

ELMACH PTY LTD

ABN 25 084 568 829

ATF COMMERCIAL PROPERTY TRUSTS NO 1 AND NO 2

7 October 2010

Company Announcements Platform
ASX
SYDNEY NSW 2000

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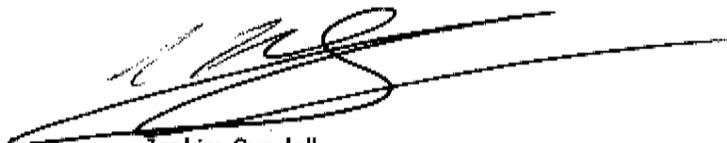
Dear Sirs

ASX announcement - takeover bid for Coonawarra Australia Property Trust (CNR)

Attached is an announcement (in the form of a letter to the Chairman of Coonawarra Australia Property Trust) for immediate release to the market regarding an off-market takeover bid for Coonawarra Australia Property Trust (**ASX:CNR**) by Elmach Pty Ltd as trustee for Commercial Property Trust No.1.

Full details are contained in the attached announcement.

Yours faithfully



Joakim Sundell
Director

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7 October 2010

The Chairman
Coonawarra Australia Property Trust
Halifax Street
ADELAIDE SA 5000

Email enquiries@coonawarravineyard.com.au

Dear Sir

Announcement of Off-market bid for all securities on issue in CNR

Elmach Pty Ltd as trustee for Commercial Property Trust No. 1 ACN 084 568 829 (**CPT1**) intends to make an off-market takeover offer for Coonawarra Australia Property Trust (**CNR**) in accordance with the requirements of Chapter 6 of the *Corporations Act*. Under its bid, CPT1 intends to offer 8.5 cents cash for each ordinary share in Coonawarra Australia Property Trust. The price represents a 21% percent premium to the closing price on 6 October, the last trading day prior to this announcement. The conditions of the offer are set out in the schedule to this letter.

CPT1 intends to fund the offer from its existing cash resources.

A condition of the bid is that the resolution to be considered at a general meeting of Prince Hill Wines Limited at a general meeting to be held on 8 October 2010 to approve the acquisition of certain assets and the assumption of certain liabilities from the Watson Group of Companies by Prince Hill Wine Services Pty Ltd is not passed and that that transaction does not proceed. Our reason for imposing this condition is CPT1 as the largest unitholder in CNR believes that the proposed transaction to be voted on by shareholders of PHW at the EGM to be held on 8 October 2010 ("PHW transaction") will in our opinion have a detrimental effect on the value of CNR for the following reasons:

1. As disclosed by the Experts report, the PHW transaction includes no premium for shareholders and is not fair to shareholders including CNR.
2. The PHW transaction does not properly value the sale of the corporate shell as a viable alternate strategy.
3. It continues a series of poorly disclosed related party transactions and unwillingness of the directors to properly consider prior concerns and expressions of interest forwarded by the largest unitholders.
4. The transaction exhibits inconsistent business practice by PHW given the recent divestiture of the sole income producing asset in PHW which was sold in adverse market conditions as a consequence of poor business practices on behalf of the directors in regards to the original sale contract which is now the basis for possible legal proceedings;
5. The PHW transaction does not properly reflect the real possibility that the true market value of the assets to be acquired is less than their disclosed values;
6. There is no evidence on record to suggest that the CNR directors have made full & proper enquiry of the directors of PHW as to disclosure of any other options diligently considered.

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7. No announcements have been released as to satisfaction of the conditions precedent which whilst available up to 22 October 2010 it reasonable to expect that prudent directors would have, considering the related party nature of the PHW transaction mad such disclosure as they indicated in the experts report prior to the PHW EGM.
8. The vendor warranties listed appear to be deficient and given the related party nature of the PHW transaction should incorporate the following provisions:
 - a. Proportion of shares be held in escrow pending a set period of time to allow proper realisation of the inventory and receivable values;
 - b. Vendor warranties as to no negative impact on the availability of any carried forward tax losses.

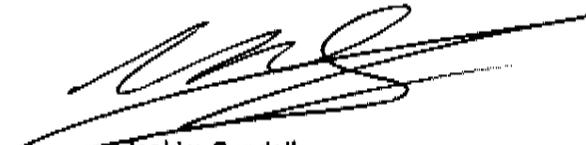
Given the attractive premium offered under our bid, we strongly submit that it will **not** be in the best interests of CNR or its shareholders for that resolution to be passed or for CNR to vote its shares at that meeting in favour of such a resolution.

Can you please confirm urgently CNR's attitude regarding the voting of its shares at the general meeting for Prince Hill Wines Limited.

We have sent a copy of this announcement to the ASX companies announcement platform for immediate release to the market.

A bidder's statement will be prepared and lodged with ASIC, ASX and CNR in accordance with the timetable requirements of the *Corporations Act*.

Yours faithfully



Joakim Sundell
Director

Schedule 1

Conditions for Takeover Bid

Elmach Pty Ltd as trustee for Commercial Property Trust No.1's offer is proposed to be subject to the fulfilment of the following conditions. Capitalised terms have meanings set out in the glossary below.

- 1 **(Minimum acceptance)** Before the end of the Offer Period, Elmach Pty Ltd as trustee for Commercial Property Trust No.1 has a Relevant Interest In at least 90% (by number) of CNR's Shares.
- 2 **(Regulatory Approvals and the regulatory action)** Before the end of the Offer Period:
 - (a) the Regulatory Approvals are:
 - (i) granted, given, made or obtained unconditionally, or on the basis of conditions that impose only non-material requirements incidental to the approval or consent;
 - (ii) remain in full force and effect; and
 - (iii) do not become subject to any notice, indication or intention to revoke, suspend, restrict, modify or renew them; and
 - (b)
 - (i) no preliminary or final decision, order or direction is made or issued by any Regulatory Authority;
 - (ii) no action, proceeding or investigation is announced, commenced or threatened by any Regulatory Authority; and
 - (iii) no application is made to any Regulatory Authority (other than by the Bidder or any Associate of the Bidder),

which is likely to or purports or threatens to restrain, prohibit, impede or otherwise adversely affect the making of the Offer, the acquisition of CNR's Shares by Elmach Pty Ltd as trustee for Commercial Property Trust No.1, the rights of Elmach Pty Ltd as trustee for Commercial Property Trust No.1 in respect of CNR and CNR's Shares or the continued operation of the businesses of CNR or its Subsidiaries (other than any action or decision by or application to ASIC or the Takeovers Panel in exercise of the powers or discretions conferred by the Corporations Act).
- 3 **(No Prescribed Occurrences)** Before the end of the Offer Period, no Prescribed Occurrence occurs.
- 4 **(No Material Adverse Change)** Before the end of the Offer Period, there has not occurred, been announced or become known to the Bidder any Material Adverse Change.
- 5 **(General market fall)** The S&P/ASX All Ordinaries Index is, for a period of three consecutive trading days on ASX between the Announcement Date and the end of the

Offer Period, not lower than 85% of the level of that index as at the close of normal trading on ASX on the Announcement Date.

- 6 **(Third party consents)** If a member of the CNR Group is a party to, is bound by, or is subject to, an agreement, arrangement or understanding which as a result of the acquisition of CNR's Shares by Elmach Pty Ltd as trustee for Commercial Property Trust No.1 under the Takeover Bid or a change of control of CNR as a result of the Takeover Bid entitled another person (**Third Party**) to exercise any rights (including termination rights or pre-emptive rights), and the exercise of those rights would have a material adverse effect on the assets, liabilities, financial position or performance or the prospects of the CNR Group (taken as a whole), then before the end of the Offer Period, the Third Party:
- (a) does not exercise, propose to exercise, or state an intention or claim a right to exercise, those rights; and
 - (b) gives its consent or waiver to the relevant event.
- 7 **(Proceedings of Prince Hills Wines Limited)** The resolution to be considered by the general meeting of Prince Hill Wines Limited ABN 99 000 094 995 at a meeting on 8 October 2010 (or any adjournment of that meeting) regarding the acquisition of certain assets and the assumption of certain liabilities from the Watson Group of Companies by Prince Hill Wine Services is not passed and that transaction does not proceed.

Glossary

Term	Definition
ACCC	means the Australian Competition and Consumer Commission.
Announcement	means the announcement of the offer which was released by Elmach Pty Ltd as trustee for Commercial Property Trust No.1 on the Announcement Date for the off-market bid for all of the CNR Shares.
Announcement Date	means 7 October 2010.
ASIC	means the Australian Securities and Investments Commission.
ASX	means ASX Limited ACN 008 624 691 or the securities exchange operated by it.
Business Day	means a business day as defined in the Listing Rules.
Corporations Act	means <i>Corporations Act 2001</i> (Cth).
CNR	means Coonawarra Australia Property Trust.
CNR Group	means CNR and its subsidiaries from time to time.
CNR Shares	means fully paid ordinary shares in CNR.
Financial Indebtedness	means any debt or other monetary liability (whether actual or contingent) in respect of money borrowed or raised or any financial accommodation including under or in respect

Term	Definition
	of any:
	(a) bill, bond, debenture, note or similar instrument;
	(b) acceptance, endorsement or discounting arrangement;
	(c) guarantee;
	(d) finance or capital lease;
	(e) agreement for the deferral of a purchase price or other payment in relation to the acquisition of any asset or service; or
	(f) obligation to deliver goods or provide services paid for in advance by any financier.
Government Agency	means:
	(a) a government or government department or other body;
	(b) a government, semi-governmental or judicial person; or
	(c) a person (whether autonomous or not) who is charged with the administration of a law.
Insolvency Event	means any of the following events occurring in relation to a party:
	(a) a liquidator, receiver, receiver and manager, administrator, official manager or other controller (as defined in the Corporations Act), trustee or controlling trustee or similar official is appointed over any of the property or undertaking of the party;
	(b) the party is, or becomes unable to, pay its debts when they are due or is or becomes unable to pay its debts within the meaning of the Corporations Act, or is presumed to be insolvent under the Corporations Act;
	(c) the party ceases to carry on business; or
	(d) an application or order is made for the liquidation of the party or a resolution is passed or any steps are taken to liquidate or pass a resolution for the liquidation of the party, otherwise than for the purpose of an amalgamation or reconstruction.
Listing Rules	means the Listing Rules of ASX and any other rules of ASX which are applicable while the Company is admitted to the Official List of ASX, each as amended or replaced from time to time, except to the extent of any express written waiver by ASX.
Material Adverse Change	means any matter, event or circumstance that, when taken as a whole or with other matters, events or circumstances is, or is likely to cause:
	(a) the value of net assets of CNR or CNR Group to be

Term	Definition
	reduced by at least \$50,000 against what they would have been but for the matters, events or circumstances; or
	(b) the ongoing annual net profit after tax, in any financial year after the one ending 30 June 2010, of CNR or CNR Group to be reduced by at least \$20,000 against what it would have been but for the matters, events or circumstances,
	but does not include any change occurring directly or indirectly as a result of any matter, event or circumstance required or permitted by this document, the Proposal or the transactions contemplated by them.
Offer Period	means the period that the Offer is open for acceptance.
Prescribed Occurrence	means:
	(a) (conversion) CNR converts all or any of its securities into a larger or smaller number of securities;
	(b) (reduction of share capital) CNR resolves to reduce its capital in any way;
	(c) (buy-back) CNR:
	(i) enters into a buy-back agreement; or
	(ii) resolves to approve the terms of a buy-back agreement under the Corporations Act;
	(d) (issuing shares or options) a member of CNR Group:
	(i) issues shares;
	(ii) grants an option over its shares; or
	(iii) agrees to make an issue of shares or grant an option over its shares,
	in each case to a person outside CNR Group;
	(e) (convertible notes) a member of CNR Group issues, or agrees to issue, convertible notes.
	(f) (disposals) a member of CNR Group disposes, or agrees to dispose of, the whole or a substantial part of its business or property;
	(g) (charges) a member of CNR Group charges, or agrees to charge, the whole or a substantial part of its business or property;
	(h) (winding up) a member of CNR Group resolves to be wound up;
	(i) (insolvency matters) one of the following happens:
	(i) a liquidator or provisional liquidator of a member of CNR Group is appointed;
	(ii) a court makes an order for the winding up of a member of CNR Group;

Term	Definition
	(iii) a member of CNR Group executes a deed of company arrangement;
	(iv) a receiver, or receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of the a member of CNR Group;
(j)	(distribution) CNR makes or declares, or announces an intention to make or declare, any distribution (whether by dividend, capital reduction or otherwise and whether in cash or in specie);
(k)	(securities or other instruments) a member of CNR Group: <ul style="list-style-type: none"> (i) issues securities or other instruments convertible into shares or debt securities; or (ii) agrees to issue securities or other instruments convertible into shares or debt securities, in each case to a person outside CNR Group;
(l)	(constitution) a member of CNR Group adopts a new constitution or modifies or repeals its constitution or a provision of it;
(m)	(acquisitions, disposals or tenders) a member of CNR Group: <ul style="list-style-type: none"> (i) acquires or disposes of; (ii) agrees to acquire or dispose of; or (iii) offers, proposes, announces a bid or tenders for, any material business, asset, interest in a joint venture, entity or undertaking;
(n)	(Encumbrances) a member of CNR Group creates any encumbrance over the whole or a substantial part of its business or property (other than in the ordinary course of business and other than a lien which arises by operation of law or legislation securing an obligation not yet due and consistent with past practice);
(o)	(board) any person is appointed to CNR's board, other than those approved by Elmach Pty Ltd as trustee for Commercial Property Trust No.1;
(p)	(employment arrangements) a member of CNR Group: <ul style="list-style-type: none"> (i) materially increases the remuneration of, or otherwise varies the employment arrangements with, any of its directors or employees; or (ii) accelerates the rights of any of its directors or employees to compensation or benefits of

Term	Definition
	any kind, other than in the ordinary course of business or as a result of contracted arrangements that are consistent with past practice and in effect at the date of this document;
(q)	(termination or retention payment) a member of CNR Group pays any of its directors or employees a termination or retention payment;
(r)	(commitments and settlements) a member of CNR Group: <ul style="list-style-type: none"> (i) enters into any contract or commitment involving revenue or expenditure by CNR Group of more than \$50,000 over the term of the contract or commitment; (ii) terminates or amends in a material manner any contract material to the conduct of CNR Group's business or which involves revenue or expenditure of more than \$50,000 over the term of the contract; (iii) waives any material third party default where the financial impact on CNR Group will be in excess of \$20,000; or (iv) accepts as a settlement or compromise of a material matter (relating to an amount in excess of \$20,000) less than the full compensation due to CNR or a Subsidiary of CNR; <p>other than as a result of contracted arrangements that are in effect at the Announcement Date.</p>
(s)	(capital expenditure) a member of CNR Group undertakes or agrees to undertake capital expenditure in excess of \$50,000 in aggregate;
(t)	(financial indebtedness) a member of CNR Group provides financial accommodation (irrespective of what form of Financial Indebtedness that accommodation takes) in excess of \$50,000;
(u)	(accounting policy) a member of CNR Group changes any accounting policy applied by them to report their financial position except as required by any law or Regulatory Authority;
(v)	(tax liability) CNR or any other member of CNR Group does anything that results in a taxable gain for CNR Group by either causing a Subsidiary to cease being a member of CNR Group or causing CNR Group to cease being a Consolidated Group.
Proposal	means the proposal by Elmach Pty Ltd as trustee for Commercial Property Trust No.1 to make the Takeover Bid for CNR set out in the Announcement.

Term	Definition
Regulatory Approvals	means all approvals or consents of a Regulatory Authority that are required by law, regulation or regulatory policy, as are necessary to permit: <ul style="list-style-type: none">(a) the Offer to be lawfully made to and accepted by Target Shareholders; and(b) the acquisition of CNR Shares by the Bidder.
Regulatory Authority	includes: <ul style="list-style-type: none">(a) ASX, ASIC, ACCC, the Foreign Investment Review Board and the Australian Taxation Office;(b) a Government Agency;(c) a minister, department, office, commission, delegate, instrumentality, agency, board, authority or organisation of any government; and(d) any regulatory organisation established under statute.
Relevant Interest	has the meaning given to that term by section 9 Corporations Act.
Takeover Bid	means an offer made under Chapter 6 Corporations Act.