

Coonawarra Australia Property Trust

Annual Report

Year Ended 30 June 2003

Coonawarra Australia Property Trust (ARSN 104 335 159)
Managed by Coonawarra Premium Vineyards Limited
AFS Licence No. 226243 ACN 086 944 265

1. CORPORATE DIRECTORY

Directors of the Responsible Entity:

**Rex L. Watson
Paul H. Miller
Richard P. Beck**

Company Secretary:

Andrew G. Parkinson

Registered and Principal Office:

**Level 1
7 Greenhill Road
Wayville, Adelaide SA 5034**

Share Registry:

**Computershare Investor Services Pty Limited
Level 5
115 Grenfell Street
Adelaide SA 5000**

Auditors:

**Deloitte Touche Tohmatsu
Deloitte House
190 Flinders Street
Adelaide SA**

Solicitors to the Responsible Entity:

**Fisher Jeffries
SGIC Building
211 Victoria Square
Adelaide SA**

Taxation Adviser:

**Deloitte Touche Tohmatsu
Deloitte House
190 Flinders Street
Adelaide SA**

Custodian of the Trust:

**Tower Trust (SA) Limited
44 Pirie Street
Adelaide SA 5000**

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NOTICE OF ANNUAL GENERAL MEETING

The Annual General Meeting of Unitholders of Coonawarra Australia Property Trust will be held at the Adelaide South Park Hotel, 1 South Terrace, Adelaide on Thursday 20 November 2003 at 11am.

A formal notice of the meeting and Proxy Form is enclosed with this Annual Report.

TRUST HIGHLIGHTS, RESULTS AND REVIEWS

For the year ended 30 June 2003

Trust Highlights

- ❖ The successful listing of the Trust
- ❖ Profit from Ordinary Activities before Income Tax \$1,031,218
- ❖ Distribution of \$393,400

Key Financial Results

Year ended 30 June 2003

	2003	2002
Revenue (\$)	1,279,597	2,392,224
Profit (\$)	1,031,218	2,378,859
Distribution per unit (cents)	2.2	-

Trust Review

In the listing Information Memorandum Coonawarra Australia Property Trust stated that its corporate objectives and strategy were to acquire further vineyards and wine infrastructure assets in premium regions. Since listing the Trust has reviewed a number of opportunities and continues to do so.

The Manager remains confident that its growth strategy can be delivered over the next 12 months as its new phase begins.

The increased rent that commenced from the date of listing will also generate enhanced returns to Unitholders.

INVESTOR INFORMATION

Stock Exchange Listing

The Trust is currently listed on the Australian Stock Exchange (ASX). The ASX code for ordinary units of the Trust is CNR.

Trading and Pricing Information

Units in the Trust trade in the same manner as shares in a listed public company. Trading takes place between 10:00am and 4:00pm each business day. All major Australian newspapers publish trading prices for securities listed on the ASX on the day following each trading day.

Distributions

Income is distributed quarterly, six weeks after the end of each quarter - in August, November, February and May. Unitholders may elect to have their distribution paid directly into a nominated bank account or receive a cheque.

Electronic Funds Transfer (EFT) allows Ordinary Unitholders to have their cash distributions paid into a nominated bank, building society or credit union account on the day the distribution is payable. Applications forms for direct credit of distributions can be obtained from Computershare Investor Services or Coonawarra Premium Vineyards Limited. Contact details are listed in the Corporate Directory at the beginning of this report.

Distribution Payments

Distributions are paid at the end of each trading quarter and the Manager expects that the distribution payments for the rest of the financial year will be paid on the following dates below:

Quarter	Record Date	Expected Payment Date
September 2003	30 September 2003	15 November 2003
December 2003	31 December 2003	14 February 2004
March 2004	31 March 2004	15 May 2004
June 2004	30 June 2004	15 August 2004

If you have recently changed your address, altered or changed your bank account to which distributions are directed or wish to advise your tax file number to ensure tax is not withheld from distributions, you should advise the Unit Registry in writing of the details prior to the record date for each quarter.

Contact details for the unit registry can be found in the Corporate Directory at the beginning of this report.

Annual Taxation Statement

An annual taxation statement for the taxation year ending 30 June 2003 has been issued. This statement advises taxable income for the period 1 July 2002 to 30 June 2003 assessable on the distributions paid in October 2002 and August 2003.

2003/2004 Calender

November 2003	GM and Unitholders' Meeting
November 2003	September 2003 Quarter income distribution
February 2004	December 2003 Quarter income distribution
February 2004	Half year results for 6 months ended 31 December 2003 released to ASX
March 2004	Half year results for 6 months ended 31 December 2003 available
May 2004	March 2004 Quarter income distribution
August 2004	June 2004 Quarter income distribution
August 2004	Annual taxation statement dispatched to unitholders
September 2004	Annual results for year ended 30 June 2004 released to ASX
September 2004	Annual results for year ended 30 June 2004 available

Voting Rights – Ordinary Units

At a meeting of Members, on a show of hands every member who is present in person or by proxy (and who is not otherwise disentitled from voting) has one vote and on a poll every such Member has one vote for each unit of their total holding in the Trust.

CHAIRMAN'S REPORT

Dear Unitholder

The listing of the Trust and the commencement of the increased rental revenue of \$1.77M per annum only occurred on the 9 May 2003 and therefore the result for the year ended 30 June 2003 only reflects just under 2 months of earnings at the increased rental.

The trading results for the Trust show an operating profit for the financial year of \$1,031,218. Distributions have been made to unit holders, in accordance with the Trust's present policy, as follows:

	Cents per ordinary unit
Six months ended 31 December 2002	1.0
Six months ended 30 June 2003	1.2
Total for Year Ending 30 June 2003	2.2

As reported to the Australian Stock Exchange on 22 September 2003, the estimated distribution is 2.2 cents per unit for the September 2003 quarter. This represents an annualised running yield of 14.6% on the most recent unit price of \$0.60 per unit.

The assets of the Trust will continue to grow during the next twelve months as management identifies acquisition opportunities for vineyards and wine infrastructure assets that meet the Trust's investment criteria.

The assets of the Trust have been recorded in the financial accounts at valuation as at 30 June 2002. Investors can expect that the value of the existing assets will grow over time as the assets appreciate in line with inflation, market conditions and industry trends.

At 30 June 2003 there were 17,500,000 ordinary units on issue, of which the 20 largest held 4,677,125 units or 26.75% of the Ordinary Units. The Trust currently has 694 Ordinary Unitholders.

Coonawarra Premium Vineyards Limited, which is the single responsible entity for the Trust, has identified a number of investment opportunities which will provide the Trust's growth strategy. These expected investments will provide a balance of vineyard properties in various premium regions of Australia.

The Trust's investment in the Coonawarra vineyard property provides the investors with a stable income stream, which is derived from rental income and is not subject to the agricultural risks and fluctuations inherent in grape production. The Trust aims to make acquisitions so as to improve returns to Unitholders. The Trust placed itself as a provider of capital to the wine industry as the demand for capital from major players continues to grow.

We strongly believe that we have positioned the Trust to grow assets and profitability and enjoy the benefits of an expanding and dynamic industry.

Yours Sincerely

RICHARD BECK

Chairman

Coonawarra Premium Vineyards Limited.

**Coonawarra Australia
Property Trust
(formerly Coonawarra
Premium Vineyard Unit
Trust)**

ABN 37 529 164 940

*(Trustee: Coonawarra Premium Vineyards Limited
ACN 086 944 265)*

Financial Report for the Financial Year Ended
30 June 2003

Coonawarra Australia Property Trust

Annual Financial Report for the Financial Year Ended 30 June 2003

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Coonawarra Australia Property Trust

Corporate Governance

The Board of Directors

As at the date of this report the Board comprised three directors; two executive directors and one non-executive. The Chairman of the Board is a non-executive director. The Board usually meets on a monthly basis and its primary functions include:

- (a) the approval of the annual and half-year financial statements;
- (b) the establishment of the long-term goals of the Trust and strategic plans to achieve those goals;
- (c) the review and adoption of annual budgets for the financial performance of the Trust and monitoring the results on a regular basis; and
- (d) ensuring that the Trust has implemented adequate systems of internal controls together with appropriate monitoring of compliance activities.

Independent Professional Advice

With the prior approval of the Company Secretary, each director has the right to seek independent and other professional advice at the trust's expense (providing a copy of such advice is provided to the trust concerning any aspect of the company's operations and undertakings in order to fulfil his duties and responsibilities as director.)

Audit and Compliance Committee

As at the date of this report the Trust's Audit and Compliance Committee consists of the following members:

- Professor Michael Burgess
- Mr Richard Beck
- Mr Paul Miller

The Audit and Compliance Committee provides a forum for the effective communication between the Board and external auditors. The primary function of the Audit Committee is to review:

- (a) the annual and half-year financial statements before they are approved by the Board;
- (b) the effectiveness of management information systems and systems of internal control; and
- (c) the efficiency and effectiveness of the external audit function.

The Audit Committee generally invites the Financial Controller, Trust Secretary and the external auditors to attend the Audit Committee meetings.

The Committee also monitors the compliance activities of the trust and reports to the Board to ensure that the compliance responsibilities of the trust are being satisfied and that appropriate controls and reporting practices are in place to ensure that compliance obligations are satisfied and maintained at the highest level.

The Committee also aims to ensure that Unitholders are informed of all information necessary to assess the performance of directors.

Coonawarra Australia Property Trust

Corporate Governance

Risk Management

The Board is responsible for the Trust's system of internal controls. The Board monitors the operational and financial aspects of the Trust's activities and, through the Audit and Compliance Committee, the Board considers the recommendations and advice of the external auditors on the operational and financial risks that face the Trust.

The Board ensures that recommendations made by the external auditors are investigated and, where considered necessary, appropriate action is taken to ensure that the Trust has an appropriate internal control environment in place to manage the key risks identified.

Environmental Review

The Trust has a strong commitment to playing its part in reducing the damaging impact of human activity on the environment.

Occupational Health and Safety

The Trust recognises its duty to ensure the occupational health, safety and welfare (OHS&W) at work of its employees, contractors and visitors.

The Trust's management plan involves several key elements:

- A preventative approach is adopted through adequate hazard management and regular review of action plans.
- Appropriate standards of work methods are maintained by consultation between employees and managers.
- Employees are provided with information necessary to understand the risks associated with their work and their responsibility to safe work practices.
- All legislative requirements are met and incorporate continuous improvement via Trust action plans.
- Any injured employee and supervisor are involved in the development of appropriate rehabilitation plans.

Coonawarra Australia Property Trust

Additional Stock Exchange Information as at 28 August 2003

Distribution of Holders of Equity Securities

		Units
1	-	1,000
1,001	-	5,000
5,001	-	10,000
10,001	-	100,000
100,001	-	over
		3
		10
		166
		511
		4
		694
		2

Holdings less than a marketable parcel

Substantial Unitholdings

Name	Units
Coonawarra Vineyard Management Services Pty Ltd	2,178,375
Invia Custodian Pty Ltd	725,000
G T Universal Pty Ltd	393,750

Voting Rights

Every ordinary shareholder present in person or by proxy, attorney or as duly authorised representative, has on a show of hands one vote and on a poll will have one vote for each share held.

Units

As at 28 August 2003, there were 17,500,000 fully paid units held by 694 holders. All units carry full voting rights. Of these ordinary units the twenty largest shareholders held 4,677,125 units, equal to 26.75 percent of all issued units.

Coonawarra Australia Property Trust

Additional Stock Exchange Information

Top Twenty Unitholders

At 28 August 2003	Number	Percentage
Coonawarra Vineyard Management Services Pty Ltd	2,178,375	12.45%
Invia Custodian Pty Ltd	725,000	4.14%
G T Universal Pty Ltd	393,750	2.25%
Mr Denis Weily	150,000	0.86%
Mrs Cassandra Tiffany Murphy	100,000	0.57%
Villaford Pty Ltd	80,000	0.46%
Mr Stuart Boland	75,000	0.43%
Mr Ian Carney	75,000	0.43%
Mr Perry Childs	75,000	0.43%
Mr John Ford	75,000	0.43%
Mr Saxon John Hill	75,000	0.43%
Mr Damian Hope	75,000	0.43%
Mr Philip Kapp	75,000	0.43%
Mr Peter Michael Kite	75,000	0.43%
Mr Shaun McGushin	75,000	0.43%
Mr John Mills	75,000	0.43%
Mr Colin Morrison	75,000	0.43%
Mr Martin Richardson	75,000	0.43%
Mr Alexander Rosalion	75,000	0.43%
Mr Johannes Verhoeve & Mrs Shiela Buchanan Verhoeve	75,000	0.43%
Total of Top 20 Holders	4,677,125	26.75%

Coonawarra Australia Property Trust

Directors' Report

The directors of Coonawarra Premium Vineyards Limited, ACN 086 944 265, as trustee for the Coonawarra Australian Property Trust ("Trust"), submit herewith the annual financial report for the financial year ended 30 June 2003. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

The names and particulars of the directors of the company during or since the end of the financial year are:

Name	Particulars
Mr R.P. Beck	FVLE, FAID, FAIM Non-executive Chairman with extensive experience on many public company boards and has established a highly successful funds management business.
Mr R.L. Watson	Executive Director. Founder in 1991 and Managing Director of a company providing diversified services to the Australian and New Zealand Wine Industry until acquisition by Brambles Limited in 1998. More recently, the driving force behind the development of approximately 1,000 acres of vineyard in Australia's premium wine grape growing region – Coonawarra.
Mr P.H. Miller	B Ag Sci. Executive Director and Compliance Officer. Has over 20 years experience as a research scientist, a consulting horticulturalist, and 6 years experience in commercial viticulture.

Principal Activities

The Trust is a registered listed managed investment scheme domiciled in Australia.

The Trust's principal activity in the course of the financial year was to make land available to licencees to grow wine grapes as members of the Coonawarra Premium Vineyards Project.

During the financial year there were no significant changes in the nature of those activities.

The Scheme did not have any employees during the year.

The Trust's units were stapled to Grower Units in the Coonawarra Premium Vineyards Project ("Project"). The Unitholders and Growers approved a restructure of the Project and Trust at an extraordinary meeting on 12th December 2002. The restructure, which has now been completed, required the trust units and grower units to be unstapled and the Trust to be registered as a separate Managed Investment Scheme. This provided the Trust with the mechanism to list the Trust units on the ASX.

The Trust is continuing to pursue its investment strategy to create a specialist wine industry trust that invests in premium vineyards and other wine infrastructure investments to generate mainly fixed income returns for investors.

Coonawarra Australia Property Trust

Directors' Report

Review Of Operations

The land held by the Coonawarra Australia Property Trust is currently being used by members of the Project to establish and grow wine grapes under a 13-year licence agreement. Upon the expiry of the licences, ownership of improvements to the land vests in the trust.

Changes In State Of Affairs

During the financial year there was no significant change in the state of affairs of the Trust other than that referred to in the financial statements or notes thereto.

Subsequent Events

There has not been any matter or circumstance, other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the Trust, the results of those operations, or the state of affairs of the Trust in future financial years.

Future Developments

Disclosure of information regarding likely developments in the operations of the Trust in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Trust. Accordingly, this information has not been disclosed in this report.

Distributions

In respect of the financial period ended 31 December 2002, as detailed in the Financial Report for that financial period, an interim distribution of \$65.50 per unit (which equates to 1.0 cent per unit on the post conversion units) was paid to the holders of fully paid ordinary units on 14 October 2002.

In respect of the financial year ended 30 June 2003, a final distribution of 1.2 cents per unit is payable to the holders of fully paid ordinary units on 26 August 2003.

Share Options

No options were:

- (i) Granted over unissued units in the Trust during or since the financial year; or
- (ii) Granted to the Responsible Entity

No unissued units in the Trust were under option as at the date on which this Report is made.

No units were issued in the Trust during or since the end of the Financial Year as a result of the exercise of an option over unissued units the Trust.

Coonawarra Australia Property Trust

Directors' Report

Indemnification of Officers and Auditors

During the financial year, the Trust paid a premium in respect of a contract insuring the directors of the Trustee (as named above), the trustee secretary, and all executive officers of the Trustee against a liability incurred as such a director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Trustee has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the Trust against a liability incurred as such an officer or auditor.

Directors' Meetings

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director (whilst they were a director or committee member). During the financial year, 11 board meetings were held. Two Audit and Compliance Committee meetings were held up to the date of this report.

Directors/Members	Board of Directors		Audit and Compliance Committee	
	Held	Attended	Held	Attended
R.L. Watson	11	11	-	-
P.H. Miller	11	10	2	2
R.P. Beck	11	10	2	2

Directors' Unitholdings

The following table sets out each director's relevant interest in the units of the company or a related body corporate as at the date of this report.

Directors	Fully Paid Ordinary Units
R.L. Watson	2,178,375
P.H. Miller	0
R.P. Beck	0

Coonawarra Australia Property Trust

Directors' Report

Directors' and Executives' Remuneration

The board reviews the remuneration packages of all directors and executive officers. Remuneration packages are reviewed with due regard to performance and other relevant factors.

Remuneration packages contain the following key elements:

- (a) Salary/fees; and
- (b) Benefits – Superannuation and business travel.

The following table discloses the remuneration of the directors of the company:

Name	Salary/ Fees	Benefits	Total
Executive Directors			
Rex Watson	85,731	-	85,731
Paul Miller	83,122	-	83,122
Non-Executive Directors			
Richard Beck	36,077	-	36,077

The following table discloses the remuneration of the 3 highest remunerated executives of the company:

Name	Salary/ Fees	Benefits	Total
Rex Watson	85,731	-	85,731
Paul Miller	83,122	-	83,122
Andrew Parkinson	43,099	-	43,099

Registered Schemes Information

	<i>Units</i>
<i>Total Units At the Beginning of Year</i>	2,800
Conversion rate 1:6250 as at 9/05/03	17,500,000
<i>Total Units At End of Year</i>	<i>17,500,000</i>
Units held by Responsible Entity or Associates	2,178,375

Coonawarra Australia Property Trust

Directors' Report

The value of the Trust's assets at the end of the financial year is disclosed in the Statement of Financial Position "Total Assets" and the basis of valuation is included in Note 1 to the Financial Statements.

The fees paid to the Responsible entity and its' associates out of Trust property during the financial year are disclosed in Note 18 to the financial statements.

Signed in accordance with a resolution of the directors of the Trustee Company made pursuant to Section 298(2) of the Corporations Act 2001.

On behalf of the Directors



R.L. Watson
Director

Adelaide, 29 September 2003

Coonawarra Australia Property Trust

Independent Audit Report

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**Deloitte
Touche
Tohmatsu**

INDEPENDENT AUDIT REPORT TO THE MEMBERS **OF COONAWARRA AUSTRALIA PROPERTY TRUST**

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for Coonawarra Australia Property Trust ("the registered scheme"), for the financial year ended 30 June 2003 as set out on pages 12 to 32.

The directors of Coonawarra Premium Vineyards Limited ("the responsible entity") are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the registered scheme. Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal controls, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with the Corporations Act 2001 and Accounting Standards and other mandatory professional reporting requirements in Australia so as to present a view which is consistent with our understanding of the registered scheme's financial position, and performance as represented by the results of its operations and its cash flows.

Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates made by the directors of the responsible entity.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

The audit opinion expressed in this report has been formed on the above basis.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Coonawarra Australia Property Trust

Independent Audit Report

**Deloitte
Touche
Tohmatsu**

Audit Opinion

In our opinion, the financial report of Coonawarra Australia Property Trust is in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the registered scheme's financial position as at 30 June 2003 and of its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



Stephen Harvey
Partner
Chartered Accountants

Adelaide, 29 September 2003

Coonawarra Australia Property Trust

Director's Declaration

The financial statements and notes thereto of Coonawarra Australia Property Trust ("the Trust") for the year ended 30 June 2003 have been prepared by Coonawarra Premium Vineyards Limited ("the Trustee Company") as trustee for Coonawarra Australia Property Trust. The directors of the Trustee Company declare that:

- (a) The attached financial statements and notes thereto comply with Accounting Standards;
- (b) The attached financial statements and notes thereto give a true and fair view of the financial position and performance of the Trust;
- (c) In the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001; and
- (d) In the directors' opinion, there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors of the Trustee Company made pursuant to Section 295(5) of the Corporations Act 2001.

On behalf of the Directors



R.L. Watson
Director

Adelaide, 29 September 2003

Coonawarra Australia Property Trust

Statement of Financial Performance for the Financial Year Ended 30 June 2003

	Note	2003 \$	2002 \$
Operating revenue	2(a)	573,702	374,111
Non operating revenue from ordinary activities	2(a)	705,895	2,018,113
Management Expenses		(51,688)	-
Corporate Expenses		(178,617)	(11,949)
Marketing Expenses		(7,968)	-
Occupancy Expenses		(9,752)	(1,350)
Borrowing Costs	2(b)	(354)	(66)
Profit from Ordinary Activities Before Income Tax Expense		<u>1,031,218</u>	<u>2,378,859</u>
Profit from Ordinary Activities After Related Income Tax Expense		<u>1,031,218</u>	<u>2,378,859</u>
Net Profit from Ordinary Activities		<u>1,031,218</u>	<u>2,378,859</u>
Increase / (decrease) in asset revaluation reserve arising on revaluation of non-current assets		<u>5,508,341</u>	<u>-</u>
Total Revenue, Expense and Valuation Adjustments Attributable to Members Recognised Directly in Equity		<u>5,508,341</u>	<u>-</u>
Total Changes in Equity Other Than Those Resulting from Transactions with Owners as Owners		<u>6,539,559</u>	<u>2,378,859</u>

Coonawarra Australia Property Trust

Statement of Financial Performance for the Financial Year Ended 30 June 2003

	Note	2003 \$	2002 \$
Distributions of net profit from ordinary activities			
Profit from Ordinary Activities		1,031,218	2,378,859
Net increments transferred to Retained Profits	13	(705,895)	(2,018,113)
Transfer from Retained Profits	13	360,746	-
Net amount available for distribution		686,069	360,746
Distributions paid and payable		(393,400)	-
Undistributed income transferred to Retained Profits	13	292,669	360,746
Earnings Per Unit			
Basic (cents per unit)	14	5.89	13.59
Diluted (cents per unit)	14	5.89	13.59

Coonawarra Australia Property Trust

Statement of Financial Position as at 30 June 2003

	Note	2003 \$	2002 \$
Current Assets			
Cash Assets	19(a)	227	101,972
Receivables	6	293,560	-
Other Financial Assets	7	77,900	18,164
Total Current Assets		<u>371,687</u>	<u>120,136</u>
Non-Current Assets			
Property, Plant and Equipment	8	8,243,776	2,742,498
Grape Vines	9	9,175,181	8,469,286
Total Non-Current Assets		<u>17,418,957</u>	<u>11,211,784</u>
Total Assets		<u>17,790,644</u>	<u>11,331,920</u>
Current Liabilities			
Payables	10	318,469	5,904
Total Current Liabilities		<u>318,469</u>	<u>5,904</u>
Total Liabilities		<u>318,469</u>	<u>5,904</u>
Net Assets		<u>17,472,175</u>	<u>11,326,016</u>
Unitholders' Funds			
Units in issue	11	1,831,200	1,831,200
Settled sum	11	10	10
Asset Revaluation Reserve	12	5,508,341	-
Retained profits	13	10,132,624	9,494,806
Total Unitholders' Funds		<u>17,472,175</u>	<u>11,326,016</u>

Notes to the financial statements are included on pages 16 to 30

Coonawarra Australia Property Trust

Statement of Cash Flows for the Financial Year ended 30 June 2003

	Note	Inflows/ (Outflows) 2003 \$	Inflows/ (Outflows) 2002 \$
Cash flows from Operating Activities			
Receipts from operations		273,485	394,486
Payments to suppliers		(190,264)	(411,139)
Interest received		3,902	7,311
Interest and other costs of finance paid		(354)	(66)
Net cash (used in)/provided by operating activities	19(b)	86,769	(9,408)
Cash flows from Investing Activities			
Payment for property, plant and equipment		(5,114)	(117,962)
Net cash provided by/(used in) investing activities		(5,114)	(117,962)
Cash flows from Financing Activities			
Distributions Paid		(183,400)	-
Net cash provided by/(used in) financing activities		(183,400)	-
Net Increase/(Decrease) in Cash Held		(101,745)	(127,370)
Cash at the Beginning of the Financial Year		101,972	229,342
Cash at the End of the Financial Year	19(a)	227	101,972

Coonawarra Australia Property Trust

Notes to the Financial Statements for the Financial Year Ended 30 June 2003

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Coonawarra Australia Property Trust

Notes to the Financial Statements for the Financial Year Ended 30 June 2003

1. Summary of Accounting Policies

Financial Reporting Framework

The financial report is a general purpose financial report, which has been prepared in accordance with the Trust's Constitution, the Corporations Act 2001, applicable Accounting Standards and Urgent Issues Group Consensus Views, and complies with other requirements of the law.

The financial report has been prepared on the basis of historical cost and except where stated, does not take into account changing money values or current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

Significant Accounting Policies

Accounting policies are selected and applied in a manner, which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

(a) Depreciation

Depreciation is provided on all property including freehold buildings but excluding land. Depreciation is calculated on a straight-line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life. The following estimated useful lives are used in the calculation of depreciation:

- | | |
|---|----------|
| • Improvements (including unsealed roads) | 12 years |
| • Buildings | 33 years |
| • Other Improvements | 10 years |

(b) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- (i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- (ii) for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

Coonawarra Australia Property Trust

Notes to the Financial Statements for the Financial Year Ended 30 June 2003

1. Summary of Accounting Policies (cont'd)

(c) *Income Tax*

No provision for income tax is taken into account when preparing the Trust's financial statements. Each member will account for the income of the Trust in their individual taxation returns at their applicable tax rate.

(d) *Grape Vines*

Coonawarra Premium Vineyards has continued to apply Accounting Standard AASB 1037 "Self – Generating and Regenerating Assets" (SGARAs) which first applied to financial years ending on 30 June 2001. The standard requires grape vines to be valued at net market value. Changes in net market value are recognised as revenue or expenses in the period in which the changes occur. The directors of the trust use a combination of establishment costs and the discounted net present values of expected future cash flows and external valuations to determine the value of the vineyards. The net market value of grape vines has been determined as the difference between the vineyard values and the values of the land and other vineyard improvements thereon. In determining the net market valuations certain assumptions have been made about the yields and market prices of grapes in current and future vintages, the costs of running the vineyards and the quality of grapes grown. The net market value of grapes harvested is recognised as revenue in the period of harvest. Costs incurred in maintaining vines are recognised as expenses as incurred. To the extent that the vines are situated on land licenced to a third party, the trust will not receive revenue or incur expenses in relation to the vines.

(e) *Recoverable Amount of Non-Current Assets*

Non-current assets are written down to recoverable amount where the carrying value of any non-current asset exceeds recoverable amount. In determining the recoverable amount of non-current assets, the expected net cash flows have been discounted to their present value.

(f) *Revenue Recognition*

Revenue is recognised when the Trust gains control of the revenue or the right to receive the revenue.

(g) *Receivables*

Trade receivables and other receivables are recorded at amounts due less any allowance for doubtful debts.

(h) *Accounts Payable*

Trade payables and other accounts payable are recognised when the trust becomes obliged to make future payments resulting from the purchase of goods and services.

Coonawarra Australia Property Trust

Notes to the Financial Statements for the Financial Year Ended 30 June 2003

1. Summary of Accounting Policies (cont'd)

(i) *Acquisition of Assets*

Assets acquired are recorded at the cost of acquisition, being the purchase consideration determined as at the date of acquisition plus costs incidental to the acquisition.

(j) *Distributions*

In accordance with the Scheme constitution, the Scheme distributes its distributable income to unitholders by way of cash or reinvestment into the Scheme.

Distributions to unitholders comprise the distributable income of the Scheme. The distributions are payable at the end of December and June each year.

A provision is recognised for distributions when they have been declared, determined or publicly recommended by the directors.

Coonawarra Australia Property Trust

Notes to the Financial Statements for the Financial Year Ended 30 June 2003

	2003 \$	2002 \$
2. Profit from Ordinary Activities		
Profit from ordinary activities before income tax includes the following items of revenue and expense:		
(a) <i>Revenue from Ordinary Activities</i>		
<i>Operating Revenue</i>		
Licence fees	569,800	366,800
Interest income – other entities	3,902	7,311
<i>Non-operating Revenue</i>		
Net increments arising from the valuation of non-current assets – Grape Vines	705,895	2,018,113
	<u>1,279,597</u>	<u>2,392,224</u>
(b) <i>Expenses from Ordinary Activities</i>		
Borrowing costs:		
- Interest expense – other entities	131	-
- Borrowing fees	223	66
Depreciation of non-current assets		
- Roads	9,278	7,194
- Buildings	2,664	1,685
- Improvements	235	-
	<u>248,379</u>	<u>13,365</u>

Coonawarra Australia Property Trust

Notes to the Financial Statements for the Financial Year Ended 30 June 2003

3. Directors' Remuneration

2003
\$

The following served as Directors of the Trustee Company during the year:

- Mr R.P. Beck
- Mr R.L. Watson
- Mr P.H. Miller

The aggregate of income paid or payable, or otherwise made available, in respect of the financial year, to all directors of the company, directly or indirectly, by the company or by any related party

204,930

The number of directors of the company whose aggregate income paid or payable, or otherwise made available falls within each successive \$10,000 band of income (*commencing at \$30,000*):

No.

\$ 30,000 - \$ 39,999

1

\$ 80,000 - \$ 89,999

2

3

4. Executives' Remuneration

No executives were paid more than \$100,000 for the financial year.

2003

2002

\$

\$

5. Remuneration of Auditors

Auditing the financial report
Other services

3,100

3,090

-

2,650

3,100

5,740

Coonawarra Australia Property Trust

Notes to the Financial Statements for the Financial Year Ended 30 June 2003

	2003 \$	2002 \$
6. Current Receivables		
Trade Receivables – Director Related Entity (i)	293,465	-
Trade Receivables – Other	95	-
	<u>293,560</u>	<u>-</u>

(i) The director related entity trade receivable is receivable from Coonawarra Premium Vineyards Project on normal commercial terms and conditions.

7. Other Current Financial Assets

Trade loans – Director related entity	77,900	18,164
	<u>77,900</u>	<u>18,164</u>

8. Property, Plant and Equipment

	Freehold Land (at fair value) \$	Buildings (at cost) \$	Roads (at cost) \$	Improvements (at cost) \$	Total \$
Gross Carrying Amount					
Balance at 30 June 2002	2,560,030	87,914	111,333	-	2,759,277
Revaluations to Market Value	5,508,341	-	-	-	5,508,341
Additions	-	-	-	5,114	5,114
Balance at 30 June 2003	<u>8,068,371</u>	<u>87,914</u>	<u>111,333</u>	<u>5,114</u>	<u>8,272,732</u>
Accumulated Depreciation/Amortisation					
Balance at 30 June 2002	-	(1,685)	(15,094)	-	(16,779)
Depreciation expense	-	(2,664)	(9,278)	(235)	(12,177)
Balance at 30 June 2003	<u>-</u>	<u>(4,349)</u>	<u>(24,372)</u>	<u>(235)</u>	<u>(28,956)</u>
Net Book Value					
As at 30 June 2002	<u>2,560,030</u>	<u>86,229</u>	<u>96,239</u>	<u>-</u>	<u>2,742,498</u>
As at 30 June 2003	<u>8,068,371</u>	<u>83,565</u>	<u>86,961</u>	<u>4,879</u>	<u>8,243,776</u>

Refer to Note 15 for details of the most recent valuation of Land and Buildings.

Coonawarra Australia Property Trust

Notes to the Financial Statements for the Financial Year Ended 30 June 2003

9. Grape Vines

	Vines \$
Gross Carrying Amount	
Balance at 30 June 2002	8,469,286
Revaluation to net market value of grapevines	705,895
Balance at 30 June 2003	<u>9,175,181</u>
Net Book Value	
As at 30 June 2002	8,469,286
As at 30 June 2003	<u>9,175,181</u>
	<u>2003</u> \$
	<u>2002</u> \$

10. Current Payables

Trade Payables – Directors Related Entity (i)	56,857	-
Trade Payables – Other Entities	30,598	-
GST payable	21,014	5,904
Unitholder Distributions Payable	210,000	-
	<u>318,469</u>	<u>5,904</u>

(i) The director related entity trade payable is due to the Coonawarra Premium Vineyards Limited on normal commercial terms and conditions.

11. Units in Issue

<i>Issued Units</i>		
17,500,000 units fully paid (2002: 2,800 units)	1,831,200	1,831,200
Settled sum	10	10
	<u>1,831,210</u>	<u>1,831,210</u>

Units issued during the Financial Year

The Trust's units were previously stapled to Grower Units in the Coonawarra Premium Vineyards Project ("Project"). The Unitholders and Growers approved a restructure of the Project and Trust at an extraordinary meeting on 12th December 2002. The restructure, which has now been completed, required the trust units and grower units to be unstapled and the Trust to be registered as a separate Managed Investment Scheme. This provided the Trust with the mechanism to list the Trust units on the ASX. As a result, the Trust listed on the ASX on 9th May 2003. Upon listing on ASX, each unit was split into 6,250 units each, resulting in the total units issued now 17,500,000 without any new issues being made.

Therefore, during the financial year, there were no units issued.

Fully paid units carry one vote per unit and carry the right to distributions

Coonawarra Australia Property Trust

Notes to the Financial Statements for the Financial Year Ended 30 June 2003

	2003 \$	2002 \$
12. Reserves		
<i>Asset Revaluation Reserve</i>		
Balance at beginning of financial year	-	-
Movements – Revaluation of Land to Market Value	5,508,341	-
Balance at end of financial year	<u>5,508,341</u>	<u>-</u>

The asset revaluation reserve arises on the revaluation of non-current assets. Where a revalued asset is sold, that portion of the asset revaluation reserve which relates to that asset, which is realised, is transferred to retained profits.

13. Retained Profits

Balance at beginning of financial year	9,494,806	7,115,947
Transfer to Statement of Financial Performance	(360,746)	-
Undistributed income transferred from Statement of Financial Performance	292,669	360,746
Net increments transferred from Statement of Financial Performance	705,895	2,018,113
Balance at end of financial year	<u>10,132,624</u>	<u>9,494,806</u>

14. Earnings per Unit

The following calculations for basic earnings per unit, diluted earnings per unit and weighted average number of units, have all been based on 17,500,000 units. The increase in units is due to each of the 2,800 units before listing (9th May 2003) being converted into 6,250 units each on listing, therefore representing 17,500,000 units issued. No issues of units were made during the 2002 or 2003 financial years.

	2003 Cents per Unit	2002 Cents per Unit
Basic earnings per unit	<u>5.89</u>	<u>13.59</u>
Diluted earnings per unit	<u>5.89</u>	<u>13.59</u>

	2003 \$	2002 \$
<i>Basic Earnings Per Unit</i>		

The earnings and weighted average number of ordinary units used in the calculation of basic earnings per unit are as follows:

Earnings (a)	<u>1,031,218</u>	<u>2,378,859</u>
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Coonawarra Australia Property Trust

Notes to the Financial Statements for the Financial Year Ended 30 June 2003

14. Earnings per Unit (cont.)

	2003 No.	2002 No.
Weighted average number of ordinary units (b)	17,500,000	17,500,000

	2003 \$	2002 \$
(a) Earnings used in the calculation of basic earnings per unit reconciles to net profit from ordinary activities in the statement of financial performance as follows:		
Net profit from ordinary activities	1,031,218	2,378,859
Other	-	-
Earnings used in the calculation of basic EPU	1,031,218	2,378,859

Diluted Earnings Per Unit

The earnings and weighted average number of ordinary units used in the calculation of basic earnings per unit are as follows:

Earnings (a)	1,031,218	2,378,859
	2003 No.	2002 No.
Weighted average number of ordinary units and potential ordinary units	17,500,000	17,500,000
	2003 \$	2002 \$

(a) Earnings used in the calculation of diluted earnings per unit reconciles to net profit from ordinary activities in the statement of financial performance as follows:		
Net profit from ordinary activities	1,031,218	2,378,859
Restatement of net profit used in the calculation of EPU for the effects of:		
Other	-	-
Earnings used in the calculation of diluted EPU	1,031,218	2,378,859

Coonawarra Australia Property Trust

Notes to the Financial Statements for the Financial Year Ended 30 June 2003

15. Revaluation of Assets

The Trustees have determined that the valuation of the property for the purpose of this financial report is \$17,420,000.

The carrying amount of non-current assets of the Trust has been recorded at cost, with the exception of the land and the grape vines, which are recorded at Market Value.

To assist the Trustees in making this determination they have received a formal valuation of the Trust Assets from an independent valuer R G Eberhard, Certified Practising Valuer SA and Victoria, Eberhard Valuations (Registered Valuer) dated 9 March 2003 that states the value of all assets (including assets subject to the SGARA Accounting Standards AASB 1037) at a total of \$17,420,000.

In determining the valuation the valuer used the following key assumptions:

- The Unit Trust will receive rental income of \$634 per unit per annum.
- Rental Income is earned from legally owned property (ie. excluding trellising).
- A total risk rate of 10% has been allowed.

The trustee's valuation also separated the assets between Self Generating and Reporting Assets (SGARA) and non SGARA for the purposes of the Accounting Standard AASB 1037. Grapevines values are determined as SGARA.

A formal valuation of the Trust Assets as at 30 June 2003 has been provided by an independent valuer Colin F Gaetjens, Valuer & Auctioneer, Fellow of Australian Property Institute, Colin Gaetjens & Co Valuers (Registered Valuer), that states the value of all assets (including assets subject to the SGARA Accounting Standards AASB 1037) at a total of \$18,750,000 on an "as is" basis ignoring the benefits and obligations of the lease with the Growers.

This valuation has been determined by the valuer using the following key assumptions:

- Data derived from comparable market transactions adjusted for attributes of the subject vineyard;
- Discounted cash flow analysis of likely future income;
- A hurdle rate of 17% has been used; and
- It was noted that the rental value would be in the order of 9.5% p.a. of capital value.

Coonawarra Australia Property Trust

Notes to the Financial Statements for the Financial Year Ended 30 June 2003

16. Property and Improvements

Coonawarra Premium Vineyards Unit Trust has 227 hectares planted to grape vines in the premium grape growing area of the Coonawarra, South Australia. Under the terms of a 13-year license agreement, the members of the Coonawarra Premium Vineyards Project are entitled to establish and grow wine grapes on the land held by the Coonawarra Premium Vineyards Unit Trust. Upon expiry of the license, ownership of improvements to the land vests in trust.

The overall property is a vineyard comprising of:

- Land
- Water Licences
- Vines
- Trellising
- Irrigation Equipment
- Other Buildings and Improvements

The development of the property was carried out as part of a Managed Investment Scheme (the Scheme) under the Corporations Act 2001. The structure of the Scheme resulted in the trust being the legal and beneficial owner of the land. The development of the land into a vineyard was funded by the grower participants in the Scheme (the Growers) as part of a prospectus issued in June 1999. The growers beneficially own the grapevines but they are legally part of the land and therefore owned by the Trust. At a meeting of the Growers on 12th December 2002, it was agreed to have a lease agreement between the Growers and the Trust which provided an income to the trust being a rental for the property.

The new constitution provides for the following in relation to:

Land

The land is held for the benefit of the Unitholders. The value of the land includes the value of the water licences.

Irrigation Equipment

The irrigation equipment and other improvements are owned by the Growers until expiry or termination of the Grant to Use between the Growers and the Unit Trust. On termination or expiry the Grower is not entitled to remove from the Land or claim any compensation or reimbursement for such items. The Lease and Underlease also contemplates that irrigation Equipment will revert to the landowner at the end of the lease.

Trellising

The trellising is presently owned by the Growers and on termination or expiry of the Grant of Use between the Growers and the Unit Trust the Growers may remove the trellising provided no damage is caused in the removal. Given that the trellising is effectively integral with the vines and irrigation system it is considered that it is highly unlikely that the trellising can be removed without damage being caused to the irrigation system or the vines and in any event the costs of removal would far outweigh any benefits.

Coonawarra Australia Property Trust

Notes to the Financial Statements for the Financial Year Ended 30 June 2003

17. Segment Information

The Trust operates solely in South Eastern Australia and solely within the vine growing industry.

18. Related Party Disclosures

	Fully Paid 2003	Fully Paid 2002
<i>(a) Directors' Unit Holdings</i>		
The Trustee Company's Directors equity holding in the Trust comprises:		
<i>Units</i>		
Units held at the beginning of the year	239	239
Conversion of units on listing as at 9 May 2003 (1:6,250)	1,493,750	-
Units acquired during the financial year by directors and their director related entities	422,375	-
Held as at the reporting date by directors and their director related entities	<u>1,916,125</u>	<u>239</u>
<i>(b) Responsible Entity and Associates Unit Holdings at reporting date</i>		
Coonawarra Vineyard Management Services Pty Ltd	1,916,125	239
<i>(c) Directors' Remuneration (Refer Note 3)</i>		
<i>(d) Transactions with Other Related Parties</i>		

Aggregate amounts receivable from and payable to other related parties are disclosed in Note 6, 7 and 10 to the financial statements.

Coonawarra Australia Property Trust

Notes to the Financial Statements for the Financial Year Ended 30 June 2003

19. Notes to the Statement of Cash Flows

(a) Reconciliation of Cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the Statement of Financial Position as follows:

	2003	2002
	No.	No.
Cash	217	101,962
Cash on hand	10	10
	<u>227</u>	<u>101,972</u>

(b) Reconciliation of Profit from Ordinary Activities to Net Cash Flows from Operating Activities

Profits from ordinary activities	1,031,218	2,378,859
Depreciation and amortisation of non-current assets	12,177	8,879
Increase in market value of grapevines	(705,895)	(2,018,113)
Changes in net assets and liabilities		
(Increase)/decrease in assets		
Current Receivables	(293,560)	(8,994)
Current financial assets	(59,736)	-
Increase/(decrease) in liabilities		
Current payables	102,565	(3,239)
Other current liabilities	-	(366,800)
Net cash from operating activities	<u>86,769</u>	<u>(9,408)</u>

20. Financial Instruments

(a) Significant Accounting Policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

Coonawarra Australia Property Trust

Notes to the Financial Statements for the Financial Year Ended 30 June 2003

20. Financial Instruments (cont.)

(b) Credit Risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Trust.

The Trust does not have any significant credit risk exposure to any single counter party or any group of counter parties having similar characteristics.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Trust's maximum exposure to credit risk.

(c) Interest Rate Risk

The following table details the Trust's exposure to interest rate risk as at 30 June 2003.

2003	Average Interest Rate %	Variable Interest Rate \$	Fixed Interest Rate Maturity			Total \$
			Less than 1 Year \$	1 to 5 Years \$	More than 5 Years \$	
<i>Financial Assets</i>						
Cash	3.25	227	-	-	-	227
		227	-	-	-	227

The following table details the Trust's exposure to interest rate risk as at the 30 June 2002

2002	Average Interest Rate %	Variable Interest Rate \$	Fixed Interest Rate Maturity			Total \$
			Less than 1 Year \$	1 to 5 Years \$	More than 5 Years \$	
<i>Financial Assets</i>						
Cash	2.96	101,972	-	-	-	101,972
		101,972	-	-	-	101,972

No other financial assets or liabilities are interest bearing.

(d) Net Fair Value

The carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their net fair values.

Coonawarra Australia Property Trust

Notes to the Financial Statements for the Financial Year Ended 30 June 2003

21. Additional Information

Coonawarra Australia Property Trust is a listed public Unit Trust, operating in Australia. There are no employees of the Unit Trust.

Registered Office / Principal Place of Business

1st Floor

7 Greenhill Road

Wayville SA 5034

Telephone: (08) 8299 9455