



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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Dear Sir

COONAWARRA AUSTRALIA PROPERTY TRUST ("CNR") BREACH OF BANKING COVENANTS UPDATE

As stated in the Annual Report 2009 issued 23 September 2009 by Coonawarra Australia Property Trust due to the devaluation of its vineyards the Trust and CPV Wines Ltd had breached certain banking covenants (the Loan Valuation Ratio was breached as well as the interest coverage ratio) following the receipt of formal valuations after year end.

Following discussions and correspondence with the bank, the finance facilities in the Annual Report 2009 due to the breach were reclassified to current liabilities as the finance facility became repayable on demand (unless the debt is reduced or top up security provided). The bank has not demanded repayment but has reserved its rights. The security for the facility is a registered first mortgage over the vineyard and a fixed and floating charge over all assets and undertakings of the Trust.

The Trust is continuing discussions with its bank to restructure its debt facility so that its financial covenants are more consistent with the financial performance of the business going forward. The Trust believes that net cash flows will allow the reduction in the level of debt by 30 November 2009 to partially address the Loan to Valuation Ratio and the Trust will continue to actively work with the Bank to ensure the continued availability of a finance facility appropriate to the needs of the Trust and its present operations and assets.

Yours Sincerely

Andrew Parkinson
Director
Company Secretary