



Coonawarra
Premium
Vineyards

Coonawarra Premium Vineyards Projects

March 2004 Newsletter

GROUP MANAGING DIRECTOR'S REPORT

This is an exciting time of year for us as harvest has begun. So far this year we have had exceptional weather, although in recent weeks Coonawarra has experienced some very light rain. We are keeping our fingers crossed that the rain holds off until after harvest.

Weather conditions experienced over the flowering period have resulted in large full bunches with above average berry size in most varieties. This is expected to result in above-average crops throughout the Coonawarra Region.

Both Projects 1 and 2 have produced good quality grapes: Refer to table on page 2 for estimated and actual tonnages.

However, as many of you may be aware this year has been a particularly hard one for the wine industry, with grape purchasers moving away from long term contracts. The change to the wine grape industry has been tough on Growers. It creates an air of uncertainty and grape prices are under pressure and likely to fall. The press have printed many stories relating to the expected oversupply of red grape varieties and to large wine companies breaking their contracts with growers.

The dispute between Coonawarra Premium Vineyards Limited and Nugan Group, concerning final payment for 2003 grapes from Project 1, is presently subject to the Supreme Court, with a directions hearing set down for 8 April 2004. The settlement conference held on 2 April 2004 did not result in a resolution to the matter.

Nugan Group has also refused to take delivery of the 2004 grapes. We have attempted to find an alternative purchaser for the grapes, but in the present climate have been unable to place the Nugan grapes elsewhere.

Consequently, we have made arrangements to crush the grapes and will place the resulting bulk wine with an agent for sale

Rex Watson
Group Managing Director



Shiraz grapes in Project 1—March 2004

COONAWARRA AUSTRALIA PROPERTY TRUST (CAPT)

We take this opportunity to remind all investors that Computershare Investor Services Pty Limited administers the Trust register, and as such need to be advised of any changes to your address or banking details. Relevant forms can be downloaded from their website www.computershare.com.au.

The next quarterly distribution of 2 cents per unit has been announced, with a record date of 2 April 2004. The payment date is scheduled for 19 May 2004.

TAX WITHHOLDINGS APPLIED TO DISTRIBUTIONS

To avoid withholding taxes being applied to your distributions, please provide the following details if you have not already done so:

Australian Business Number to Coonawarra Premium Vineyards Limited. This will prevent withholding tax being applied to your distribution from the sale of grapes; and
Tax File Number to Computershare Investor Services Pty Limited to avoid tax withholdings from your quarterly distributions.

ELECTRONIC PAYMENTS

Coonawarra Premium Vineyards Project has recently changed bank account details for EFT payment of accounts. This bank account is for both Project 1 and Project 2 payments. Our new bank details are:

Commonwealth Bank of Australia
Coonawarra Premium Vineyards Limited
BSB: 065 006
A/c No: 1011 2959

Please quote your CPV ID number, Grower Number or Invoice Number as your reference. Don't forget to e-mail amber@coonawarravineyard.com.au to confirm your payment.

WINEMAKER VISITS

During the months of February and March several winemakers visited the Coonawarra Premium Vineyards Project vineyard to inspect the fruit. These include James Ceccato from Beelgara Estate (formerly Rosetto Wines), Brett Richardson from Kirribilli (on behalf of Casella) and Daniel Greene from Great Stone Winery.

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Coonawarra Premium Vineyards Project

ARSN 087 876 186

Grapevines

All varieties except Merlot have developed larger crops than anticipated early in the season. This is mainly due to excellent weather conditions experienced at fruit set. The resulting grape bunches have been particularly full and tight. Some minor thinning and removal of green bunches has been required to ensure a more full and even ripening.

Irrigation

To aid in higher grape quality, irrigation is being applied sparingly for short durations when soil moisture levels are nearing depletion. Sparse irrigation like this is done during fruit ripening as excessive water application can encourage the fruit to take up extra water, leading to reduced sugar levels.

Harvest

Harvest has begun with a large crop of quality Sauvignon Blanc already completed. Chardon-

nay and Merlot varieties were harvested in the first two weeks of April. The late harvest this year should finish around the middle of May.

Prices

It is difficult to predict the district weighted average prices (the contract price) which are published on 30 September after the 2004 harvest. Present market conditions would seem to indicate that prices for whites will not change from 2003, but that reds may be reduced markedly because of industry over supply of red grapes.

Nugan

As stated in the Managing Directors Report, Nugan Group has refused to take delivery of the 2004 harvest and has repudiated the contract. The Nugan contract accounts for approximately 40% of the harvest. We are in the process of amending our claim against Nugan Group in the supreme court. We continue to search for alternative buyers for the grapes at an acceptable

price, but so far have been unsuccessful. Accordingly arrangements have been made to crush the grapes at Great Stone Winery and place the resulting bulk wine on to the market. As you will appreciate there is only one opportunity each year to sell wine grapes but a much longer period selling bulk wine. Costs incurred in processing and storing the resulting bulk wine will be invoiced to Growers at the same time as the management fees (June 2004) and offset against grape proceeds.

Other Contracts

The other 3 contracting wineries (Casella, Beelgara and Grant Burge) are continuing to make arrangements to take the 2004 harvest and we are liaising with them about harvest timing for the reds.

Coonawarra Premium Vineyards Project No. 2

ARSN 096 298 074

STAGE 1

Grapevines

The vines are in good health. Harvest has begun, with the harvest of Sauvignon Blanc vines completed. A higher than expected harvest of 18.8 tonnes was achieved.

Sauvignon Blanc

The 18.8 tonnes of Sauvignon Blanc was the subject of two offers at \$1,500 per tonne. The independent directors of Coonawarra Premium Vineyards Limited accepted the offer from the Vineyard Management Company (CVMS) as they consider that long term benefits could arise to the Project, including the potential for further sales to the Vineyard Management Company.

Invoicing—Stage 1

The balance of 2003/2004 Management Fees were invoiced at the beginning of March this

year. We wish to remind you that in accordance with the Project No.2 Prospectus (pg 69), management fees will be invoiced in March from now on.

Contracts: Stage 1 & Stage 2

Despite our efforts, to date no contracts for Project 2 grapes have been obtained. We are continuing to try and obtain contracts for the grapes. Any grapes not sold prior to harvest will be processed. Costs incurred in processing and storing the resulting bulk wine will be invoiced to Growers at the same time as management fees, and offset against grape proceeds.

STAGE 2

As in stage 1, the vines in stage 2 are in good health and have produced a small crop in the Shiraz block. Once sold a small distribution, yet to be determined, may be made to Growers.

The fruit quality looks promising and provides an indication of potential future productivity of the block.

Although well established, the Cabernet vines were not of sufficient size to carry a crop this season. In accordance with good viticultural practice, the fruit that had set was removed to allow the vines to further establish without energy being redirected to fruit development.

Invoicing—Stage 2

In accordance with the Prospectus, Stage 2 Growers will be invoiced for part of the 2004/2005 Management Fees in October, with the balance to be invoiced in March 2005.

PROJECTED v ACTUAL YIELD TABLE (Tonnes)

	Project 1		Project 2 (Stage 1)	
	Projected Yield	Actual (A) or Expected (E) Yield	Projected Yield*	Actual (A) or Expected (E) Yield
Sauvignon Blanc	67.4	112.4 A	14.4	18.8 A
Merlot	245.4	311.2 E	60.5	40.3 E
Shiraz	479.8	602.2 E	61.3	28.6 E
Petit Verdot	117.7	124.3 E	N/A	N/A
Chardonnay	75.5	140.6 E	21.0	13.0 E
Cabernet	827.8	1,061.2 E	57.6	35.6 E

Yields—Project 1

The estimated and actual yields are better than projected, and reflects the present season conditions of good growth and bunch set.

Yields—Project 2 Stage 1

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

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