 newsletter, yields for Project 2 are lower than expected due to thinning of the vines. Thinning was carried out to reduce stress on the young vines and to enhance their quality in future years. For exact yield amounts refer to the table on page 2.

Grape prices still remain the most significant uncertainty this year, mainly due to the expected oversupply of red grape varieties. We are aware of large quantities of grapes being sold at prices significantly less than the 2003 district weighted average prices. Determination of district weighted average prices for 2004 will be published in late September 2004.

Unfortunately, the good weather conditions experienced during the flowering period did not continue through to the end of harvest. Cool and damp conditions led to the incidence of botrytis rot on some Shiraz grapes, as happened this season on Shiraz in several regions. This may cause some quality penalties to be applied to payments from wineries.

For those investors in Project 1, the dispute with Nugan continues. An amended claim for \$10.7m was lodged on 18 May 2004, and further court hearings have taken place during July 2004. A more detailed report is set out on page 2.

If Nugan had not defaulted, Project 1 grape income for 2004 would have been in line with Prospectus income projections using 2003 prices. Unfortunately 2004 prices could be 30% less than 2003. Prices for 2004 vintage are not published until 30 September 2004.

As many of you may be aware the wine industry is experiencing a very turbulent period, which looks likely to continue. Coonawarra Premium Vineyards Limited will continue to strive to produce quality grapes. This may involve growing practices aimed at a reduced yield in 2005 to meet the quality expectations of wine makers.

Rex Watson
Group Managing Director

BPAY & EFTPOS

We are pleased to advise that Coonawarra Premium Vineyards Limited now has a BPay facility. This will provide a much easier and efficient method to pay your invoices.

EFTPOS facilities are also available for those investors wishing to pay their invoices by Credit Card.

Full details have been provided on your June invoices.

COONAWARRA PREMIUM VINEYARDS LIMITED WEBSITE

After much time and effort, the Coonawarra Premium Vineyards Limited website is up and running at www.coonawarravineyard.com.au. The website offers information on the Projects. You are also able to download newsletters, documents, forms, tax information etc. We will be adding a photo library that enables you to see how your vineyard has developed during the years, as well as view current photos of the vineyard. We hope that the website will become a great source of information, and also a direct point of contact for all investors.

We would appreciate any feedback/suggestions as to how to improve the website, or general comments on what you think works well. Email any suggestions to claire@coonawarravineyard.com.au

COONAWARRA WINES

Many investors have contacted us wanting to know what wines the 2003 harvest from Project 1 have gone into. We have contacted the contracting wineries, and set out below is a list of wines that Coonawarra Premium Vineyards Project grapes have contributed to.

Cassella Wines - Yellow Tail & Yellow Tail Reserve
Beelgara Estate - Sauvignon Blanc
Katnook - Chardonnay, yet to be released
Grant Burge - Wines not yet released

TAX INFORMATION

Annual Project taxation summaries will be forwarded to all investors in early August to enable you to complete both your Income Tax Returns and Business Activity Statements.

We would like to remind investors that should you engage the services of a Tax agent (accountant) to prepare these for you, please ensure that you provide all correspondence that has been sent to you throughout the financial year. Not only will this save your tax agent time trying to locate the relevant information, it will also save you money and aid in you receiving any refund owing to you quicker.



Tipping gondolas of
Merlot - Coonawarra
Premium Vineyards
Project

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Coonawarra Premium Vineyards

ARSN 087 876 186

Project

Irrigation

Post harvest irrigation is being applied to all blocks in Project 1. This provides a much needed deep soaking to the root zone.

Post harvest fertigation is being applied to some blocks to ensure that the nutrient status of the vines is maintained after the removal of considerable quantities of nutrients in the fruit.

Harvest

The 2004 harvest was completed on 21 May 2004. Large crops were harvested from all blocks, except Merlot which produced a modest crop.

Nugan Update

The dispute with Nugan continues and an amended claim has been lodged for damages of \$10.7M. A directions hearing is scheduled for late August and a date is yet to be set for the

trial. Nugan has requested a stay of proceedings while it appeals against the amended claim.

Processing of Bulk Wine

As touched upon in our March 2004 Newsletter, the grapes that were contracted to Nugan have gone to Great Stone Winery to be crushed and processed into bulk wine. The interim costs incurred in processing and storing the bulk wine have been invoiced to Growers at the same time as the management fees in June 2004.

The interim processing invoices, along with the management fee invoice may be partially off-set against grape proceeds. The balance is to be paid by investors. As in previous years, any surplus proceeds from sales of grapes and bulk wine will be forwarded to investors.

Distributions

As for last year, distributions will be paid in a first and final instalment in late November 2004. If you have not already done so, please provide us with your bank account details for direct deposit of funds. This will also enable you to receive any funds owing to you quicker.

Project Performance

If Nugan had not defaulted, Project 1 income would be in line with Prospectus projections. The Prospectus for year 4 (or year ended 30 June 2004) forecasted sales of \$1,338.00 per unit. If Nugan had paid in accordance with the contract and at 2003 prices, sales would have been \$1,614.00. The timing of the cashflows does not match Prospectus forecasts because of the Nugan default and as collections from wineries were not received prior to 30 June.

Coonawarra Premium Vineyards

ARSN 096 298 074

Project No. 2

Stage 1 - Grapevines

The reductions in crop size this year has allowed the vines to physically develop without energy being diverted to crop ripening. The improved establishment of these vines will assist with the production of better crops in the next and subsequent seasons.

Stage 2 - Grapevines

56 tonnes of Shiraz was harvested, which has been processed into 44,000 litres of bulk wine.

The fruit removal from the Cabernet has allowed these vines to better establish this season.

Weed control has been undertaken through the vineyard, and ryegrass seed and fertiliser has

already been sown. This should allow the early and strong establishment of the cover crop through the winter.



Harvest of CPV2 Shiraz vines

Contracts & Processing: Stage 1 & Stage 2

As no contracts have been obtained for Project 2 grapes, the Manager has arranged for all grapes except the Sauvignon Blanc to be crushed at Great Stone Winery (located 5 minutes from the vineyard site). The Sauvignon Blanc has been sold to the Manager at \$1,500 per tonne, which was the best offer available.

The resulting bulk wine will be placed with an agent to be sold on the bulk wine market. The interim costs incurred in processing and storing the bulk wine have been invoiced to Growers.

Any surplus wine sale proceeds, after deductions for further processing and marketing costs, will be forwarded to investors.

PROJECTED v ACTUAL YIELD TABLE (Tonnes)

	Project 1		Project 2 (Stage 1)	
	Projected Yield	Actual Yield	Projected Yield*	Actual Yield
Sauvignon Blanc	67.4	112.4	14.4	18.8
Merlot	245.4	275.4	60.5	49.3
Shiraz	479.8	695.6	61.3	30.3
Petit Verdot	117.7	168.2	N/A	N/A
Chardonnay	75.5	144.2	21.0	11.4
Cabernet	827.8	1,264.1	57.6	27.2

*These are projected yields calculated from the viticultural report contained in the Prospectus for Project 2. There were no financial projections in that Prospectus.

Yields—Project 1

Yields are higher than projected in the Prospectus, and reflect the 2004 season conditions of good growth and bunch set.

Yields—Project 2 Stage 1

Yields for the reds and chardonnay are less than projected yields due to thinning carried out in March 2004. This was done to reduce stress on the young vines to improve quality and thereby increase the prospect of selling the grapes (bulk wine). The trend in Coonawarra this year was to significantly thin crops to enhance quality due to perceived over supply of red grapes.

Yields—Project 2 Stage 2

A small crop of Shiraz was harvested this year, which is a year earlier than forecasted in the Prospectus.