



Coonawarra Premium Vineyards Limited

A.C.N. 086 944 265 / A.B.N. 58 086 944 265

AFS Licence No: 226243

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Company Announcements Platform
Australian Stock Exchange
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DRAFT FOR DISCUSSION

Dear Sir

**COONAWARRA AUSTRALIA PROPERTY TRUST ("CNR")
UPDATE – BANK COVENANTS**

As previously advised on 10 July 2010 independent valuations have been received for the value of the property of the Trust which states that the current market value including the benefits and obligations attaching to the leases with the Growers is \$11,000,000 (2009: \$13,500,000) and the current market value on an unencumbered basis is \$9,000,000 (2009: \$10,500,000).

CPV Wines Limited (owned 76% by CNR) owns a vineyard adjoining the Trust vineyard and the independent valuer stated the value of the property is \$3,250,000 (2009: \$3,500,000).

These valuations have resulted in vineyard impairment for the Coonawarra vineyard properties of \$1,933,358 for the period ended 30 June 2010 (2009: \$2,657,609) in the consolidated financial accounts.

CNR has been repaid \$1,300,000 by Prince Hill Wines Ltd and in turn has agreed to repay \$1,300,000 to the bank. The LVR covenant for CNR is no longer in breach as it has been increased by the bank to 65% until 30 June 2011 when it will reduce to 60%. Following discussions the bank is presently reviewing its position in relation to the interest coverage ratio which presently must be no less than 1.75 times and presently remains in breach.

CPV Wines remains in breach of its LVR covenant which is 83% as against the required 60%.

The bank is continuing to reserve its rights in relation to the breaches and the bank, CNR and CPV Wines continue to work together to remedy the situation.

Andrew Parkinson
Director
Company Secretary