



Proposed Winding up of CKP Trust

CKP is comprised of a stapled unit trust - Cheviot Kirribilly Vineyard Property Trust (*CKP Trust*) – and company - Cheviot Kirribilly Vineyard Property Limited (*CKP Company*). CKP Trust is the effective owner of the vineyard assets, through the Custodian, The Trust Company Limited. In light of the minimal assets now owned within the Group after the divestment of the four Langhorne Creek and Adelaide Hills vineyards, the stapled entity structure is extremely unwieldy and costly.

Furthermore, the exclusive option to a third party to acquire the Tullymore vineyard; noted in an announcement to ASX on 30 January 2012 has now been exercised. It is anticipated that the sale of the Tullymore vineyard will be completed on or around 1 May 2012.

The completion of the Tullymore sale would leave the Kirribilly Estate 1 vineyard (*KE1*), as the major remaining asset of the Group. As a consequence, the overhead costs of maintaining KE1 within a stapled security structure are totally prohibitive. Moreover, given the shortfall to the financiers of CKP Group, the objectives of CKP Trust can no longer be achieved.

As a consequence, CKPRE (formerly Tidewater Funds Management Limited), the responsible of CKP Trust has today issued to CKP Trust unitholders a formal notice of the proposed winding up of CKP Trust, under Section 601NC of the Corporations Act. A copy of the notice is attached.

Unitholders in CKP Trust have until 5pm on Wednesday 18th April 2012 to call a meeting under Division 1, Part 2.4G of the Corporations Act to consider the proposed winding up of CKP Trust and vote on any resolutions proposed by unitholders. There is no obligation on CKP Trust unitholders to call a meeting. Any resolution in relation to the winding up would be required to be passed by 50% of ALL CKP trust unitholders, not just a majority at such a meeting.

If no meeting of CKP Trust unit holders is called by Wednesday 18 April 2012, CKPRE may then wind up CKP Trust. Assets remaining in CKP Trust at that time will be transferred to CKP Company. It is expected that CKP Company will retain its listing on ASX, although shares in CKP Company will remain suspended from trading until various aspects of ASX Listing Rules, notably Chapters 1 and 2 are satisfied.

As a result of the stapled security structure of CKP Group, CKP Trust unitholders own an identical number, in absolute and proportional terms, of CKP Company shares. As a consequence, the effective interest in the assets of CKP Group for an individual CKP Trust unitholder will remain unchanged.

Cheviot Kirribilly Vineyard Property Group

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If the CKP Trust can be successfully wound up, the cost base of CKP will be reduced significantly. The Directors of CKP Company – in this event – will then assess the potential to continue farming the remaining KE1 vineyard, as well as restructuring the capital of CKP Company, in an endeavour to place CKP onto a going concern basis. This will require the acquiescence of the CKP Group's current financier before steps can be taken to raise working capital and potentially facilitate any re-commencement of trading on ASX.

For further enquires:

Andrew Brown
KXR Management Pty. Limited
(02) 9380 9001 / 0418 215 255

CKPRE Limited

19 March 2012

Dear Cheviot Kirribilly Vineyard Property Trust (“**CKP Trust**”) Unitholder

NOTICE UNDER SECTION 601NC OF THE CORPORATIONS ACT 2001 CTH (“*CORPORATIONS ACT*”)

As foreshadowed to by announcements to Australian Securities Exchange (“**ASX**”) on 30 January 2012 and 1 March 2012 as well as the comments made by the Chairman at the Cheviot Kirribilly Vineyard Property Group (“**CKP Group**”) Securityholder meeting on 6 December 2011, CKPRE Limited (“**CKPRE**”), the responsible entity of CKP Trust is now formally moving to wind up the CKP Trust.

By this letter, CKPRE is notifying you as a Unitholder in the CKP Trust that CKPRE now intends to wind up the CKP Trust on the basis that the purpose of the trust can no longer be accomplished. We set out in section 1 below the reasons why CKPRE has formed this conclusion. Please note that **only** the CKP Trust is proposed to be wound up and that **you will retain a shareholding in Cheviot Kirribilly Vineyard Property Limited** (“**CKP Company**”).

Under section 601NC of the Corporations Act, CKP Unitholders are permitted to convene a meeting of CKP Trust to consider any matter in relation to the proposed winding-up. We set out below in section 2 the process for the winding-up, and further information on the right of CKP Unitholders to call a Unitholders' meeting to consider the proposed winding-up of the CKP Trust and to vote on any extraordinary resolution members propose about the winding-up of the trust.

However, **you are not required to do anything upon receipt of this letter**, as CKPRE will commence winding up CKP Trust if no meeting is called by 5pm Sydney time on Wednesday 18 April 2012 to consider the proposed winding-up.

As required under the Corporations Act, a copy of this letter has been given to the Australian Securities and Investments Commission.

1. REASONS FOR THE WINDING-UP

On 31 October 2011, CKP Group distributed an Explanatory Memorandum in relation to the Notice of Meeting convened to approve the sale of the entity's main undertaking. This meeting, held on 6 December 2011, duly approved the sale of the main undertaking, being six vineyards in South Australia.

Within the Explanatory Memorandum (*Section 2.6 “Use of Proceeds and future of Group”*), the Directors noted that their estimate of shortfall to the CKP Group financier, NAB, would be approximately \$13million, based on the estimated sales proceeds and costs of sales of the six vineyards.

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The Directors currently believe this forecast to be reasonable, although slightly higher than expected asset sales proceeds and the funding of the 2012 vintage for the two currently remaining vineyards may result in a marginally lower shortfall.

However, in any event, as a result of this significant shortfall, the purpose of the CKP Trust to provide an investment opportunity including participation in any capital growth over time, participation in distributions, diversification over time of agricultural, regional, varietal and commercial risks; and access to any benefits of economies of scale, efficiency and pricing power cannot now be accomplished.

The Directors of CKPRE also note that:

- (a) returns from running a single vineyard would be insufficient to meet the cost of debt financing, let alone provide for a return to Unitholders;
 - (b) CKP Trust is now an unwieldy structure for what is expected to be a single vineyard holding by early May 2012;
 - (c) The CKP Trust structure requires a compliance committee, two separate AFSL's (excluding the Custodian), compliance plan and compliance manager, investment management insurance, and two AFSL and two financial audits to be carried out of the manager and responsible entity, as well as the CKP Trust/Company structure itself – albeit the latter has been deferred for the last two years as a result of going concern issues;
 - (d) The fees for these services, as well as those of the custodian (The Trust Company Limited) and other external providers, effectively have to come out of the financial resources of CKP Trust/Company and the responsible entity;
 - (e) A proposal by ASIC, likely to be enacted in November 2012, will lift the required minimum capital levels of responsible entities from the current \$50,000 to \$150,000 and quarantine the capital within the responsible entity and thus make running CKP Trust an uncommercial venture for most responsible entity operations;
 - (f) The same outcome of a single vineyard or land site being owned can be achieved within a simple company structure at a significantly lower cost; and
 - (g) CKP Trust Unitholders, by dint of being Securityholders in CKP Group, are also proportionally identical shareholders in CKP Company. It is intended to transfer the ownership of the remaining assets within CKP Trust to CKP Company in the event that the winding up of CKP Trust is commenced.
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2. PROCESS FOR WINDING-UP

By giving this notice, CKPRE will be able to commence the winding-up process unless sufficient Unitholders, by 5pm Sydney time on Wednesday 18 April 2012, properly requisition a Unitholders' meeting to consider the proposed winding-up.

CKP Trust Unitholders have until 5pm Sydney time on Wednesday 18 April 2012 to call a meeting under the Division 1, Part 2G.4 of the Corporations Act to consider the proposed winding-up and to vote on any extraordinary resolutions that CKP Trust Unitholders may propose about the winding-up of the CKP Trust. An extraordinary resolution must be passed by 50% of **all** CKP Trust Unitholders entitled to vote on it (that is, not just those Unitholders present at the meeting in person or by proxy).

A meeting of Unitholders may be called in one of the two ways detailed below. This is a summary only and Unitholders should seek their own advice if they are considering convening a meeting.

2.1 Unitholders may request that a meeting be held

Unitholders with at least 5% of the votes that may be cast on any extraordinary resolution proposed by a Unitholder, or at least 100 Unitholders who are entitled to vote on such a resolution, may request CKPRE to call the meeting.

In order to be a valid request, it must be:

- (a) in writing;
- (b) state any resolution to be proposed at the meeting; and
- (c) signed by the Unitholders proposing the resolution.

CKPRE must call the meeting within 21 days after the request is given, assuming the resolutions or matters proposed in the request are matters appropriate for consideration by a general meeting of the Unitholders. The meeting is to be held not later than 2 months after the request is given.

CKPRE will be responsible for preparing the notice of meeting which will set out the proposed resolution. The Unitholders requesting the meeting may also request that CKPRE distribute a statement by them together with the notice of meeting. However, CKPRE is not required to do so if it is more than 1000 words long or if it is defamatory.

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2.2 Unitholders may call and arrange to hold the meeting themselves

Alternatively, Unitholders with at least 5% of the votes that may be cast on any resolution proposed by a Unitholder may elect to call and arrange to hold the meeting themselves.

Under this method, the Unitholders calling the meeting must pay the expenses of calling and holding the meeting (including distributing the notice of meeting and associated documents). The meeting must be called in the same way – so far as possible – in which meetings of the CKP Trust may be called.

3. OUTCOME OF THE WINDING-UP PROCESS

3.1 Outcome if no meeting is called

If no meeting is properly requisitioned by 5pm Sydney time on Wednesday 18 April 2012, CKPRE will commence the steps required to wind up the CKP Trust shortly thereafter. Under the CKP Trust trust deed, winding-up of the CKP Trust will involve CKPRE realising the assets of the CKP Trust and distributing the net proceeds (after meeting all liabilities) to Unitholders. Since the liabilities of CKP Trust significantly exceed the expected proceeds of realising the assets, **no distribution to CKP Trust Unitholders will be made.**

It is expected that the assets of CKP Trust will be conveyanced into CKP Company, in which CKP Securityholders own an identical absolute and proportionally equivalent number of shares as they do units in CKP Trust. **Hence, immediately after the winding up of CKP Trust, Unitholders will have their units expunged but will retain shares in CKP Company, which will hold the assets currently within CKP Trust.**

CKPRE has held discussions with ASX Limited, and expects that CKP Company will continue to be listed on the Official List of ASX; however, shares in CKP Company will remain suspended from trading until various aspects of the ASX Listing Rules are satisfied, notably the submission of audited accounts for periods where such accounts have not been lodged. Furthermore, it is likely that CKP Company will be required to meet the requirements of Chapters 1 and 2 of ASX Listing Rules to facilitate the recommencement of trading in CKP Company shares on ASX.

3.2 Outcome if a meeting is called and held

A Unitholders' meeting may be called to consider the proposed winding-up of the CKP Trust and to vote on a proposed extraordinary resolution members propose about the winding-up. The required steps following the meeting will depend upon the nature of the proposed resolution and whether it is passed. CKPRE will advise Unitholders promptly should the need arise.

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4. FURTHER INFORMATION

If you have any questions relating to your unitholding in CKP Trust or in relation to the proposed winding-up, please call Andrew Brown at CKPRE on **02 9380 9001** (9.00am – 5:00pm, Sydney time on weekdays).

Yours faithfully,

A handwritten signature in black ink that reads "Andrew J. Brown". The signature is written in a cursive style and is positioned above a horizontal line that extends to the right.

Andrew Brown
Director - CKPRE Limited

