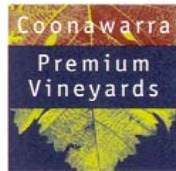


**COONAWARRA PREMIUM VINEYARDS PROJECT
ANNUAL TAXATION DEDUCTION SUMMARY
FINANCIAL YEAR ENDING 30 JUNE 2004**



**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 *

A.R.S.N. 087 876 186
AFS Licence No: 226243

Total Investment (Per Managed Unit)	1999/ 2000	2000/ 2001	2001/ 2002	2002/ 2003	2003/ 2004	Tax Deduction 2003/2004
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			-
Management Fees 2003/2004 + CPI				\$ 691		(d)
Management Fees 2004/2005 + CPI					\$ 692	(e)
Grant of Use (Licence) for 3 years	\$ 393					
Grant of Use (Licence) 1 July 2002 to 8 May 2003 (1)				\$ 111		
Grant of Use (Licence) 9 May 2003 to 30 June 2003 (2)				\$ 92		
Grant of Use (Licence) 1 July 2003 to 30 Sept 2003					\$ 159	(f)
Grant of Use (Licence) 1 Oct 2003 to 31 Dec 2003					\$ 159	(f)
Grant of Use (Licence) 1 Jan 2004 to 31 March 2004					\$ 159	(f)
Grant of Use (Licence) 1 April 2004 to 30 June 2004					\$ 159	(f)
Interim Grape Processing Fee					\$ 100	(g)
Recoverable Harvest Costs					\$ 108	(h)
	<u>\$ 7,157</u>	<u>\$ 662</u>	<u>\$ 681</u>	<u>\$ 894</u>	<u>\$ 1,536</u>	

INVOICES RAISED 1 JULY 2003 to 30 JUNE 2004 (Per Unit):

Date	Detail	Fees	GST	Total Invoiced
30/09/2003	Grant to Use (1/07/03-30/09/03)	\$ 158.50	\$ 15.85	\$ 174.35
31/12/2003	Grant to Use (1/10/03-31/12/03)	\$ 158.50	\$ 15.85	\$ 174.35
31/03/2004	Grant to Use (1/01/04-31/03/04)	\$ 158.50	\$ 15.85	\$ 174.35
30/06/2004	Grant to Use (1/04/04-30/06/04)	\$ 158.50	\$ 15.85	\$ 174.35
30/06/2004	Annual Management Fees (2004/2005)	\$ 692.58	\$ 69.26	\$ 761.84
30/06/2004	Interim Grape Processing Fee	\$ 100.00	\$ 10.00	\$ 110.00
		<u>\$ 1,426.58</u>	<u>\$ 142.66</u>	<u>\$ 1,569.24</u>

Notes:

- Per Prospectus (page 116) at \$131 per annum pro rated for the period 1 July 2002 - 8 May 2003.
- 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.

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 2004 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 2004.

(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 2004.

(d) Management Fees charged in 2002/2003 of \$691 relate to services to be provided by the Manager during the year ending 30 June 2004. If a Grower held only 1 unit then this amount was 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 \$691 was fully deductible in the 2003 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 2004. 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 2004.

(e) Management Fees charged in 2003/2004 of \$692 relate to services to be provided by the Manager during the year ending 30 June 2005. If a Grower holds only 1 unit then this amount is fully deductible in the year ending 30 June 2004 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 \$692 is fully deductible in the 2004 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.

(f) The quarterly Grant to Use (Licence) amounts of \$159, totaling \$636, will be deductible in the year ending 30 June 2004.

(g) The processing fee should be deductible as cost of manufacturing stock, however, the same amount is used to calculate the closing value of trading stock as at 30 June 2004.

(h) Recoverable Harvest Costs of \$108 are allowable as a deduction in the year ending 30 June 2004. (Note: Last year for the year ended 30 June 2003, recoverable harvest costs for tax purposes were netted off assessable vintage income).

Non-Commercial Loss Provisions

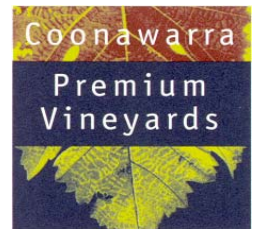
Product Ruling (addendum) PR1999/61A which confirmed that the Commissioner had exercised his discretion and the non-commercial loss provisions do not apply to investors in this Project has now expired. The Australian Tax Office declined to provide a product ruling for the Project regarding the application of the non commercial loss provisions. It will consider a private ruling application. An investor has recently volunteered to be a "test" private ruling application. The application will be lodged shortly and the results of that application advised to growers once received.

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

COONAWARRA PREMIUM VINEYARDS PROJECT

A.R.S.N. 087 876 186

AFS Licence No: 226243



INFORMATION ON COMPLETING YOUR TAX RETURN

FINANCIAL YEAR ENDING 30 JUNE 2004

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 trust distributions from the Coonawarra Australia Property Trust as assessable income in the Trust Unit Holder's tax return. This information will be sent to Unit Holders by Computershare Investor Services Pty Limited shortly. 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. Coonawarra Premium Vineyards Limited's application for the Commissioner of Taxation to exercise his discretion for the 2003 year has been declined. It will consider a private ruling application. A grower had now volunteered to make a "test" application. CPVL is in the process of lodging the application for the grower and will advise of the outcome once received.

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 2004 the amount at item "B" on the 2004 Vintage Estimated Distribution Notification.

Non-Cash (Accrual) taxpayers should include the amount at item "A" on the 2004 Estimated Distribution Notification as income for the year ended 30 June 2004 - "Total estimated income for the 2004 vintage".

	2003 Income included in 2003 Return	2003 Income Adjustments to include in 2004 Return	Estimated 2004 Vintage Income	AMOUNT TO BE INCLUDED IN 2004 INCOME TAX RETURN
Accruals	749.53	-1.26	558.73	557.47
Cash	166.53	428.41	249.59	678.00

Note: For taxpayers on a cash basis, grape proceeds not collected from wineries prior to 30 June 2004 will need to be included as assessable income in the year of collection (which will be advised in future notices). Grape Proceeds not collected as at 30 June 2004 are \$153.34 (Nugan) for year ended 30 June 2003, and \$565.36 for year ended 30 June 2004.

Expenses

Deductions for expenditure incurred in respect of the Project are outlined on the reverse side of these notes.

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 of the Project on their Business Activity Statement in the relevant quarter that it relates. The amount to include will depend on whether you are on a cash or non-cash basis.

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.

TRADING STOCK

GROWERS SHOULD ALSO INCLUDE THE VALUE OF THE BULK WINE ON HAND AS AN AMOUNT FOR TRADING STOCK. EACH GROWER UNIT IS ENTITLED TO 364.3 LITRES OF WINE. THE CLOSING VALUE OF STOCK IS CONSIDERED TO BE \$100 PER INTEREST (PROCESSING COST) AND THE COSTS FOR THE TRADING STOCK IS CONSIDERED TO BE \$100 PER INTEREST.

BAD DEBTS

Accrual taxpayers included the Nugan third instalment of \$400,000 (\$142.85 per unit) as income in the 2003 year. This is now subject to recovery action in the Supreme Court. At this stage it is not considered to be a bad debt and therefore does not qualify as a bad debt deduction for the 2004 year.

Cash taxpayers have not included any of this amount as assessable income.