

Dear Barry,

Saludos from The Vines of Mendoza!

As we enter the fourth growing season, the vines are sprouting green and growing extremely well. In addition to the 360 acres (145 hectares) planted in previous years, we are currently planting 115 acres (46 ha) for 25 new vineyard owners. We are also expanding the capacity of the winery in preparation for vintage 2011 and we are breaking ground on The Inn at The Vines of Mendoza in February 2011.

This report details the farming developments in the Private Vineyard Estates over the last three months. If you have any questions or would like to discuss anything related to your vineyard, please let us know and we'll be glad to set up a call.

Thank you for sharing our dream and joining us on this quest to make amazing wine.

Michael & Pablo



Michael Evans
Co-Founder



Pablo Giménez Riili
Co-Founder



The Vines of Mendoza | Private Vineyard Estates

WEATHER REPORT

During the spring (mid-September through December), the weather was dry and hot with some strong Zonda wind episodes. Fortunately, the vineyards did not suffer significant damages from the storm and frost, in general terms. This year, average temperatures (September to December) were 71°F / 22°C (high) and 43°F / 6°C (low).

AVERAGE RAINFALL	
PERIOD	MM / INCHES
Oct 2010	12.6 mm/0,496 in
Nov 2010	44.4 mm/1,748 in
Dec 2010	10.2 mm/0,401 in

AVERAGE TEMPERATURE			
PERIOD	HIGH	LOW	AVERAGE
Oct 2010	31°C / 87°F	4°C / 39°F	18°C / 64°F
Nov 2010	38°C / 100°F	5°C / 41°F	22°C / 71°F
Dec 2010	38°C / 100°F	7°C / 44°F	25°C / 77°F



OVERALL VINEYARD DEVELOPMENT

In September, as we moved into Spring, the annual vine cycle began with bud-break.

ANNUAL VINE CYCLE

The annual growth cycle of grapevines that begins with bud break in the spring, continues in autumn with leaf fall, and concludes with dormancy in winter. From a winemaking perspective, each step in the process plays a vital role in developing grapes with ideal characteristics for making wine. Agronomists monitor the effects of climate, vine disease and pests in facilitating or impeding the vines progression through bud break, flowering, fruit veraison (turning purple), harvesting, leaf fall and dormancy – performing tasks like canopy management, irrigation, vine training and the use of agrochemicals as needed.

Budbreak

The grape starts its annual growth cycle in the spring with bud break, which occurs in September in Mendoza. Tiny buds start to swell and eventually shoots begin to grow from the buds. Buds are the small part of the vine that rest between the vine's stem and leaf stem. Eventually the shoots sprout tiny leaves that can begin the process of photosynthesis, producing the energy to accelerate growth. In warm climates, after about 4 weeks the growth of the shoots starts to rapidly accelerate with the shoots growing in length an average of 3 cm (1in/0 a day. In your vineyard we had bud-break in early September.

Flowering

Depending on temperatures and varieties, 40-80 days after bud break flowering begins with small flower clusters appearing on the tips of the young shoots looking like buttons. Flowering occurs when average daily temperatures stay between 15-20 C (59-68 F), which in Mendoza happens around November. A few weeks after the initial cluster appears, the flowers start to grow and individual flowers become observable. It is during this stage of flowering that the pollination and fertilization of the grapevine takes place with the resulting product being a grape berry, containing 1-4 seeds.

Fruit Set

The fruit set stage follows flowering almost immediately, when the pollinated flower begins to develop a seed and grape berry to protect the seed. In Mendoza, this normally takes place in November. This stage is very critical for wine production since it determines the potential crop yield. Not every flower on the vine is pollinated, with the unfertilized flowers eventually falling off the vine. The percentage of pollinated flowers averages around 30, but it can range much lower to as high as 60. Climate and overall health of the vine play an important role. Factors like



low humidity, high temperatures and water stress have the potential to severely reduce the amount of flowers that are pollinated.

Coulure (blossom drop) occurs when there is an imbalance in the vine tissues and some berries fail to set or simply fall off the bunch.

In late October and early November we experienced some episodes of Zonda wind which affected the crops throughout the entire Mendoza region, not only the Uco valley.

VINEYARD MAINTENANCE | Spring Season

During the spring, we irrigated at a high flow rate using "fertigation" (irrigation + fertilization) to help the vines grow and develop. We carried out standard canopy management tasks, which include spring shoot thinning and shoot positioning. We also performed standard applications of herbicides and pesticides, as necessary.

Fertilization & Irrigation

During the Spring season, we irrigated your vineyard at a high flow rate eg. 4-5 mm/day. We also performed "fertigation" procedures, which means we applied fertilizers directly to the irrigation line to assist the plant during the growing season. In your vineyard, we distributed approximately 45 pounds of fertilizer per acre during the months of September to January while irrigating at a high flow rate.

Vineyard floor management

As you know, vineyard floor management encompasses weed and soil control. In your vineyard we applied herbicides for weed control in different occasions, October, December and upcoming February. In terms of the cover crop, in your vineyard it is the **natural** vegetation; no special crop has been planted. We mowed the cover crop twice, first in November and then again in January. Removal of stones was done manually in October, December and January.

Canopy Management

The management of the canopy during the spring months essentially refers to the removal of unwanted shoots to control and promote an adequate growth on the vine. Once the shoots have been selected they are positioned vertically to facilitate growth. We performed shoot thinning and training in your vineyard in October.

Disease Prevention

We performed standard applications of herbicides and pesticides, as necessary. Because of our dry climate, we generally have fewer pests and fungus than vineyards located in more humid environments. So Sulfur, an organic fungicide, was applied as a preventive measure to control the powdery mildew, which can proliferate in dry climates. The only pest we need to treat are ants. We have a team of people working every day spraying pesticides along the rows and in between the vines.

VINEYARD DEVELOPMENT SCHEDULE

During the summer (January through March), we will witness veraison, which is the stage in the growth cycle in which the grape's color begins to turn yellow (for white varieties) or dark red (for red varieties). Also, depending on the weather and rainfall, we will perform different procedures to control fungus diseases, if necessary.

Harvest typically occurs in late February for white varieties and mid to late March for red varieties.

CONCLUSION

We are very pleased with the overall progress of the vineyards. The plants are well established and heading towards maturity. We also prepared the vines for this fourth growing season by emphasizing canopy management, proper irrigation and fertilization. Assuming mother nature cooperates, we anticipate an excellent growing seasons and amazing grapes.

Thank you for your support and trust.



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