



# Coonawarra Premium Vineyards Projects

September 2004 Newsletter

## GROUP MANAGING DIRECTOR'S REPORT

The winter pruning programs for both the Project and Project No.2 vineyards are almost complete and the whole vineyard looks in good condition.

Mild weather conditions have been good for early season shoot development, and budburst has taken place in all varieties in the first Project vineyard and several varieties in the Project No.2 vineyard.

Flowering is approaching rapidly with flower buds clearly visible in Chardonnay and Merlot vines. Controlling the bunch numbers and density, and managing the canopy growth will keep the vineyard staff busy in the coming months.

The weighted average prices for 2004 for the Coonawarra region were released in late September 2004 and, as predicted by many industry experts, prices are greatly reduced from 2003 prices (refer to table overleaf). As previously discussed this is largely due to the present oversupply of red grapes. Red grape prices fell by an average of 40% compared to 2003.

As would be expected the drop in grape prices has had a negative impact on returns to investors. However, we are working hard to maximise returns from the bulk wine and progress the Nagan dispute (see overleaf).

Despite the current state of the industry the manager is confident of the Project's position and future. We take this opportunity to thank all investors for their continued support of the Project, and look forward to a productive vintage in 2005.

**Rex Watson**  
Group Managing Director

## WINE OFFER

As many of the Project grapes could not be sold, the Projects, in common with many vineyard owners in Australia, now have significant holdings of bulk wine. The Australian bulk red wine

market is consequently in oversupply this year. Restrictions in the Projects' constitutions prevent them from making and selling finished wine. To overcome these issues the parent company of Coonawarra Premium Vineyards Limited - Watson Wine Group Pty Ltd - has obtained a producers liquor licence and elected to produce wine and develop a brand at its own cost.

We are delighted to announce that three wines are now available for investors to purchase from Watson Wine. Your special investor introductory wine offer brochure is enclosed. For further copies please contact this office on 08 8299 9455. Further information can also be found at [www.coonawarravineyard.com.au](http://www.coonawarravineyard.com.au) or [www.watsonwine.com](http://www.watsonwine.com).

If this wine offer is successful, Watson Wine will continue to purchase bulk wine from the Projects and market the finished wine to a broader audience in Australia and overseas.

## IMPORTANT NOTES FOR INVESTORS

### - Change of Address or Account Details -

If you have moved address or changed your account details, it is very important to notify your new details as soon as possible to Computer-share for Coonawarra Australia Property Trust Unit Holders and us with respect to your Grower Unit holding.

Coonawarra Premium Vineyards Limited is charged a fee of \$25 for each cheque cancelled and re-issued. This charge is also imposed for any direct payments rejected because of closed accounts. We have no option but to pass this cost on to you. In the event that we are required to cancel any distribution payments, the \$25 fee will be deducted from the original distribution amount and the balance re-issued to you either via cheque or direct deposit.

### - CAPT Taxable Income -

Coonawarra Australia Property Trust taxation summaries for year ended 30 June 2004 are now available on the Coonawarra website. Hard copies will be forwarded to all investors

with the Annual report.

Please note that the total taxable income from the Trust is 8.6 cents per unit. This amount is higher than the cash distribution of 8.2 cents per unit as certain expenses of the Trust that reduce net income for accounting purposes are not deductible for tax purposes. Distributions paid to unit holders are based on the accounting net profit of the Trust, not the taxable income.

## 2004 CHARDONNAY

5,161 litres of bulk chardonnay wine has been purchased by Watson Wine from the Project and Project No.2 to make the 2004 CPV Chardonnay. Net proceeds from this sale will be included in the November 2004 distribution calculations.

The price set was determined by reference to the district weighted average price of \$1,449 per tonne, which was greater than the highest bulk wine valuation received for this wine.

## ARTICLES OF INTEREST

During July several employees of Coonawarra Vineyard Management Services took part in a lunchtime health check-up put on by the South East Regional Health Service. Several other major vineyards in the Coonawarra Region also took part in the check-up. Our staff were rated as the healthiest vineyard employees in the region, continuing our high standard in occupational health and safety issues.



Vineyard staff members, displaying their health award

# Coonawarra Premium Vineyards

ARSN 087 876 186

## Project

### Grapevines

The vineyard is approaching maturity and the vines in each block are exhibiting less variation.

Mechanical pre-pruning has been completed, and hand pruning of all blocks has been carried out. The frost protection system is operational on most blocks and dropping of foliage wires has commenced.

Mulching of the pruning canes and initial grass slashing has commenced across the vineyard. The post vintage herbicide program has been effective and there are few signs of fresh germination of weeds.

### Bulk Wine

We have almost completed the processing of the bulk wine, and it will shortly be at a standard appropriate for sale. Two industry experts have been engaged to provide valua-

tions of the bulk wine and agents have been appointed to sell the bulk wine. At the time of printing, no realistic offers had been received.



View of Project 1 Vineyard at dawn

### Non-Commercial Loss Provisions

As all investors would be aware, the non-commercial loss provisions Product Ruling has expired.

There is now a pro forma non-commercial loss provision ruling request that is available to all investors which can be downloaded from the Coonawarra website. All generic sections have been completed for you. All that is required to be completed are the sections requiring personal information. This form can then be lodged with the Australian Taxation Office to accompany your income tax return for year ended 30 June 2004.

### Nugan Update

The dispute with Nugan continues with preliminary matters still being argued between Nugan's and Coonawarra Premium Vineyards Limited's lawyers. A further directions hearing has been set down for 2 December 2004. Nugan's lawyers are taking advantage of every opportunity to delay the preliminary steps necessary before a trial date can be allocated to the case.

# Coonawarra Premium Vineyards

ARSN 096 298 074

## Project No. 2

### Stage 1 - Grapevines

The Stage 1 vineyard is now well established, and the vines continue to improve in size and capacity. Vine variability is also declining.

Budburst has been strong across all young vines. A larger crop should be expected from the vines in 2005. The reduction in crops after fruit set on the Shiraz and Cabernet blocks in 2004 has allowed the vines to develop strongly and even out across the vineyard.

No mechanical pre-pruning was required as the density and overall length of the shoots was generally low. A strong herbicide campaign that was undertaken post harvest has

resulted in a virtually weed free vineyard.

### Stage 2 - Grapevines

As in Stage 1, the vine development has been strengthened due to the partial removal of the Shiraz and complete removal of the Cabernet crop from the 2004 vintage. The strong vine development should result in future crops that meet the initial projections.

Good weed control has been achieved and the vineyard looks particularly clean and healthy.

### Contracts & Processing: Stages 1 & 2

We have almost completed the processing of the bulk wine, and it will shortly be at a standard appropriate for sale. Two industry ex-

perts have been engaged to provide valuations of the bulk wine and agents have been appointed to sell the bulk wine. At the time of printing, no realistic offers had been received.

### Stage 1 Sauvignon Blanc

As investors are aware, the 18 tonnes of Sauvignon Blanc produced from Project 2 Stage 1 vineyard was purchased by the Manager. These grapes have now been finished into wine and bottled. The resulting wine is now available for purchase. (see article overleaf)



New bud burst on vines

Coonawarra Region		
2004 Weighted Average Price (WAP) in \$ per tonne		
	2003 WAP	2004 WAP
Cabernet Sauvignon	1,891	1,146
Chardonnay	1,449	1,447
Merlot	1,824	952
Petit Verdot	1,529	1,280
Shiraz	1,858	890
Sauvignon Blanc	1,350	1,288

### Disclaimer

"Any financial product advice contained in this document is unsolicited and for general information only. The information does not take into consideration the investment objectives, financial situation or particular needs of any individual recipient of this publication. Investors must obtain individual financial advice from their investment advisor to determine whether any financial advice contained in this publication is appropriate to their personal investment objectives, financial situation or particular needs before acting on any such advice. This publication is not for public circulation or reproduction in whole or in part and is not to be disclosed to any person other than the intended recipient, without obtaining prior written consent of Coonawarra Premium Vineyards Limited."