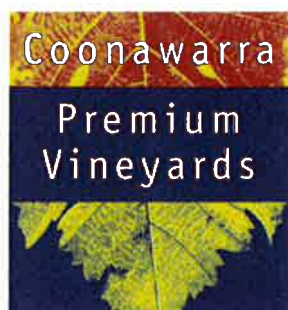


Coonawarra Australia Property Trust

ABN 37 529 164 940

ARSN 104 335 159



Interim Financial Report for the half-year ended 31 December 2008

Responsible Entity:

Coonawarra Premium Vineyards Limited

ABN 58 086 944 265

AFS Licence No. 226243

Coonawarra Australia Property Trust

Interim Financial Report for the half-year ended 31 December 2008

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Corporate Information

| | |
|---|---|
| Responsible Entity (RE): | Coonawarra Premium Vineyards Limited ABN 58 086 944 265 AFS Licence No. 226243 |
| Directors of the RE | Paul Miller (Chairman & Compliance Officer) Rex Watson (Group Managing Director) Andrew Parkinson (Chief Executive Officer & Company Secretary) |
| Company secretaries of the RE | Andrew Parkinson |
| Registered office and principal place of business | 235 Glen Osmond Road, Frewville, South Australia 5063 |
| Postal address | PO Box 6243 Halifax Street, Adelaide South Australia 5000 |
| Phone: | +61 8 8338 3400 |
| Fax: | +61 8 8338 3244 |
| Email: | enquiries@coonawarravineyard.com.au |
| Trust ASX Code: | CNR |
| Trust Registry | Computershare Investor Services Pty Ltd Level 5, 115 Grenfell St, Adelaide SA 5000 Ph: 1300 556 161 or (from outside Australia) +61 3 9415 4000 Email: web.query@computershare.com.au www.computershare.com |
| Custodian | Australian Executor Trustees (SA) Limited |
| Auditor | Grant Thornton South Australian Partnership, Adelaide |
| Compliance taxation advisor | Grant Thornton South Australian Partnership, Adelaide |
| Banker | Commonwealth Bank of Australia, Adelaide |

Coonawarra Australia Property Trust

ASX Disclosure Information

Results for announcement to the market

| | | Percentage Change % | | Amount \$ |
|---|------|---------------------------|----|--------------|
| Revenue and other income from ordinary activities | down | 54% | to | 2,628,632 |
| Profit from ordinary activities after tax attributable to members | down | 442% | to | (644,972) |
| Net profit for the period attributable to members | down | 386% | to | (539,776) |

Distributions

| | <u>Amount per security</u> | <u>Franked amount per security</u> |
|--|--------------------------------|--|
| Paid in current period: | | |
| Final 2007/8 distribution paid 29 August 2008 | 0.9¢ | - |
| Interim 2008/9 distribution paid 28 November 2008 | 0.8¢ | - |
| Total paid in half-year | 1.7¢ | - |
| Paid in previous corresponding period: | | |
| Final 2006/7 distribution paid 31 August 2007 | 1.3¢ | - |
| Interim 2007/8 distribution paid 30 November 2007 | 1.3¢ | - |
| Total paid in previous half-year | 2.6¢ | - |
| Payable in respect of current period: | | |
| Interim 2008/9 distribution payable 27 February 2009 | 0.8¢ | 100% |
| Record date for determining entitlements to the distribution | 31 December 2008 | |
| Date the distribution was payable | 27 February 2009 | |

| | 31 December 2008 | 30 June 2008 |
|----------------------------------|-----------------------------|---------------------|
| Net tangible assets per security | 78.8 ¢ | 83.8 ¢ |

The consolidated financial performance of the Trust is disappointing due to the continued losses suffered by Prince Hill Wines.

The sale of the Cassegrain Winery operations by Prince by Prince Hill Wines in June 2008 has resulted in a significant decline in revenue as Cassegrain sales are no longer included in the consolidated results.

Prince Hill Wines has sold the Mudgee Winery and vineyard and the first instalment of the purchase price has been paid. Another instalment is due on 31 March 2009 and the balance is due on 31 May 2009.

Coonawarra Australia Property Trust

Directors' Report

The directors of Coonawarra Premium Vineyards Limited ABN 58 086 944 265, as Responsible Entity (RE) and trustee for the Coonawarra Australia Property Trust ABN 37 529 164 940 (Trust), present their report on the Trust for the half-year ended 31 December 2008. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

The names of the directors of the RE during or since the end of the half-year are: Mr Paul Miller (Chairman), Mr Rex Watson and Mr Andrew Parkinson. The above named directors held office during and since the end of the half-year.

Review of Operations - Coonawarra

The Trust is a registered managed investment scheme domiciled in Australia and listed on the Australian Stock Exchange (ASX: CNR).

The Trust's principal activity in the course of the half-year was to make land available to licensees under a 13 year licence agreement to grow wine grapes. The Trust's vineyards are licensed to growers who are members of the Coonawarra Premium Vineyards Project. Upon the expiry of the licences in 2012, ownership of improvements to the land vests in the Trust.

In September 2008 the Trust acquired a further 15% interest in CPV Wines Limited through an a rights issue and now owns 77.3%. CPV Wines owns the adjoining vineyard to the Trust in Coonawarra and all its grapes are contracted to Watson Wine Group.

Review of Operations - Prince Hill Wines

The winery and vineyards at Mudgee, NSW, are subject to a non-conditional contract signed on 28 September 2008 for \$5.5m inclusive of GST. Final settlement of the contract is due on 31 May 2009.

The board of Prince Hill has continued the rationalization process in relation to the joint venture marketing and distribution company The Wine List Pty Ltd (TWL) which was formed in June 2007, and failed to achieve satisfactory sales. TWL has been downsized and costs reduced.

Auditors' Independence

The lead auditors' independence declaration under section 307C of the Corporations Act 2001 for the half-year ended 31 December 2008 is set out on page 5 of this financial report.

This report is signed in accordance with a resolution of the Board of Directors of the RE.

On behalf of the Directors



Andrew Parkinson
Director

Adelaide, 26 February 2009



Grant Thornton

**Grant Thornton South Australian
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ABN 27 244 906 724

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AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF COONAWARRA AUSTRALIA PROPERTY TRUST

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Coonawarra Australia Property Trust for the half-year ended 31 December 2008, I declare that, to the best of my knowledge and belief, there have been:

- a No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b No contraventions of any applicable code of professional conduct in relation to the review.

GRANT THORNTON
South Australian Partnership
Chartered Accountants



S J Gray
Partner

Signed at Wayville on this 26 day of February 2009

Coonawarra Australia Property Trust

Consolidated Income Statement for the half-year ended 31 December 2008

| | Notes | Half-years ended 31 December | |
|---|-------|---------------------------------|------------------|
| | | 2008 | 2007 |
| | | \$ | \$ |
| Grant of use (licence) fees | | 886,934 | 877,948 |
| Wine & wine services sale proceeds | | 856,040 | 3,975,585 |
| Grape sale proceeds | | 98,614 | - |
| Net market value increment - biological assets (grapes) | | 559,272 | 680,000 |
| Other revenue | | 209,155 | 145,015 |
| Gain on disposal of non-current Assets held for sale | | 240,451 | - |
| Interest revenue | | 18,617 | 69,927 |
| Cost of goods sold | | (1,324,262) | (3,520,503) |
| Management expenses | | (995,227) | (635,401) |
| Vineyard management expenses | | (107,980) | (410,356) |
| Sales & marketing costs | | (174,266) | (301,102) |
| Corporate expenses | | (299,136) | (321,448) |
| Occupancy expenses | | (73,236) | (150,476) |
| Other expenses | | (38,837) | (71,053) |
| Profit before start-up, impairment and finance costs | | (143,860) | 338,136 |
| Joint venture operation costs | | (340,084) | (392,018) |
| Impairment losses - inventories and fixed assets | | (500,519) | - |
| Impairment losses - allowance for doubtful debts | | 17,280 | (29,221) |
| Finance costs | | (502,595) | (459,994) |
| Profit/(loss) before income tax expense | | (1,469,779) | (543,097) |
| Income tax (expense) / benefit | | (69,430) | 164,452 |
| Profit/(loss) for the year | | (1,539,209) | (378,645) |
| | | | |
| Profit/(loss) attributable to members of the parent entity | | (535,976) | 187,265 |
| Profit/(loss) attributable to Minority equity interests | | (1,011,232) | (565,910) |
| Profit/(loss) for the year | | (1,539,209) | (378,645) |
| | | | |
| | | <u>cents</u> | <u>cents</u> |
| Basic earnings per unit | 3 | (3.06) | 1.07 |
| Diluted earnings per share is not disclosed as it is not materially different to basic earnings per share | | | |

Coonawarra Australia Property Trust

Consolidated Balance Sheet as at 31 December 2008

| | 31 December 2008 | 30 June 2008 |
|---|---------------------|-------------------|
| | \$ | \$ |
| Current assets | | |
| Cash and cash equivalents | 153,662 | 827,430 |
| Trade and other receivables | 1,953,840 | 3,286,080 |
| Inventories | 1,085,789 | 1,878,269 |
| | <u>3,193,291</u> | <u>5,991,779</u> |
| Non-current assets sold but not settled | 5,500,000 | 4,773,842 |
| TOTAL CURRENT ASSETS | <u>8,693,291</u> | <u>10,765,621</u> |
| Non-current assets | | |
| Property, plant & equipment | 5,130,769 | 5,006,992 |
| Biological assets | 15,580,525 | 15,526,028 |
| Deferred tax assets | 959,556 | 58,241 |
| TOTAL NON-CURRENT ASSETS | <u>21,670,850</u> | <u>20,591,261</u> |
| TOTAL ASSETS | <u>30,364,141</u> | <u>31,356,882</u> |
| Current liabilities | | |
| Trade and other payables | 2,570,686 | 2,594,335 |
| Short term financial liabilities | 1,819,053 | 2,819,382 |
| Current tax liabilities | 148,871 | 255,655 |
| TOTAL CURRENT LIABILITIES | <u>4,538,610</u> | <u>5,669,372</u> |
| Non-current liabilities | | |
| Long term financial liabilities | 8,949,718 | 7,843,113 |
| Deferred tax liabilities | 4,745,920 | 3,895,342 |
| TOTAL NON-CURRENT LIABILITIES | <u>13,695,638</u> | <u>11,738,455</u> |
| TOTAL LIABILITIES | <u>18,234,248</u> | <u>17,407,827</u> |
| NET ASSETS | <u>12,129,895</u> | <u>13,949,055</u> |
| EQUITY | | |
| Issued units | 1,831,210 | 1,831,210 |
| Reserves | 2,507,918 | 2,507,918 |
| Retained earnings | 5,671,614 | 6,487,590 |
| Parent entity interest | 10,010,742 | 10,826,718 |
| Minority interest | 2,119,153 | 3,122,339 |
| TOTAL EQUITY | <u>12,129,895</u> | <u>13,949,057</u> |

Notes to the financial statements are included on pages 10 to 12.

Coonawarra Australia Property Trust

Consolidated Statement of Changes in Equity for the half-year ended 31 December 2008

| Consolidated Group | Note | Issued Units \$ | Reserves \$ | Retained Earnings | Minority Interests \$ | Total \$ |
|---|------|--------------------|----------------|----------------------|-----------------------------|-------------|
| Balance at 1 July 2007 | | 1,831,210 | 3,632,740 | 10,350,423 | 4,512,007 | 20,326,380 |
| Profit attributable to members of parent entity | | | | 187,265 | | 187,265 |
| Profit/(loss) attributable to minority shareholders | | | | | (565,910) | (565,910) |
| Minority interest in CPV Wines Ltd on acquisition | | - | - | | 646,590 | 646,590 |
| Sub-total | | 1,831,210 | 3,632,740 | 10,537,688 | 4,592,687 | 20,594,325 |
| Distributions paid or provided for | | - | - | (385,000) | - | (385,000) |
| Balance at 31 December 2007 | | 1,831,210 | 3,632,740 | 10,152,688 | 4,592,687 | 20,209,325 |
| Balance at 1 July 2008 | | 1,831,210 | 2,507,918 | 6,487,590 | 3,122,339 | 13,949,057 |
| Profit attributable to members of parent entity | | - | - | (535,976) | - | (535,976) |
| Profit/(loss) attributable to minority shareholders | | - | - | - | (1,011,232) | (1,011,232) |
| Shares Issued in CPV Wines Limited rights issue | | - | - | - | 5,046 | 5,046 |
| Transaction Costs | | - | - | - | (5,000) | (5,000) |
| Sub-total | | 1,831,210 | 2,507,918 | 5,951,614 | 2,111,153 | 12,401,895 |
| Distributions paid or provided for | | - | - | (280,000) | - | (280,000) |
| Balance at 31 December 2008 | | 1,831,210 | 2,507,918 | 5,671,614 | 2,111,153 | 12,121,895 |

Notes to the financial statements are included on pages 10 to 12.

Coonawarra Australia Property Trust

Consolidated Cash Flow Statement for the half-year ended 31 December 2008

| | Half-years ended 31 December | |
|--|---------------------------------|--------------------|
| | 2008 | 2007 |
| Note | \$ | \$ |
| Cash flows from operating activities | | |
| Receipts from customers | 3,157,623 | 2,954,515 |
| Payments to suppliers | (3,052,887) | (3,355,356) |
| Interest received from customers | 44,850 | 69,927 |
| Interest and other costs of finance paid | (502,595) | (434,925) |
| Income Tax Paid | (226,789) | - |
| Net cash provided by operating activities | (579,798) | (765,839) |
| Cash flows from investing activities | | |
| Payments for property, plant & equipment | 116,104 | (563,076) |
| Proceeds from sale of property, plant & equipment | - | 750,000 |
| Payment for purchase of subsidiary, net of overdraft acquired | - | (2,218,411) |
| Net cash used in investing activities | 116,104 | (2,031,487) |
| Cash flows from financing activities | | |
| Distributions paid | (297,500) | (454,591) |
| Repayments of borrowings | - | (1,933,362) |
| Proceeds from borrowings | 1,286,606 | 1,785,174 |
| Net cash used in financing activities | 989,105 | (602,779) |
| Net increase/(decrease) in cash held | 525,411 | (3,400,105) |
| Cash and cash equivalents at the beginning of the half-year | (920,660) | 1,166,974 |
| Net cash and cash equivalents at the end of the half-year | (395,249) | (2,233,131) |
| Reconciliation of cash and cash equivalents | | |
| Cash at bank | 153,662 | 680,269 |
| Bank overdrafts | (548,911) | (2,913,400) |
| Net cash and cash equivalents at the end of the half-year | (395,249) | (2,233,131) |

Notes to the financial statements are included on pages 10 to 12.

Coonawarra Australia Property Trust

Notes to the Financial Statements for the half-year ended 31 December 2008

1. Basis of preparation

Coonawarra Australia Property Trust (the "Trust") is a registered Managed Investment Scheme operating in Australia and listed as a public Unit Trust on the Australian Securities Exchange. The Responsible Entity is Coonawarra Premium Vineyards Limited. The interim financial report of the Trust as at and for the half-year ended 31 December 2008 comprises the Trust and its controlled entities CPV Wines Limited, Prince Hill Wines Limited, Prince Hill Wine Services Pty Ltd, Prince Hill Cellars Pty Ltd and The Wine List Pty Ltd.

The interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134 'Interim Financial Reporting' and the Corporations Act 2001.

The interim financial report does not include all of the information required for a full annual financial report and should be read in conjunction with the annual financial report of the Trust for the year ended 30 June 2008.

This interim financial report was approved by the directors on 26 February 2009.

The accounting policies applied by the Trust in this interim financial report are the same as those applied by the Trust in its financial report as at and for the year ended 30 June 2008.

2. DISTRIBUTIONS PAID

Distributions paid and payable are as follows.

| Distribution relating to: | Date paid/payable | Half-year December 2008 \$ | Half-year December 2007 \$ |
|----------------------------------|--------------------------|----------------------------------|----------------------------------|
| Quarter ended 30 June 2007 | Paid 31 August 2007 | - | 227,500 |
| Quarter ended 30 September 2007 | Paid 30 November 2007 | - | 227,500 |
| Quarter ended 31 December 2007 | Paid 28 February 2008 | - | 227,500 |
| Quarter ended 30 June 2008 | Paid 29 August 2008 | 157,500 | |
| Quarter ended 30 September 2008 | Paid 28 November 2008 | 140,000 | |
| Quarter ended 31 December 2008** | Payable 27 February 2009 | 140,000 | |

** February 2008 distribution announced to ASX on 17 December 2008 and accordingly is recognised in the half-year financial report.

3. EARNINGS PER UNIT

The number of units on issue in both the current and the corresponding half-year was 17,500,000. There are no dilutive securities.

4. CONTINGENT ASSETS AND LIABILITIES

The Trust has no contingent assets or liabilities.

5. EVENTS SUBSEQUENT TO REPORTING DATE

There have been no significant events after the reporting date.

Coonawarra Australia Property Trust

Notes to the Financial Statements for the half-year ended 31 December 2008

7. SEGMENT INFORMATION

| 2008 | Wine Distribution | Property | TOTAL | Eliminations / unallocated | Consolidated |
|-----------------------------------|----------------------|------------|-------------|-------------------------------|--------------|
| Revenue | | | | | |
| Sales to external customers | 856,040 | 1,544,820 | 2,400,860 | - | 2,400,860 |
| Inter-segment sales | - | - | - | - | - |
| Total Sales revenue | 856,040 | 1,544,820 | 2,400,860 | - | 2,400,860 |
| Other income (excluding interest) | 415,642 | 33,964 | 449,606 | - | 449,606 |
| | 1,271,682 | 1,578,784 | 2,850,466 | - | 2,850,466 |
| Interest Income | | | | | 18,617 |
| Total Consolidated Revenue | | | | | 2,869,083 |
| Results | | | | | |
| Segment Result | (1,910,217) | 130,558 | (1,779,659) | - | (1,779,659) |
| Net Interest Income / (expenses) | - | - | - | - | (483,979) |
| Profit before income tax benefit | - | - | - | - | (1,469,779) |
| Income tax benefit | - | - | - | - | (69,430) |
| Asset and Liabilities | | | | | |
| Segment Asset | 7,127,642 | 22,961,499 | 30,089,141 | - | 30,364,141 |
| Unallocated assets | - | - | - | - | - |
| Total assets | 7,127,642 | 22,961,499 | 30,089,141 | - | 30,364,141 |
| Segment Liabilities | 3,556,922 | 14,402,326 | 17,959,248 | - | 18,234,248 |
| Other Segment information | | | | | |
| Depreciation expense | 38,836 | 33,228 | 72,064 | - | 72,064 |
| | | | | | |
| 2007 | Wine Distribution | Property | TOTAL | Eliminations / unallocated | Consolidated |
| Revenue | | | | | |
| Sales to external customers | 3,975,585 | 1,557,948 | 5,533,533 | - | 5,533,533 |
| Inter-segment sales | - | - | - | - | - |
| Total Sales revenue | 3,975,585 | 1,557,948 | 5,533,533 | - | 5,533,533 |
| Other income (excluding interest) | 145,015 | - | 145,015 | - | 145,015 |
| | 4,120,600 | 1,557,948 | 5,678,548 | - | 5,678,548 |
| Interest Income | | | | | 69,927 |
| Total Consolidated Revenue | | | | | 5,748,475 |
| Results | | | | | |
| Segment Result | (775,896) | 397,251 | (378,645) | - | (378,645) |
| Net Interest Income / (expenses) | - | - | - | - | (390,967) |
| Profit before income tax benefit | - | - | - | - | (543,097) |
| Income tax benefit | - | - | - | - | 164,452 |
| Asset and Liabilities | | | | | |
| Segment Asset | 9,706,158 | 23,803,054 | 33,509,212 | | 33,509,212 |
| Unallocated assets | - | - | - | 5,188,377 | 5,188,377 |
| Total assets | 9,706,158 | 23,803,054 | 33,509,212 | 5,188,377 | 38,697,589 |
| Segment Liabilities | 7,801,733 | 7,265,084 | 15,066,817 | 2,995,000 | 18,061,817 |
| Other Segment information | | | | | |
| Depreciation expense | 171,224 | 33,212 | 204,436 | - | 204,436 |

Coonawarra Australia Property Trust

Notes to the Financial Statements for the half-year ended 31 December 2008

8. ADDITIONAL INFORMATION

The registered office and principal place of business is located at:

235 Glen Osmond Road, Frewville, South Australia 5063

Phone: +61 8 8338 3400 Fax: +61 8 8338 3244 email: enquiries@coonawarravineyard.com.au

Coonawarra Australia Property Trust

Directors' Declaration

The directors of the Responsible Entity declare that:

- 1) The financial statements and notes, as set out on pages 6 to 12:
 - a. comply with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations; and, i
 - b. give a true and fair view of the economic entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date.
- 2) In the directors' opinion there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable;

This declaration is made in accordance with a resolution of the Board of Directors.



Andrew Parkinson

Director

Adelaide, 26 February 2009



Grant Thornton

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W www.grantthornton.com.au

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF COONAWARRA AUSTRALIA PROPERTY TRUST

Report on the half-year financial report

We have reviewed the accompanying half-year financial report of Coonawarra Australia Property Trust (the Company) and consolidated entity, which comprises the condensed balance sheet as at 31 December 2008, and the condensed income statement, condensed statement of changes in equity and condensed cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration. The consolidated entity comprises both the Company and the entities it controlled at the half-year's end or from time to time during that half-year.

Directors' responsibility for the half-year financial report

The directors of the Company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards including the Australian Accounting Interpretations and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagement ASRE 2410: Review of an Interim and Other Financial Reports Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.



Grant Thornton

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF COONAWARRA AUSTRALIA PROPERTY TRUST (Cont)

Auditor's responsibility (Cont)

As the auditor of Coonawarra Australia Property Trust, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we complied with the independence requirements of the Corporations Act 2001.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Coonawarra Australia Property Trust is not in accordance with the Corporations Act 2001, including:

- a giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.

GRANT THORNTON
South Australian Partnership
Chartered Accountants



S J Gray
Partner

Signed at Wayville on this 26 day of February 2009