

Coonawarra Premium Vineyards Limited

AFS Licence Number: 226243

ABN 58 086 944 265

31 July 2003

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Dear Investor

TAXATION INFORMATION FOR YEAR ENDED 30 JUNE 2003

Please find enclosed the following documents to assist you in completing your 2003 income tax returns.

These are important documents and these should be retained in a safe place.

2003 Tax Return Information and Tax Deduction Summary

A summary of taxation information regarding your business activities is attached.

2003 Vintage Estimated Distribution Notification and Report

Total estimated grape proceeds for the 2003 vintage for 1 unit are \$750 (this is received from wineries in instalments, with the last instalment including adjustments to 2003 prices due 30 September 2003). Grape proceeds receipts to 30 June 2003 are \$166.63 per unit. In accordance with the Project Constitution, distributions of the grape proceeds when made will be offset against any outstanding Grant to Use Fees (Licence) and Management Fees, and any surplus will be distributed to you on 30 October 2003.

Coonawarra Australia Property Trust ("CAPT") formerly Coonawarra Premium Vineyards Unit Trust – Trust Distribution Statement

Unit holders of CAPT should include the interim distribution and final distribution included in the Trust Distribution Statement attached. (Those unit holders who sold CAPT units on 30 June 2003 or before will only need to include the interim distribution as taxable income in their tax return for financial year ended 30 June 2003). The final distribution will be paid on 26 August 2003.

Business Activity Statements

Growers registered for GST on an accruals basis should include the GST component of the Management Fees and Grant to Use Fees (invoiced in June 2003) in your April to June quarterly BAS return. (Income from grape proceeds is exempt from GST and does not need to be included in your BAS return).

Growers registered for GST on a cash basis should include the GST component of the Management Fee and Grant to Use Fees (invoiced in June 2003) that were actually paid in the April to June quarter GST BAS return. (Income from grape proceeds is exempt from GST and does not need to be included in your BAS return).

Yours Sincerely

ANDREW PARKINSON
Company Secretary

Encl.

**COONAWARRA PREMIUM VINEYARDS PROJECT
ANNUAL TAXATION DEDUCTION SUMMARY
FINANCIAL YEAR ENDING 30 JUNE 2003**



Taxation Deductions are in accordance with Australian Taxation Office Product Ruling PR 1999/61.

* Deductions on this summary should be multiplied by the number of units held by each investor *

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Total Investment (Per Managed Unit)	1999/ 2000	2000/ 2001	2001/ 2002	2002/ 2003	Tax Deduction 2002/2003
Unit in the Unit Trust	\$ 654				-
Landcare Operations	\$ 645				-
Trellising	\$ 1,005				(a)
Construction of Buildings	\$ 25				-
Irrigation	\$ 1,553				-
Power	\$ 82				\$8 (b)
Grapevines & Planting	\$ 484				\$63 (c)
Management Fees 1999/2000	\$ 1,670				-
Management Fees 2000/2001	\$ 646				-
Management Fees 2001/2002		\$ 662			-
Management Fees 2002/2003			\$ 681		(d)
Management Fees 2003/2004				\$ 658	(e)
Grant of Use (Licence) for 3 years	\$ 393				
Grant of Use (Licence) 1 July 2002 to 8 May 2003 (1)				\$ 111	111(f)
Grant of Use (Licence) 9 May 2003 to 30 June 2003 (2)				\$ 92	\$92 (f)
	<u>\$ 7,157</u>	<u>\$ 662</u>	<u>\$ 681</u>	<u>\$ 861</u>	

INVOICES RAISED 1 JULY 2002 to 30 JUNE 2003 (Per Unit):

Date	Detail	Fees	GST	Total Invoiced
30/06/2003	Invoice			
	Annual Management Fees (2003/2004)	\$ 658.00	\$ 65.80	\$ 723.80
		<u>\$ 658.00</u>	<u>\$ 65.80</u>	<u>\$ 723.80</u>

Notes:
1 - Per Prospectus (page 116) at \$131 per annum pro rated for the period 1 July 2002 - 8 May 2003.
2 - In accordance with the revised Constitution, adopted by the meeting of Growers on 12 December 2002, annual rent of \$634 per Vineyard Lot pro rated for the period from 9 May 2003 to 30 June 2003.

Each investor should seek their own independent advice as this is only a summary and should not be construed as taxation advice.

Explanations of Available Taxation Deductions:

Note: The tax deductions referred to below do not include GST and assume that each Grower is registered for GST. In this situation GST can be claimed back from the Australian Taxation Office and is not deductible for Income Tax Purposes. If you are not registered for GST then the amount of GST paid by you in relation to each of the items of expenditure will form part of the cost of that item and will form part of your deduction.

(a) Division 40 of the Income Tax Assessment Act 1997 ("the 1997 Act") allows a deduction for depreciation on plant and equipment (which includes trellising). Trellising in the Project was installed progressively over the 1999/2000 year in line with the Project subscriptions. The deduction available under Division 40 of the 1997 Act can be calculated using the appropriate depreciation rate (either 'prime-cost' or 'diminishing balance'). The depreciation rate and method used for the 30 June 2003 year should be consistent with the depreciation method and rate used in prior years.

(b) Section 40-645 (formerly section 287-355) of the 1997 Act permits a deduction for expenditure in connecting power to land. This deduction is spread equally over 10 years, allowing a 10% deduction each year. A deduction of \$8 will be available in the year ending 30 June 2003.

(c) In accordance with section 40-515 (formerly section 387-165) of the 1997 Act a deduction is allowed for expenditure on establishing horticultural plants from the time they enter their year of first production. The manager considers that the vines have a effective life for the purposes of section 40-545 of less than 30 years, and therefore a write-off rate of 13% of the original establishment costs can be used. A deduction can be claimed of \$484 x 13% = \$63 write-off for the year ending 30 June 2003.

(d) Management Fees charged in 2001/2002 of \$681 relate to services to be provided by the Manager during the year ending 30 June 2003. If a Grower held only 1 unit then this amount was fully deductible in the year ending 30 June 2002 as it is less than \$1,000 (section 82KZM of the Income Tax Assessment Act 1936). If a Grower holds more than one unit, and has elected to be a "Simplified Tax System" taxpayer from 1 July 2001 (ie, annual turnover less than \$1 million) the \$681 was fully deductible in the 2002 year as it is in relation to expenditure on services to be provided within 12 months. For either of these scenarios, there will be no deductions available for the year ending 30 June 2003. If a Grower was not a "Simplified Tax System" taxpayer then this amount will be deductible (subject to the transitional rules in relation to prepayments) in the year ending 30 June 2003.

(e) Management Fees charged in 2002/2003 of \$658 relate to services to be provided by the Manager during the year ending 30 June 2004. If a Grower holds only 1 unit then this amount is fully deductible in the year ending 30 June 2003 as it is less than \$1,000 (section 82KZM of the Income Tax Assessment Act 1936). If a Grower holds more than one unit, and has elected to be a "Simplified Tax System" taxpayer from 1 July 2001 (ie, annual turnover less than \$1 million) the \$658 is fully deductible in the 2003 year as it is in relation to expenditure on services to be provided within 12 months. If a Grower is not a "Simplified Tax System" taxpayer then the deduction will be available the following year (subject to the transitional rules in relation to prepayments).

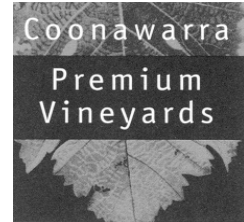
(f) The Grant to Use (Licence) amounts of \$111 and \$92 will be deductible in the year ending 30 June 2003.

Note:

Product Ruling (addendum) PR1999/61A which confirmed that the Commissioner had exercised his discretion and the non-commercial loss provisions do not apply to investors in this Project has now expired. Coonawarra Premium Vineyards Limited has lodged an application for the Commissioner to exercise his discretion so that the non-commercial loss provisions do not apply. Growers will be advised as soon as the Commissioner has advised of his decision. If the Commissioner exercises his discretion then a Grower will not be required to defer any excess of deductions attributable to their business in excess of any assessable income from that activity to a later year.

COONAWARRA PREMIUM VINEYARDS PROJECT

A.R.S.N. 087 876 186



INFORMATION ON COMPLETING YOUR TAX RETURN

FINANCIAL YEAR ENDING 30 JUNE 2003

Completing your income tax return may be complicated for many investors, especially as your investment in the Coonawarra Premium Vineyards Project means that you are operating a business and you must complete the appropriate business schedules in the tax return.

If you require assistance in completing your tax return, please contact your registered tax agent or alternatively contact the Australian Taxation Office. The ATO website www.ato.gov.au provides guidance and information that may assist you.

The Project returned income to all investors this year, and this must be included as assessable income in your income tax return. You will also need to include the trust distribution from the Coonawarra Australia Property Trust (formerly called the Coonawarra Premium Vineyards Unit Trust) as assessable income in the Trust Unit Holder's tax return. Investors will also be able to claim deductions as detailed in Product Ruling 1999/61 but the Product Ruling (addendum) Product Ruling 1999/61A which confirmed that the Commissioner had exercised his discretion that the non commercial loss provisions do not apply to this Project has now expired. An application for the Commissioner of Taxation to exercise his discretion for the 2003 year has been lodged. Growers will be advised as soon as the Commissioner has advised of his decision.

For individual investors, Income and Deductions should be included on the Supplementary Section to your Income Tax Return, and specifically in the Business and Professional Items section of the Return.

Income

Cash taxpayers (including Simplified Tax System taxpayers) should include as income the amount at item "B" on the 2003 Vintage Estimated Distribution Notification (Issued July 2003). This is titled Receipts from wineries as at 30 June 2003.

Non-Cash (Accrual) taxpayers should include the amount at item "A" on the 2003 Estimated Distribution Notification as income - "Total estimated income for the 2003 vintage."

Expenses

Deductions for expenditure incurred in respect of the Project are detailed on the reverse of this form - Annual Tax Deduction Summary.

Further deductions may be available for interest on any loans that you have taken out to finance your investment.

BUSINESS ACTIVITY STATEMENT

Investors who have registered for GST will need to include the expenses to the Project on their Business Activity Statement in the quarter that it relates. The amount to include will depend on whether you are cash or non-cash registered.

As a guide, the rules under the "Income" heading on this page can be used as to what amount to disclose on your BAS as income. Note that there is no GST on grape income and trust distribution income.



Coonawarra Premium Vineyards Project

2003 VINTAGE & ESTIMATED DISTRIBUTION REPORT (No.1)

Vintage and Coonawarra

Vintage 2003 was difficult for the wine industry due to the drought and a carryover effect from a cold spring in 2001. The Coonawarra region experienced yields down about 20% to average. The Project vineyard comprises a small area in its fourth growing season, with most of the vineyard only in its third year.

Grape Variety	Tonnes Per Prospectus	Actual Tonnes	(\$ Price Per Prospectus*	(\$ Estimated Price **/**
Cabernet Sauvignon	410.3	510.2	2,286	2,020
Chardonnay	37.4	48.3	1,483	1,364
Merlot	141.0	111.3	1,941	1,929
Petit Verdot	58.8	80.8	1,710	1,657
Shiraz	252.5	409.8	1,699	1,799
Sauvignon Blanc	336.6	47.9	1,163	1,387
Total	933.5	1,208.3	1,835,576***	2,098,673***
Per Unit			656	750

* Price per prospectus before recoverable harvesting costs
 ** Estimated Price before recoverable harvesting costs est. at \$179,000
 *** Total grape proceeds after recoverable harvesting costs
 **** 2003 prices not determined until 30 September 2003
 Estimated Price to be adjusted from present 2002 prices to 2003 prices and other bonus/penalty adjustments

The total crop harvested this year was **1,208.3 tonnes**, with individual tonnages for each variety itemised in the attached table. We estimate that this will equate to total Project income of around **\$2,098,673** after recoverable harvesting costs (subject to final adjustments).

Distributions

Wineries pay for their grapes in instalments, with the system resulting in the initial payment arriving the month after harvest, the second instalment by 30 June and the final instalment being paid by 30 September. This final instalment is adjusted for the finalised 2003 grape prices and any quality bonuses or penalties. It should be noted that as we harvested much of the vineyard this year during May, the first and second instalments for a large part

Estimated Project Income (subject to final adjustments)

<u>Total Project</u>	<u>Per Unit</u>
\$2,098,673	\$749.53

First & Final Estimated Distribution
 – 30 October 2003

Per Unit
 \$749.53

of the vineyard were due to be received by the Project at the end of June. Grape proceeds due as at 30 June 2003 were \$1,498,979 but only \$616,562 was received by 30 June 2003, with \$882,417 outstanding from 3 of the 4 contracts. A further amount of \$806,102 was collected in July. The final payments from the wineries will be paid around the first week of October together with adjustments to 2003 prices and any bonuses, penalties or recoverable costs applying. A first and final distribution will be made on 30 October 2003.

These will be made by electronic transfer to your nominated Australian bank account. Please advise if your bank details have changed or haven't yet been provided.

Taxation

A full taxation summary and instructions have been enclosed. This explains both the taxation deductions for the Project, along with details on how to include this income in your tax return. Instructions on Business Activity Statements have also been included.



IMPORTANT ADDENDUM

FURTHER INFORMATION ON COMPLETING YOUR TAX RETURN FOR THE FINANCIAL YEAR ENDING 30 JUNE 2003

THIS ADDENDUM IS PROVIDED TO GROWERS TO CLARIFY WHAT AMOUNTS OF INCOME EARNED FROM THE 2002 VINTAGE AND 2003 VINTAGE NEED TO BE INCLUDED IN YOUR TAX RETURN FOR THE YEAR ENDED 30 JUNE 2003 AND SHOULD BE READ TOGETHER WITH TAX INFORMATION PREVIOUSLY PROVIDED TO YOU.

Completing your income tax return may be complicated for many investors, especially as your investment in the Coonawarra Premium Vineyards Project means that you are operating a business and you must complete the appropriate business schedules in the tax return.

If you require assistance in completing your tax return, please contact your registered tax agent or alternatively contact the Australian Taxation Office. The ATO website www.ato.gov.au provides guidance and information that may assist you.

The Project returned income to all investors this year, and this must be included as assessable income in your income tax return. You will also need to include the trust distribution from the Coonawarra Australia Property Trust (formerly called the Coonawarra Premium Vineyards Unit Trust) as assessable income in the Trust Unit Holder's tax return. Investors will also be able to claim deductions as detailed in Product Ruling 1999/61 but the Product Ruling (addendum) Product Ruling 1999/61A which confirmed that the Commissioner had exercised his discretion that the non commercial loss provisions do not apply to this Project has now expired. An application for the Commissioner of Taxation to exercise his discretion for the 2003 year has been lodged. Growers will be advised as soon as the Commissioner has advised of his decision.

For individual investors, Income and Deductions should be included on the Supplementary Section to your Income Tax Return, and specifically in the Business and Professional Items section of the Return.

Income

Cash taxpayers (including Simplified Tax System taxpayers) should include as income for the year ending 30 June 2003 the amount at item "B" on the 2003 Vintage. Estimated Distribution Notification (Issued July 2003). This is titled Receipts from wineries as at 30 June 2003. In addition, an amount distributed for the 2002 Vintage of \$101.77 on 10 October 2002 (comprising \$29.72 cash distribution and \$72.05 withheld for Licence Fees) needs to be included as income for the year ended 30 June 2003 for each Grower Unit owned. See Table below.

Non-Cash (Accrual) taxpayers should include the amount at item "A" on the 2003 Estimated Distribution Notification as income for the year ended 30 June 2003 - "Total estimated income for the 2003 vintage," and for each unit make a further adjustment to include as income for the year ended 30 June 2003 the amount of \$26.07 to reflect actual income received in 2003 year for 2002 Vintage of \$253.28 (estimated income \$227.21). See Table below.

	<u>Vintage Income</u>				
	2002 Income Tax Return	Actual 2002 Vintage Income	2002 Vintage Income to be included in 2003 Income Tax Return	2003 Vintage Income	2003 Income Tax Return *
Accruals	227.21	253.28	26.07	749.53	775.60
Cash	151.51	253.28	101.77	166.63	268.40

* 2003 Income Tax Return includes amounts from 2002 Vintage not included in 2002 Tax Return and income amounts relating to 2003 Vintage.

Expenses

Deductions for expenditure incurred in respect of the Project was previously provided to you on an Annual Tax Deduction Summary

Further deductions may be available for interest on any loans that you have taken out to finance your investment.

BUSINESS ACTIVITY STATEMENT

Investors who have registered for GST will need to include the expenses to the Project on their Business Activity Statement in the quarter that it relates. The amount to include will depend on whether you are cash or non-cash registered.

If you are registered on a cash basis then you need to include expenses actually paid in the relevant quarter. Investors will need to keep their own records of payments made, as a fee may be charged to provide this information.

If you are registered on a non-cash/accruals basis then you need to include expenses in the quarter the invoice is dated as.

Note that there is no GST on grape income and trust distribution income.