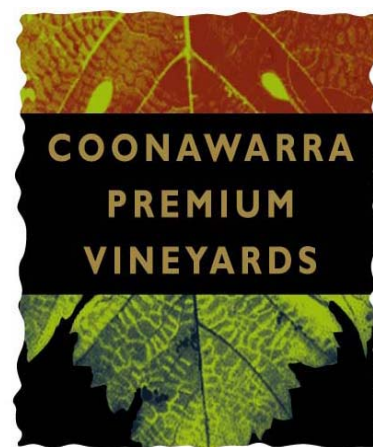


# Coonawarra Premium Vineyards Projects

## September 2005 Newsletter



### GROUP MANAGING DIRECTOR'S REPORT

The first budburst of Spring occurred with Chardonnay on 2 September. The Merlot and Shiraz followed two weeks after and the Cabernet is close to shooting.

We are expecting CPV1 tonnages to remain approximately the same in 2006 with a slight variation up to 10% possibly due to seasonal conditions. 2004 was a big year which means that 2005 will be slightly lower due to the recovering crop.

It has been an eventful few months for the team at Coonawarra. After over 6 years in the position of Group Vineyard Manager Anthony Fox will be moving on. Peter Copping, formerly with Southcorp Vineyards with over 20 years experience (Wynns & Rosemount), is replacing him. A new technical officer has also been appointed at the vineyards: Sarah Wing, who undertook a similar role at Orlando-Wyndham in Padthaway, commenced her duties on 4th October. Her experience will assist greatly with this very responsible position in our organisation.

At Wayville, Group Accountant Kate Searle has joined us from Origin Energy and an additional Receptionist/Office Assistant, Tracey Hansell joined us on 12th October.

We continue to work hard to maximise the returns for investors through careful management of the vineyards and marketing of the bulk wine produced where the grapes were not able to be sold.

**Rex Watson**  
Group Managing Director

### FREQUENTLY ASKED QUESTIONS

A number of investors in Project 1 have requested information regarding future income estimates. Financial forecasts are difficult to make due to present

industry circumstances and we are unable to predict future prices. As a guide, 2005 income per grower unit may be indicative of future returns.

We have had a few enquiries recently regarding an Investor Weekend. We are currently considering what form any future events might take, including activities in conjunction with the release of Watson Wine Group's 2005 range of red wines in 2006.

We are also asking Investors to ensure when they make electronic funds transfers that we are advised of the transaction either by fax, phone or email of the payment. This enables us to identify the payment and allocate it correctly.

### TAXATION INFORMATION

The taxation information for Project 1, Project 2 and the Trust has been mailed to all investors.

The annual reports for both Projects and the Trust have also been mailed in conjunction with this newsletter. The tax information and the annual reports are also posted on our website at [www.coonawarravineyard.com.au](http://www.coonawarravineyard.com.au)

### NUGAN UPDATE

A further directions hearing was held on the 13 October 2005 and the matter has again been adjourned until 24 November 2005. We will continue to update Investors as and when progress is made.

### AGMs

The Annual General Meetings will be held at the South Park Rydges Hotel, 1 South Terrace Adelaide. CPV Land Holdings Limited meeting will commence at 11.30 am followed by the Coonawarra Australia Property Trust meeting at 12 noon. Please see the notices of meetings in the annual reports.

### Product Ruling Application

A negative response has been received from the tax department regarding a possible tax ruling for any CPV2 restructure, as indicated in the correspondence posted to all CPV2 Investors early in September.

### WATSON WINE GROUP WINE OFFER

The new range of Gum Bear Wines is planned for release on November 1, 2005.

These fine wines, made from grapes grown on the Project vineyards and Watson Wine Group's own vineyards in Coonawarra, have so far won a total of 6 medals.

The release date is timed to coincide with the December issue of Wine State Magazine, which features the Premium 2005 Sauvignon Blanc with a 4½ star rating out of 5 and the 2004 Cabernet Shiraz Merlot recommended in the Top 40 Best Buys under \$15.

This is an opportunity for all investors to sample Roger Harbord's fine work - purchase the wines using the order form in the brochure enclosed with this newsletter or by contacting Claire on 08 8299 9299 or [claire@watsonwine.com](mailto:claire@watsonwine.com).

The Coonawarra Premium Vineyards 2004 Unwooded Chardonnay and 2004 Sauvignon Blanc are also still available at only \$108 per case. Order using the same form as the Gum Bear Wines.

Don't miss out! Buy yourself an early Christmas present!



# Coonawarra Premium Vineyards

ARSN 087 876 186

## Project

### Grapevines

Budburst has occurred in the Chardonnay, Merlot and Shiraz. All of these blocks have been pruned with the canes swept and mulched. Most of the operations required for the upcoming season have been completed with the balance scheduled for early in Spring.

The pruning practices applied to the Project 1 vineyards have left only strong and well placed spurs on the cordons in most blocks. The vines have benefited from another season of growth with less variability being evident across the blocks.

General industry expectations are that there will be another season of good fruit set with average to above average crops. The pruning practices

applied in the vineyard have been largely unchanged from last season with bud numbers around the same mark, except in the Cabernet blocks where in an attempt to reduce vigour, an increase in bud numbers has been targeted. Last year we achieved very ripe, high quality fruit from most blocks and the vineyard has once again been set up so that this quality can again be achieved.

### Bulk Wine

We are continuing to actively seek buyers for the Project 1 bulk wine.

A total of 381,094 litres of bulk wine was sold during the quarter to Cheviot Bridge, Boar's Rock Marketing and Watson Wine Group.

Prices for the white wine range from \$1.00 to \$2.20 per litre and the red wine from \$0.95 to \$1.10 per litre

Austwine Brokers have also asked for further samples of Shiraz and Merlot for potential clients both here and overseas.

### Total Bulk Wine (litres) on hand—

	2004 vintage	2005 vintage
Merlot	82,538	18,491
Shiraz	270,951	5,180
Cabernet Sauvignon	94,514	-
Total	448,004	23,671

# Coonawarra Premium Vineyards

ARSN 096 298 074

## Project No. 2

### Stage 1 - Grapevines

This is still a young vineyard of establishing vines. Due to the reduced crops that were carried in the Shiraz during last season these vines have continued with strong development. The Cabernet block that carried a high crop level last season has shown slightly slower increase in size. Much of the variability in vine size typical of a young vineyard is disappearing although there are still sections, particularly on the shallower soiled sections which have developed at a slower rate.

The major focus of this past month has been to carry out all pruning operations prior to bud burst. This was completed in the first week of September, just prior to budburst on the Chardonnay block. The late pruning of this block has resulted in a later than normal bud burst which will help to avoid potential frost damage.

Being a relatively young vineyard each cane was assessed prior to pruning and only the strongest canes were pruned to two bud spurs. The balance of canes has been taken back to one bud spurs. This reduced remaining bud

number when compared to mature vines will result in smaller crops and in producing a balanced crop/foilage ratio, will allow the vines to fully ripen the crop. This should equate to better quality fruit.

### Stage 2 - Grapevines

This section is in a very similar condition to the rest of Project No.2. Pruning has been carried out by CVMS staff. The vines are better established and we are looking forward to better balanced crops this year with no requirement for thinning.

Pruning levels have been set to achieve a modest, high quality crop. We are hopeful that the Shiraz block can once again perform as it did last season when it produced the best Shiraz fruit of all the vineyards.

### Stage 3 - Grapevines

All Stage 3 vines have also been pruned and most have been trained to the cordon wire. Some vines may carry a small crop in 2006 and the crop will be monitored over the coming months.

### Bulk Wine

A total of 19,560 litres of bulk wine was sold during the quarter from Project No.2 Stage 1, and 2,741 litres from Stage 2. Prices ranged from \$1.10 to 95 cents per litre.

The 2005 Project No.2 bulk wine is currently in storage at Russet Ridge awaiting release to the bulk wine market.

### Total Bulk Wine (litres) on Hand —

2004 vintage	CPV2 Stage 1	CPV2 Stage 2
Merlot	21,660	
Shiraz	22,773	40,012
Cabernet Sauvignon	13,553	-
Total	57,985	40,012

2005 vintage	CPV2 Stage 1	CPV2 Stage 2
Merlot	66,368	
Shiraz	102,102	31,482
Cabernet Sauvignon	65,452	15,199
Total	233,922	46,681

### Disclaimer

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