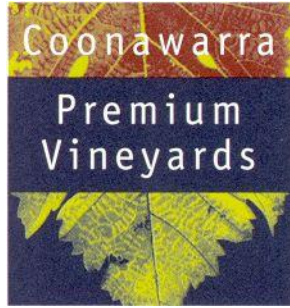


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**COONAWARRA PREMIUM VINEYARDS
PROJECT
ARSN 087 876 186
(the "Project")**

**NOTICE OF GENERAL MEETING OF GROWERS AND
EXPLANATORY MEMORANDUM IN RELATION TO THE WINDING
UP OF THE PROJECT**

Date of meeting: Wednesday, 15 December 2010
Time of meeting: 10.30 am
Place of meeting: Rydges South Park Adelaide
1 South Terrace
Adelaide, South Australia

Notice of General Meeting GROWERS

Coonawarra Premium Vineyards
Project
ARSN 087 876 187

NOTICE is given that a General Meeting of the members of Coonawarra Premium Vineyards Project ARSN 087 876 186 will be held at 10.30 AM ACST on Wednesday, 15 December 2010 at the Rydges South Park Adelaide, 1 South Terrace, Adelaide, South Australia for the following purposes:

BUSINESS

Resolution 1: Approval of the amendment of the Constitution to remove obligation on Members to pay fees

To consider and if thought fit, pass the following resolution as a special resolution:

"That clauses 7, 20, 21 and 35 of the Constitution of the Project be deleted or otherwise removed from the Constitution."

Resolution 2: Approval of the amendment of the Constitution with regard to winding-up of the Project

To consider and if thought fit, pass the following resolution as a special resolution:

"That clause 6.2.1 of the Constitution of the Project be deleted or otherwise removed from the Constitution."

Resolution 3: Powers of the Responsible Entity on winding-up of the Project

To consider and if thought fit, pass the following resolution as a special resolution:

"That the following provision be inserted into the Constitution of the Project:

6.3 Powers of Responsible Entity on winding up

Notwithstanding any other provision of this Constitution, the Responsible Entity shall have the following powers on the winding up of the Project:

- 6.3.1 to terminate the Grant of Use Fee (as defined in Schedule 1 of the Project's Constitution) and extinguish all liabilities of each Grower in relation to the payment of Grant of Use Fees;
- 6.3.2 to terminate the Management Conditions (as defined in Schedule 1 of the Project's Constitution) and terminate all agreements entered into by the Responsible Entity to manage the Managed Vineyard Lots;
- 6.3.3 to extinguish the liabilities of each Grower in relation to payment of Management Fees (as defined in Schedule 1 of the Project's Constitution);
- 6.3.4 to terminate all leases entered into by the Responsible Entity; and
- 6.3.5 to take such other steps as it considers reasonably necessary or incidental to wind up the Project, including but not limited to:
 - (a) finalising any existing legal proceedings whether by continuation to judgment (including any appeal), or settlement or discontinuance, at the reasonable discretion of the Responsible Entity; and
 - (b) commencing and prosecuting legal proceedings or taking other enforcement action in relation to any rights the Responsible Entity may (on its own behalf or on behalf of the Growers) have at the time of the winding up of the Project."

Resolution 4: Conduct of the winding-up of the Project

To consider and if thought fit, pass the following resolution as a special resolution:

"That the following provision be inserted into the Constitution of the Project:

6.2.1.1 The Responsible Entity shall appoint Nick Crouch of Crouch Amirbeaggi Chartered Accountants to carry out the winding up of the Project in accordance with the Project's Constitution and shall authorise Nick Crouch to perform all of the functions of the Responsible Entity under the Project's Constitution in the winding up of the Project.

6.2.1.2 Nick Crouch of Crouch Amirbeaggi Chartered Accountants will conduct and be responsible for the winding up of the Project in accordance with the Constitution of the Project."

Resolution 5: Approval of remuneration for winding-up of the Project

To consider and if thought fit, pass the following resolution as a special resolution:

"That the following provision be inserted into the Constitution of the Project:

6.2.7 That the remuneration of Nick Crouch, his partners and staff from the date of appointment to completion of the matter be calculated by reference to the hourly rates of Crouch Amirbeaggi Chartered Accountants."

Resolution 6: Approval of the winding-up of the Project

To consider and if thought fit, pass the following resolution as an extraordinary resolution:

"That the Coonawarra Premium Vineyards Project ARSN 087 876 186 be wound up in accordance with section 601NB Corporations Act (CTH) 2001."

Resolution 7: Removal of Coonawarra Premium Vineyards Limited ACN 086 944 265 as the responsible entity of the Project

To consider and if thought fit, pass the following resolution as an extraordinary resolution:

"That Coonawarra Premium Vineyards Limited ACN 086 944 186 be removed as the responsible entity of the Project."

Further information specifically relevant to the resolutions is set out in Sections 2 and 3 of the Explanatory Memorandum.

Entitlement to Vote

The Board has determined that the members eligible to attend and vote at the meeting convened by this Notice of General Meeting are those persons who are registered as Growers at 6.00 PM on 14 December 2010 ACST. Accordingly, Vineyard Lot transfers registered after that time will be disregarded for determining entitlements to attend and vote at the meeting.

Proxies

In accordance with section 252J and section 252V of the Corporations Act, members are advised that:

- a) each member entitled to vote at the General Meeting has a right to appoint a proxy;
- b) the proxy need not be a member of the Project;
- c) a member who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If no proportional number is specified, each proxy may exercise half of the member's votes;
- d) a member may specify the way in which the proxy is to vote on the resolution or may allow the proxy to vote at his discretion. If the way in which a proxy is to vote on a resolution is specified by a member, the proxy may not vote on a resolution except as specified by the member; and
- e) the Chairman of the General Meeting intends to vote undirected proxies against each resolution.

Corporate Representatives

A body corporate which is a Grower may appoint an individual by certificate executed in accordance with section 253B of the Corporations Act (or in any other manner satisfactory to the chair of the meeting convened by this Notice of General Meeting) as a representative of that body corporate to exercise all or any of the powers the body corporate may exercise at the meeting. The appointment may be standing.

Incorporation of Explanatory Memorandum

The Explanatory Memorandum to Growers attached to this Notice of General Meeting is incorporated into, and forms part of, the Notice of General Meeting. Terms used in this Notice of General Meeting have the meanings ascribed to those terms in the Glossary which is contained in section 4 of this Explanatory Memorandum.

HOW TO VOTE

You may vote in person by attending the General Meeting, or by proxy. To vote in person, you must attend the General Meeting at Rydges South Park Adelaide, 1 South Terrace, Adelaide, South Australia on 15 December 2010 at 10.30 AM ACST. To vote by proxy, a proxy form for the General Meeting which accompanies the Explanatory Memorandum must be delivered to and received by CPVL by 9.00 AM ACST on 14 December 2010.

Please return proxy forms by either: posting, faxing or delivering them to

Coonawarra Premium Vineyards Limited
PO Box 167 FULLARTON SA 5063

235 Glen Osmond Road
FREWVILLE SA 5063

FAX: 08 8338 3244

By Order of the Board

Andrew Parkinson
Company Secretary
Coonawarra Premium Vineyards Limited
(Responsible Entity)
Date: 15 NOVEMBER 2010

CONTENTS

CONTENTS	2
CHAIRMAN'S LETTER	3
1. PROJECT OVERVIEW	4
2. PROPOSED RESOLUTIONS FOR APPROVAL OF THE WINDING-UP OF THE PROJECT	4
3. KEY CONSIDERATIONS IN RELATION TO THE WINDING UP	9
4. GLOSSARY OF DEFINED TERMS	12
5. AUTHORISATION	14
FORM OF PROXY – VINEYARD UNITS	15

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CHAIRMAN'S LETTER

Dear Grower

Coonawarra Premium Vineyards Project

A number of Growers (with not less than 5% of the votes that may be cast on the proposed resolutions), have pursuant to section 252B of the Corporations Act requested that CPVL call, and arrange to hold, a meeting of Growers to consider and vote on resolutions to, among other things, remove CPVL as the responsible entity and wind up the Project, as set out in the attached Notice of Meeting ("**Proposed Resolutions**").

Accordingly, CPVL will hold a meeting of Growers on 15 December 2010 to consider, and if thought fit, to pass, the Proposed Resolutions.

This Explanatory Memorandum is issued by CPVL, as responsible entity of the Project, to provide such further information to Growers as CPVL considers reasonably necessary, and in the best interests of the Growers, to enable the Growers to make an informed decision about the proposed resolutions.

Section 252B of the Corporations Act allows members requisitioning a meeting of members under that section to provide an accompanying statement for inclusion in the meeting materials. The Growers requisitioning the meeting have not provided any statement about the Proposed Resolutions.

The decision on how to vote is a commercial decision dependent on the individual circumstances of each Grower. Accordingly, the Independent Director has decided that it is inappropriate for CPVL to make a recommendation regarding the proposed resolutions.

The Board, however, advises that if the Proposed Resolutions are passed it is likely that the costs incurred by the Growers to fund the activities of Crouch in winding up the Project will exceed those costs which would be incurred if the winding up was conducted by CPVL.

The Board also recommends that Growers, who are also CAPT Unitholders, should review carefully the sections relating to potential consequences and impact of the Proposed Resolutions on CAPT.

You are urged to read the Explanatory Memorandum carefully and to attend and vote at the Meeting. If you are unable to attend but wish to vote, please complete the proxy form enclosed and ensure it reaches the address or is sent to the facsimile number stated in the booklet by 9.00 AM ACST on 14 December 2010. If you are in doubt as to how to vote you should consult your investment or other professional advisor.

**Paul Miller
Chairman
Coonawarra Premium Vineyards Limited**

1. PROJECT OVERVIEW

The Project was established on 31 May 1999 for the express purpose of acquiring the Project Land and to licence that land to the Growers. Each Grower (or its related entity) who invested in the Project also owned units in the Coonawarra Premium Vineyards Unit Trust (now known as CAPT). The Trust owned the Project Land upon which the Grower pays the Grant of Use fee.

The Project was fully subscribed. A total number of 2,800 investor interests were issued.

The Project was restructured in 2002 and, among other things, CAPT became listed on the ASX. As part of this restructure, the Lease and Underlease were entered into. Pursuant to the Lease, the custodian of CAPT leased the Project Land to the Custodian. In turn, the Custodian leased the Project Land to CPVL under the Underlease. This allows CPVL as the responsible entity of the Project to grant the Grant of Use to Growers to use the Project Land to grow wine grapes pursuant to the Constitution. Upon the expiry of the Lease and Underlease on 30 June 2012, ownership of improvements to the Project Land vests in CAPT.

2. PROPOSED RESOLUTIONS FOR APPROVAL OF THE WINDING-UP OF THE PROJECT

2.1 Calling of a meeting

Pursuant to section 252B of the Corporations Act, a group of Growers with not less than 5% of the votes that may be cast on the Proposed Resolutions have requested that CPVL call a meeting of Growers to consider the Proposed Resolutions.

Pursuant to section 601NB of the Corporations Act, if members of a registered scheme want a scheme to be wound up, they may take action under the Corporations Act for the calling of a members' meeting to consider and vote on an extraordinary resolution directing the responsible entity to wind up the scheme.

The Proposed Resolutions are either special or extraordinary resolution with different voting requirements to be passed, namely:

- A "special resolution" is a resolution which complies with the notice requirements of section 252J(c) of the Corporations Act and which is passed by at least 75% of the votes cast by members entitled to vote on such a resolution.
- An "extraordinary resolution" is a resolution which complies with the notice requirements of section 252J(c) and has been passed by at least 50% of the votes cast by members entitled to vote on such resolution (including members who are not present in person or by proxy).

Proposed Resolutions 1, 2, 3, 4 and 5 are "special resolutions". Proposed Resolutions 6 and 7 are "extraordinary resolutions". Each resolution is looked at in detail individually below.

2.2 General Comments in relation to the Proposed Resolutions

It is the view of the Board that, in addition to the specific issues discussed below in relation to the individual Proposed Resolutions, the Proposed Resolutions are deficient for the following reasons:

- It is not certain whether the Proposed Resolutions are cumulative (ie all resolutions must be accepted for the relevant changes to occur) or stand-alone (ie independent of each other).
- There is uncertainty in the application of some of the Proposed Resolutions; in particular, it is arguable that some of the Proposed Resolutions are inconsistent with the requirements of the Corporations Act (and, in some instances, are inconsistent with each other).

2.3 Specific Comments and Issues in relation to the Proposed Resolutions

Resolution 1: Approval of the amendment of the Constitution to remove obligation on Members to pay fees

Comment: This resolution does not specify the date upon which the obligation to pay fees is removed. In particular, it is not clear whether this resolution is intended to extinguish past, present and future liabilities in respect of the Management Fees and the Grant of Use Fees or only future fees. See the comments on resolution 3 in respect of this issue.

It is also not clear from the operation of this resolution how the following will be dealt with:

- the prepayment of any Management Fees under clause 35 of the Constitution; and
- the harvest of grapes for 2011.

The resolution is therefore inherently uncertain and, as drafted, will raise significant interpretation issues for anyone seeking to implement it. Further, it is not clear and no indication has been given as to how the party appointed to wind up the Project will interpret this clause.

Resolution 2: Approval of the amendment of the Constitution with regard to winding-up of the Project

To consider and if thought fit, pass the following resolution as a special resolution:

“That clause 6.2.1 of the Constitution of the Project be deleted or otherwise removed from the Constitution.”

Comment: Clause 6.2.1 in its current form imposes on the responsible entity the responsibility for the winding up of the Project. By removing this clause, the Responsible Entity no longer has this responsibility. However, the balance of clause 6.2 deals with how the responsible entity is to conduct the winding up. Accordingly, the resolution is deficient in not dealing with the balance of clause 6.2.

See also the comments on resolution 4 in respect of this issue.

Resolution 3: Powers of the Responsible Entity on winding-up of the Project

To consider and if thought fit, pass the following resolution as a special resolution:

“That the following provision be inserted into the Constitution of the Project:

6.3 Powers of Responsible Entity on winding up

Notwithstanding any other provision of this Constitution, the Responsible Entity shall have the following powers on the winding up of the Project:

- 6.3.1 to terminate the Grant of Use Fee (as defined in Schedule 1 of the Project's Constitution) and extinguish all liabilities of each Grower in relation to the payment of Grant of Use Fees;
- 6.3.2 to terminate the Management Conditions (as defined in Schedule 1 of the Project's Constitution) and terminate all agreements entered into by the Responsible Entity to manage the Managed Vineyard Lots;
- 6.3.3 to extinguish the liabilities of each Grower in relation to payment of Management Fees (as defined in Schedule 1 of the Project's Constitution);
- 6.3.4 to terminate all leases entered into by the Responsible Entity;
- 6.3.5 to take such other steps as it considers reasonably necessary or incidental to wind up the Project, including but not limited to:
 - (a) finalising any existing legal proceedings whether by continuation to judgment (including any appeal), or settlement or discontinuance, at the reasonable discretion of the Responsible Entity; and
 - (b) commencing and prosecuting legal proceedings or taking other enforcement action in relation to any rights the Responsible Entity may (on its own behalf or on behalf of the Growers) have at the time of the winding up of the Project."

Comment: It is not clear what this resolution is attempting to achieve. In particular, it is not clear whether this new clause is intending to extinguish all past, present and future liabilities of the Growers or whether it only relates to future liabilities.

If it is the case that this new clause will extinguish all outstanding liabilities, this will not be equitable for those Growers who have (and continue) to pay the relevant management and Grant of Use Fees as and when they fall due and payable.

Section 601FS of the Corporations Act preserves the right of CPVL to be paid fees for the performance of its functions which remain outstanding when it is removed as responsible entity. This means that those Growers who have outstanding amounts payable in respect of the Management Fees will still be required to satisfy those debts (regardless of whether new clause 6.3 of the Constitution purports to operate to extinguish liabilities which have already accrued). The relevant indemnity to CPVL for the costs incurred in recovering these fees will also be to the Growers account. Although it may be arguable that outstanding Grant of Use Fees could be waived CPVL will continue to seek recovery of these amounts.

There is also arguably an inconsistent approach between the resolutions given that CPVL has no further responsibility to wind up the Project (see resolution 2) but is given additional powers under resolution 3.

It is important to note that the resolution does not require the Responsible Entity to exercise any of the "new" powers in any particular way. The resolution does not specify criteria for the application of these powers. This places any responsible entity in a very difficult position in trying to achieve an orderly winding up of the Project.

Resolution 4: Conduct of the winding-up of the Project

To consider and if thought fit, pass the following resolution as a special resolution:

"That the following provision be inserted into the Constitution of the Project:

6.2.1.1 The Responsible Entity shall appoint Nick Crouch of Crouch Amirbeaggi Chartered Accountants to carry out the winding up of the Project in accordance with the Project's Constitution and shall authorise Nick Crouch to perform all of the functions of the Responsible

Entity under the Project's Constitution in the winding up of the Project.

6.2.1.2 Nick Crouch of Crouch Amirbeaggi Chartered Accountants will conduct and be responsible for the winding up of the Project in accordance with the Constitution of the Project."

Comment: It is not clear how this new clause will operate when considering the responsibilities and duties of a responsible entity under the Corporations Act as well as under the Constitution on a winding up. In particular:

- It is unclear whether the appointment of a person other than the responsible entity or someone appointed by the court to conduct (as distinct from assist with) a winding up of a scheme is allowed under the Corporations Act. This is because the Corporations Act only allows for the removal of a responsible entity if:
 - the responsible entity either retires from its position or is removed by the members **and** is replaced by a new responsible entity (which must be a public company that holds an Australian financial services licence); or
 - a temporary responsible entity is appointed by the Court.

In this instance, Crouch is not a public company which holds an Australian financial services licence and is not being appointed by the Court. Accordingly, it is arguable that this resolution is not an appropriate removal of CPVL.

However, a Court could take the view that the provisions which are inserted into the Constitution by virtue of the resolutions will be read down to require CPVL to wind up the Project with the assistance of Crouch.

This uncertainty may make it difficult for the winding up of the Project to be conducted in a cost and time effective manner.

- Assuming that the actual appointment of Crouch is acceptable under the Corporations Act, it is unclear how Crouch is required to exercise its powers under the Constitution to wind up the Project. This is important given that the duties of a responsible entity set out in section 601FC of the Corporations Act do not, on their face, apply to the appointment of Crouch. Accordingly, the Growers are not guaranteed that, in exercising its powers, Crouch will, for example, act honestly, exercise due care and diligence and act in the best interests of the Growers. If CPVL remains the responsible entity, it will be obliged to wind up the Project in accordance with its duties under the Corporations Act.
- In addition, it is unclear how Crouch will interpret the new clauses which are to be inserted into the Constitution. For example, CPVL is not aware and has not been given any indication how Crouch will exercise discretionary powers under the Constitution (including, those powers to terminate various agreements and waive existing liabilities).
- No information has been provided about the relevant professional fees and expenses of Crouch of Crouch Amirbeaggi Insolvency Accountants which are anticipated in respect of the winding up of the Project. More generally, no information has been provided in respect of Crouch's industry knowledge and experience in respect of the winding up of vineyard management investment schemes.

Given that CPVL has managed the Project since inception it is the view of the Board that the better option would be to retain CPVL's involvement in the Project. This is on the basis that if CPVL is retained to wind up the Project, no additional funding (above the scheduled Management Fees and Grant of Use Fees) would be required from Growers. In addition, CPVL would be

required to comply with its general duties under the Corporations Act. Accordingly, the Board considers that CPVL is in the best position to efficiently wind-up the Project.

Resolution 5: Approval of remuneration for winding-up of the Project

To consider and if thought fit, pass the following resolution as a special resolution:

“That the following provision be inserted into the Constitution of the Project:

6.2.7 “That the remuneration of Nick Crouch, his partners and staff from the date of appointment to completion of the matter be calculated by reference to the hourly rates of Crouch Amirbeaggi Chartered Accountants.”

Comment: As discussed above, CPVL has not been provided with details of the hourly rates of Crouch or Crouch Amirbeaggi Insolvency Accountants. Accordingly, CPVL is not in a position to provide information to the Growers in this regard.

Resolution 6: Approval of the winding-up of the Project

To consider and if thought fit, pass the following resolution as an extraordinary resolution:

“That the Coonawarra Premium Vineyards Project ARSN 087 876 186 be wound up in accordance with section 601NB Corporations Act (CTH) 2001”

Comment: CPVL makes no specific comment about the resolution to wind up the Project.

CPVL reiterates the points stated in its letter to Growers on 2 February 2010 that:

- the final Management Fee will be due on 30 June 2011;
- the final quarterly Grant to Use Fees will be payable on 30 June 2012;
- the Project will be brought to an end on 30 June 2012; and
- a final distribution and the formal termination of the Project is intended to occur in November 2012.

Adopting this timetable will allow for the collection of grape proceeds for the 2011 and 2012 harvest and also the collection of the final payment from Nugan (settling the litigation) due on 30 September 2012.

Resolution 7: Removal of Coonawarra Premium Vineyards Limited ACN 086 944 265 as the responsible entity of the Project

To consider and if thought fit, pass the following resolution as an extraordinary resolution:

“That Coonawarra Premium Vineyards Limited ACN 086 944 186 be removed as the responsible entity of the Project”

Further information specifically relevant to the resolutions is set out in Sections 2 and 3 of the Explanatory Memorandum.

Comment: As stated above, given that CPVL has managed the Project since inception it is the view of the Board that the better option would be to retain CPVL's involvement in the Project. This is on the basis that if CPVL is retained to wind up the Project, no additional funding (above the scheduled Management Fees and Grant of Use Fees) would be required from Growers. In

addition, CPVL would be required to comply with its general duties under the Corporations Act which arguably would not apply to Crouch (if that appointment is valid under the Corporations Act). Accordingly, the Board considers that CPVL is in the best position to efficiently wind-up the Project.

3. KEY CONSIDERATIONS IN RELATION TO THE WINDING UP

This section sets out the key background considerations the Board believes the Growers should reasonably know to make an informed decision when considering the Proposed Resolutions. This section is not intended to be an exhaustive list of all those considerations. Accordingly, the Board urges each Grower to seek independent legal and / or financial advice in respect of the Proposed Resolutions if it is uncertain on how to vote or the impact of the Proposed Resolutions.

3.1 Removal of Future Obligations

Under the terms of the Constitution, Growers have future obligations in respect of Management Fees and Grant of Use Fees that must be paid.

The annual obligations are set out below:

- Management fees of \$832 (plus GST) are payable annually in advance with the last payment due on 30 June 2011.
- Grant of Use Fees of \$197.96 per quarter (plus GST) are payable quarterly in arrears on, 31 December 2010, and each quarter thereafter till 30 June 2012.

The Management Fee amounts are CPI indexed and payable on 30 June of each year with the last payment due 30 June 2011.

The Grant of Use Fees are CPI indexed, with a minimum CPI adjustment each year of 3%, and payable quarterly in arrears at the end of each quarter with the last payment due 30 June 2012.

See the discussion at resolution 3 in respect of this issue.

3.2 What are the taxation implications for Growers?

The winding up of the Project will have tax consequences that may differ depending on the individual affairs of each Grower.

All Growers are urged to take independent financial advice concerning the taxation consequences of terminating the Project.

3.3 Potential disadvantages of terminating the Project

Some of the potential disadvantages of voting in favour of winding up the Project now (as distinct from when the Project ends) are set out below.

Income Streams

Growers will forego the right to income streams associated with the sale of future grapes from the Project.

Costs of Winding Up

The costs of the winding up will be incurred on an hourly professional fees scale that has not

been disclosed and will be paid out of the Project's assets. It is the view of the Board that these costs will exceed any costs incurred by CPVL if it was responsible for winding up the Project.

Outstanding Liabilities

There is a group of Growers who have refused to pay Management Fees and Grant of Use Fees. As at 10 November (before any offsets from Grape Proceeds due to be paid at the end of November 2010) the Management Fees due to CPVL for management of the vineyard amounted to \$553,674 and unpaid Grant of Use Fees payable to CPVL on behalf of CAPT amounted to \$617,254.

Lease and Underlease

The Lease and the Underlease respectively provide that if during the term of the Lease or Underlease, the Project ceases or valid grounds for ending the Project exist, then either the lessor or the lessee (or the underlessor or the underlessee) may terminate the Lease or Underlease with immediate effect. Accordingly, CPVL considers that the proposed winding up will trigger termination rights (it being the clear intention that cessation of the vineyard operations would trigger a right to terminate). To the extent that CAPT has any legal rights arising out of termination or purported termination of the Lease or Underlease as a result of the winding up of the Project, CAPT has advised CPVL that it will be reserving those rights.

Grape Supply Agreements

Each grape supply agreement (being the Grant Burge Grape Supply Agreement (assigned to Watson Wine Group Pty Ltd), the Watson Wine Group (WWG) Grape Supply Agreement and the Casella Wines Grape Supply Agreement) requires the grapes to be grown on the Project Land. Accordingly, as the Project Land (following the termination of the Lease and Underlease) reverts back to the custodian of CAPT, it is not possible for CPVL to arrange for an assignment of the grape supply agreements to anyone else. This will limit the funds potentially available from an orderly sale of the Project's assets.

Nugan

Blocks 1 to 6 were contracted to Nugan Group Pty Ltd ("**Nugan**") at DWAP pursuant to the Nugan Grape Supply Agreement, but in 2004 Nugan unilaterally repudiated that agreement and refused to take its grapes. Litigation ensued which was ultimately settled with Nugan agreeing to pay various amounts there are two remaining installments due on 30 September 2011 and 30 September 2012 – the aggregate amount of these payments is approx. \$300,000 per installment. The Board believes that the proposal to wind up the Project now does not adequately take into account those payments (and the possible effect a winding up may have on the recovery of those payments).

Watson Wine Group Grape Supply Agreement

WWG entered into an agreement with CPVL (on behalf of the Growers) on 5 July 2005 to acquire the white wine grapes on Block 1 (part of the contract repudiated by Nugan) on substantially the same terms as Nugan at DWAP. If the Proposed Resolutions are passed and the Project is wound up WWG has confirmed that it will not enter into a contract on the same terms and in any renegotiated contract a significant reduction in prices would be required. This will impact on the income streams of the Project.

Recovery of unpaid Management Fees and Grant to Use fees

Presently there is a group of Growers who have not paid Management Fees and/or Grant of Use Fees. CPVL continues to take recovery action against these Growers and to date has not lost any cases that have been heard by the courts (that is, judgments have been obtained and followed up with appropriate measures such as bankruptcy or garnishee orders). In recovering these outstanding fees, CPVL has incurred various costs, namely:

- pursuant to clause 43.4 of the Constitution, the legal costs are Recoverable Costs; and

- pursuant to clause 7.2.2 of the Constitution, Growers are liable for Recoverable Costs.

As CPVL will continue to enforce its rights to have all outstanding liabilities paid, to the extent it has rights to recover the costs of these actions against the Growers, this may reduce the amount available for distribution to the Growers on winding up.

Uncontracted Grapes

For 2010 vintages and earlier, uncontracted grapes have been tendered out by CPVL to various parties and sold on the spot market. CPVL intends to adopt a similar tender process for the 2011 and 2012 vintages unless the Project is prematurely wound up.

It is unclear from the Proposed Resolutions what is to happen for 2011 vintage given that Management Fees payable annually in advance were due and payable on 30 June 2010 for the period 1 July 2010 to 30 June 2011 and that harvesting of the 2011 vintage will commence late March and complete sometime late May to mid June.

Bulk Wine

After processing and filtration approximately 25,000 litres of 2008 Shiraz bulk wine is being held in storage and offered for sale. Several agents are involved and numerous sales have been achieved to date. Due to the present over-supply of bulk red wine, bulk wine storage is at a premium, difficult to obtain and of limited duration. Notwithstanding the difficult bulk wine market CPVL is continuing its efforts to sell this wine for the best achievable prices.

CPVL continues to supply samples of the bulk wine to brokers and other interested parties.

CPVL has also appointed independent bulk wine agents, provided bulk wine samples, stored the bulk wine and appointed a winemaker to advise on the wine. All this has been done to increase the likelihood of selling the bulk wine and therefore producing a return on the grapes to investors.

CPVL will continue its efforts to sell the bulk wine in an orderly way. The Board of CPVL considers that, if the Project is wound up now, the prospects of sale of the bulk wine for a reasonable return are reduced.

Vineyard Management Arrangements

Presently, there are vineyard Management Agreements in place with CVMS which has managed the vineyards exceptionally well in a very difficult environment. The proposed resolutions may impact on these agreements (and may allow either party to terminate the arrangements). If this occurs, alternative arrangements will need to be negotiated for the management of the vineyard depending on the date of winding up and what decisions are made in relation to the 2011 harvest.

3.4 What if the proposed termination does not proceed?

If the Proposed Resolution seeking to wind up the Project is not passed the Project will continue. Growers will be required to pay one more management fee by 30 June 2011 annually in advance of \$832 plus GST and CPI indexation for the period 1 July 2011 to 30 June 2012. Growers will also be required to pay quarterly Grant of Use Fees of \$197.96 plus GST plus applicable CPI indexation quarterly in arrears until 30 June 2012.

CPVL will continue to perform its obligations as responsible and entity including:

- operating the vineyard for the Growers;
- selling the grapes for the 2011 and 2012 harvest and collecting the proceeds;
- collecting the Nugan installments due 30 September 2011 and 2012; and

- distributing grape proceeds in November 2011 and final distribution will be made to Growers in November 2012.

3.5 Winding Up Process

CPVL intends to formally wind up the Project as set out in the discussion to resolution 6 above. It is envisaged that the Project will be wound up by November 2012 in an orderly manner over a period of time. Any winding up of the Project by CPVL or other parties will take some time to complete and is likely to result in increased costs.

3.6 Implications for CAPT

Many of the Growers may also be CAPT Unitholders. The winding up of the Project and consequential termination of the Lease will mean that CAPT no longer has a lease income stream which is likely to have an adverse impact on its ability to service its loan and make principal payments which in turn is likely to adversely affect the Unit price.

As CAPT is a listed property trust, sale of the vineyard and other assets of CAPT may change its activities such that CAPT may be suspended and required by the ASX to meet the requirements of the ASX Listing Rules (in particular chapter 1 (admission requirements) and chapter 2 (quotation requirements)) as if CAPT were applying for admission to the official list of the ASX.

In addition, the loss of the rental stream will put financial pressure on CAPT to service its loans and the bank may revise its present position of not taking any default action and reserving its rights.

Growers who are CAPT Unitholders should consider information issued by the responsible entity of CAPT.

Valuations of CAPT Vineyard

As set out in the CAPT annual report 2010 the vineyard is carried in the accounts at \$11,500,000 on the basis of a rental stream from the Growers; if the rental stream is terminated then the carrying value of the vineyard will be reduced to \$9,000,000 in accordance with the valuation provided by the independent valuer Colin Pickett Certified Practising Valuer of Gaetjens Pickett Valuers. This is likely to have an adverse effect on the unit price of CAPT.

4. GLOSSARY OF DEFINED TERMS

In this Explanatory Memorandum, unless the contrary intention appears, the following words have the following meanings.

"**ASX**" means the Australian Stock Exchange Limited.

"**Board**" means the directors of CPVL.

"**Corporations Act**" means the *Corporations Act 2001* (Cth).

"**CAPT**" means the registered managed investment scheme known as Coonawarra Australia Property Trust (ARSN 104 335 159).

"**CAPT Unitholders**" means the holders of units in CAPT.

"**Casella Wines Grape Supply Agreement**" means the grape supply agreement between CPVL (as grower) and Casella Wines Pty Ltd (as winery) dated on or about 31 May 1999.

"Constitution" means the constitution of the Project.

"CPVL" means Coonawarra Premium Vineyards Limited ACN 086 944 265.

"Crouch" means Nick Crouch of Crouch Amirbeaggi Insolvency Accountants of Level 28 31 market Street Sydney

"Custodian" means the custodian of the Project.

"CVMS" means Coonawarra Vineyards Management Services Pty Ltd ACN 086 942 010.

"DWAP" means district weighted average prices.

"Explanatory Memorandum" is this Explanatory Memorandum issued by CPVL.

"Grant of Use" has the same meaning as in the Constitution.

"Grant of Use Fees" means the grant of use fees payable by Growers under the Constitution.

"Grant Burge Grape Supply Agreement" means the grape supply agreement between CPVL (as grower) and Grant Burge Wines Pty Ltd (as winery) dated on or about 4 June 1999.

"Growers" has the same meaning as in the Constitution.

"Independent Director" means Paul Miller.

"Lease" means the lease between Australian Executor Trustees (SA) Limited as lessor in its capacity as custodian of CAPT, and Australian Executor Trustees Limited as lessee in its capacity as custodian of the Project dated 24 April 2003 in relation to the Project Land.

"Management Agreements" means the management conditions pursuant to clause 32 of the Constitution.

"Management Fees" has the same meaning as in the Constituion.

"Nugan Grape Supply Agreement" means the grape supply agreement between CVMS (as grower) and Nugan Group Pty Ltd (as winery) dated 21 April 1999.

"Project" means the registered managed investment scheme known as Coonawarra Premium Vineyards Project (ARSN 087 876 186).

"Project Land" means the land which is the subject of the Lease and the Underlease being more the whole of the land in Certificate of Title Volume 5873 Folio 958-962 and more particularly described as the land at McBain Road, Coonawarra

"Proposed Resolution" means the resolutions set out in the Notice of Meeting accompanying this Explanatory Memorandum.

"Recoverable Costs" has the same meaning as in the Constitution.

"Underlease" means the underlease between Australian Executor Trustees Limited as underlessor in its capacity as custodian of the Project, and CPVL as underlessee in its capacity as responsible entity of the Project dated 24 April 2003 in relation to the Project Land.

"Watson Wine Group Grape Supply Agreement" means the grape supply agreement between CPVL (as grower) and WWG dated on or about 5 July 2005.

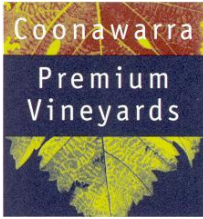
"WWG" means Watson Wine Group Pty Ltd ACN 093 886 509.

5. AUTHORISATION

This Explanatory Memorandum is authorised and issued by CPVL on 15 November 2010

Paul Miller
Chairman
Coonawarra Premium Vineyards Limited

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COONAWARRA PREMIUM VINEYARDS PROJECT
(ARSN 087 876 186)

FORM OF PROXY – VINEYARD UNITS

I/We
Of

Being a Member of the Coonawarra Premium Vineyards Project (the "Project") in the capacity as a Grower appoint

(Name in Block Letters)

(Address in Block Letters)

or in his/her absence (or if left blank), the Chairperson of the General Meeting, as my/our proxy to attend, vote and otherwise act on my/our behalf at the General Meeting of the Project to be held on **Wednesday, 15 December 2010** and at any adjournment of that meeting.

If you wish to appoint the proxy in respect of only a specified number of your units you must insert that number in the appropriate space below. In the absence of any such specification, the proxy will be taken to have been appointed in respect of all of your units.

My proxy is authorised to exercise the vote rights in respect of of my Vineyard Units.

If you wish to direct how your votes are to be cast, place a mark in the appropriate box below. In the absence of any such indication, the proxy may vote in whatever way thought fit or may abstain from voting.

Resolution	For	Against	Abstain
1. To approve the amendment to the Project Constitution to remove obligations on Members to pay fees.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. To approve the winding up of the Project.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. To approve powers of the Responsible Entity on winding up the Project	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Appointment of Crouch Amirbeaggi to wind up Project	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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- 5. Approval of remuneration of Crouch Amirbeaggi to wind up Project
- 6. Approval of the winding up of the Project
- 7. Removal of CPVL as Responsible Entity of the Project

Dated

(Where the Grower is a natural person)

.....
Signature of the Grower

(where the Grower is a body corporate)

SIGNED on behalf of the Grower by:

.....
Signature of Director

.....
Name of Director

.....
Signature of Directory or Secretary

.....
Name of Director or Secretary

(where a person is signing under a power of attorney)

SIGNED on behalf of the Grower by its Attorney under a Power of Attorney dated and who declares that he or she has not received any notice of revocation of such Power of Attorney:

.....
Signature of Attorney

.....
Name of Attorney

.....
Signature of Witness

.....
Name of Witness

Forms of proxy must be lodged at the registered office of the Project by 9.00 AM ACST on 13 December 2010.

NOTES ON PROXIES

- 1 A member who is entitled to attend and cast a vote at a meeting of members of the Project may appoint a person as the member's proxy to attend and vote for the member at the meeting.
- 2 The appointment may specify the proportion or number of votes that the proxy may exercise.
- 3 If the member is entitled to cast 2 or more votes at the meeting, the member may appoint 2 proxies. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes each proxy may exercise, each proxy may exercise half of the votes.
- 4 Any fractions of votes resulting from the application of notes 2 or 3 above will be disregarded.
- 5 A proxy need not be a member of the Project.
- 6 A proxy appointed to attend and vote for a member has the same rights as the member to speak at the meeting, to vote (but only to the extent allowed by the appointment) and to join in a demand for a poll.
- 7 The appointment of a proxy must be signed by the member or his attorney duly authorized in writing. If the appointor is a corporation, the appointment must be signed by its duly authorized attorney, or in accordance with the company's constitution and the Corporations Act 2001.
- 8 A corporate shareholder wishing to appoint a natural person to act as its representative at the meeting can do so in accordance with the Corporations Act 2001. The representative must bring evidence of his or her appointment as a representative to the meeting.
- 9 To be valid, the instrument appointing a proxy, and the power of attorney or other authority (if any) under which it is signed or executed (or a copy certified by a notary), must be lodged at the registered office of the Project, (being 235 Glen Osmond Road, Frewville, South Australia), not less than 48 hours before the time appointed for the meeting or any adjournment thereof. The lodgment referred to in this paragraph can also be achieved by faxing the document(s) to the attention of the "Group Secretary" on (+61) 8 8338 3244 or mailing to PO Box 167, Fullarton, South Australia 5063.
- 10 If this proxy form is signed by the member(s) but otherwise left blank, it shall be deemed to be a valid appointment of the Chair of the meeting as the member's proxy.
- 11 A proxy other than the Chair need not vote on a poll or a show of hands, but if the proxy does vote he/she must vote the way the appointment specifies. A proxy who is the Chair must vote on a poll.
- 12 If a member desires to direct the proxy how to vote on a particular resolution, the member should place an "X" in the appropriate box, otherwise the proxy may vote or abstain as he or she deems fit.
- 13 CPVL will make further copies of this form available to members on request.