

Dear Barry,

Saludos from The Vines of Mendoza!

As the Private Vineyard Estates continue to grow, you have been able to witness the progress and growth first hand. After three growing seasons, your vineyard is producing very high quality grapes and we are currently making wine! We are extremely pleased with the fruit coming from the vineyards, confident we will create memorable wines, proud of the team that has accomplished this feat and thankful to all of our owners for believing in The Vines.

This report details the vineyard developments from last winter (July) through summer (March). We have also provided a specific report for your vineyard. 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 to discuss.

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



WEATHER REPORT (July 2009 – March 2010)

During the second half of 2009, over the winter months (July - September) we experienced sunny days with low temperatures and some unexpected snowfalls and freezing temperatures in late September. Average temperatures for the third quarter were 64° F / 18° C (high) and 39° F / 4° C (low). Over the spring months (September - December) the weather was dry and hot, with several episodes of Zonda wind. Average temperatures for the fourth quarter of 2009 were 80° F / 27° C (high) and 59° F / 15° C (low).

AVERAGE RAINFALL	
PERIOD	INCHS/MM
Jul 2009	0.023 in/ 0.6 mm
Aug 2009	0.36 in/ 9.2 mm
Sep 2009	1.20 in/ 30.7 mm
Oct 2009	0.015 in/ 0.4 mm
Nov 2009	0.37 in/ 9.6 mm
Dec 2009	0.68 in/ 17.3 mm

AVERAGE TEMPERATURE			
PERIOD	HIGH	LOW	AVERAGE
Jul 2009	59° F / 15° C	34° F / 1° C	46° F / 8° C
Aug 2009	68° F / 20° C	41° F / 5° C	55° F / 13° C
Sep 2009	64° F / 18° C	43° F / 6° C	53° F / 12° C
Oct 2009	77° F / 25° C	52° F / 11° C	64° F / 18° C
Nov 2009	82° F / 28° C	61° F / 16° C	71° F / 22° C
Dec 2009	82° F / 28° C	64° F / 18° C	73° F / 23° C

In the first quarter of 2010 (January through March), we experienced very high temperatures and several rainstorms, which is normal at this time of year. Average temperatures for this quarter were 86° F / 30° C (high) and 66° F / 19° C (low). Average rainfall for these first three months was 110 mm / 4.33 in.

AVERAGE RAINFALL	
PERIOD	INCHS/MM
Jan 2010	0.82 in/ 21 mm
Feb 2010	2.24 in/ 57 mm
Mar 2010	1.26 in/ 32 mm

AVERAGE TEMPERATURE			
PERIOD	HIGH	LOW	AVERAGE
Jan 2010	89° F / 32° C	70° F / 21° C	80° F / 27° C
Feb 2010	86° F / 30° C	64° F / 18° C	75° F / 24° C
Mar 2010	86° F / 30° C	68° F / 20° C	73° F / 23° C

VINEYARD DEVELOPMENT

Over the last year we have created the infrastructure for each of our Private Vineyard Estates in the next 300 acres of the project, which included drilling a second well, designing and constructing a world-class irrigation system, sourcing some of the best vines in the world and planting 10 varieties for 18 new owners.

For our first vineyards planted in 2007, during the winter months we performed pruning activities. In Spring we witnessed the beginning of the annual vine cycle with bud-break, followed by the stages of flowering and fruit set which are key and will determine how the harvest will result. We ended summer with our first harvest. We are very pleased with the quality of the grapes and the evolution of the wine so far.

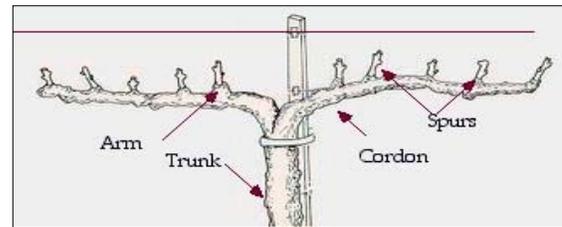
VINEYARD MAINTENANCE | Winter Season (July - September)

During the winter the most important task performed is pruning as it will shape the vine and determine the amount of fruit the plant will produce and potentially, its quality too.

PRUNING

The goal for pruning during the third season is to achieve a balanced vine with just the right amount of leaves to fully ripen the grapes.

Starting by the end of June, we chose two of the thickest canes and prune away the rest, establishing the cordons of the vine. These cordons will carry the shoots, which will carry fruit later in the season. Pruning makes the vine stronger, removing excess vegetation. Moreover, good pruning techniques provide a much more balanced vine. We also cut off canes that develop low on the trunk while they are still young.



Structure of the vine

CANOPY MANAGEMENT | Winter shoot training

After the vines have been pruned, we tied the canes (which will later become into cordons) to the fruit wire to assist the plant in its development.

TRELLIS SYSTEM MAINTENANCE

During the winter season we performed general maintenance tasks on the trellis system. We checked all posts in case there was one that needed to be replaced. We also tighten wires, and replaced any when needed.

IRRIGATION

During July and August, we irrigated your vineyard at low frequency but high intensity. We irrigated twice a month 24 mm/day. In September, we started irrigating at high flow rate (4-5 mm/day) to prepare the vines for growing season in September. We also performed standard maintenance tasks on the irrigation system, checking that drip emitters were not clogged, that the hoses were tight, and cleaned the main filter for each independently irrigated block.

PEST & FUNGUS MANAGEMENT

For pest control we use a mechanized sprayer against ants, and an additional application against ants with a backpack sprayer throughout your vineyard. During the months winter months we sprayed pesticide in between rows and around the perimeter of your vineyard. There were no applications of fungicides during the winter season.

VINEYARD MAINTENANCE | Spring Season (September - December)

During the Spring season, the most important event happening is the adequate development of the fruit set as it will have a direct effect on the quality and quantity of cluster the vine will develop during the season.

ANNUAL VINE CYCLE

The annual growth cycle of grapevines is the process that takes place in the vineyard each year, beginning with bud break in the spring and culminating in leaf fall in autumn followed by winter dormancy. From a winemaking perspective, each step in the process plays a vital role in the development of grapes with ideal characteristics for making wine. Agronomists monitor the effect of climate, vine disease and pests in facilitating or impeding the vines progression from bud break, flowering, fruit set, veraison, harvesting, leaf fall and dormancy-reacting if need be with the use of viticultural practices like canopy management, irrigation, vine training and the use of agrochemicals.

BUDBREAK

The grape starts its annual growth cycle in the spring with bud break, which in the Mendoza occurs in September. 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 (1 in) a day. In your vineyard we had bud-break in early September.

FLOWERING

Depending on temperatures and varieties, 40-80 days after bud break the process of 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 the Mendoza happens around November. A few weeks after the initial clusters appears, the flowers start to grow in size with individual flowers becoming 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.



Budbreak and flowering of a vine.

FRUIT SET

The stage of fruit set 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 can get as high as 60 or be much lower. Climate and overall health of the vine play an important role. Factors like low humidity, high temperatures and water stress have the potential of severely reduce the amount flowers that are pollinated.



Fruit set of a vine.

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 yields crops in all of the Mendoza region, not only the Uco Valley. Fortunately, the quality of the grapes was not diminished in any way.

FERTILIZATION & IRRIGATION

During the Spring season, we irrigated your vineyard in high flow rate i.e. 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 110 pounds of fertilizer per acre during the months of September to January irrigating at a high flow rate.

VINEYARD FLOOR MANAGEMENT

As you know, vineyard floor management encompasses soil and weed control. In your vineyard we applied herbicides for weed control in different occasions, October, December and February. In terms of the cover crop, in your vineyard, the cover crop 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 basically 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.

VINEYARD MAINTENANCE | Summer Season (December - March)

ANNUAL VINE CYCLE

VERAISON: is a viticulture (wine-making) term meaning "the onset of ripening". It is evident in the change of color of the grape berries. It represents the transition from berry growth to berry ripening, and many changes in berry development occur at this stage. In your vineyard we witnessed veraison in January.



Berries undergoing veraison

IRRIGATION

During the summer months we irrigated your vineyard at a high flow rate to help the plant grow and develop. At the end of the season as the growing cycle ends, we switched to a low flow irrigation rate – this water restriction will enhance color and concentrate flavors and sugar by a controlled grape dehydration – this process is also known as water stress.

CANOPY MANAGEMENT

Topping

In January, after shoot thinning, we carried out “topping” in your vineyard. This activity consists of cutting any shoots that surpass 40 cm / 15 inches from the structure wire. For plant that are established and under production, topping serves to regulate the yield, i.e. the amount of fruit that the plant will produce, and it also regulates the growth of the vine, so the plant can focus its energy and nutrients in ripening the clusters.

PEST AND FUNGUS CONTROL

For pest control, particularly against ants, we use a mechanized sprayer, and also applications with a backpack sprayer. During the months of August, October, January and March we sprayed pesticide in between rows and around the perimeter of your vineyard.

For fungus control, particularly Powdery Mildew and Downy Mildew, we used mechanized sprayers to apply fungicides. We used copper and sulfur as fungicides, which are products authorized for use in organic vineyards. On average each application consist of 121 gr. per acre, depending on the weather. For the period between July – March we did not encounter major fungus problems. We performed standard applications in your vineyard from September to March.

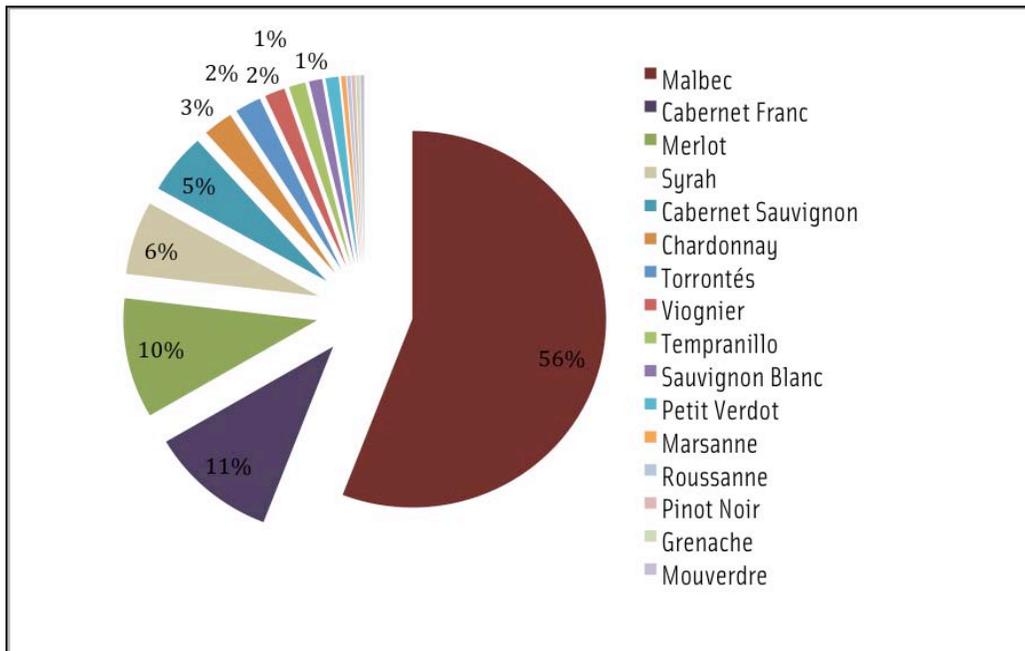


The Vines of Mendoza | Private Vineyard Estates

PRIVATE VINEYARD ESTATE STATISTICS

OVERALL VARIETAL PERCENTAGES PLANTED FROM 2007 TO 2009

PLANTING YEAR	2007	2008	2009	TOTAL TO DATE
Acres	108,15	141	77.5	326,65
Hectares	48.79	57.06	31	136,85
Plants	217,519	302,032	176,453	696,004
Individual Vineyards	21	27	18	66



VINEYARD DEVELOPMENT SCHEDULE

At the beginning of the autumn season (April) we will start preparing the vines for winter season decreasing irrigation to a minimum, following with pruning tasks in June.

CONCLUSION

This third growing season is a success. We are very pleased with the overall progress of the vineyards and the results of our first harvest.

Over the winter and spring seasons, we focused our attention on vineyard maintenance, which is critical to the development of the vine during the first years in order to achieve a good oenological level. We also had excellent results from pruning and shoot thinning. We began preparing the vines for this third growing season by emphasizing canopy management, proper irrigation and fertilization. The results are grapes of an amazing quality, and as they ferment in the tanks, they promise great wines.

Thank you for your support and trust.



The Vines of Mendoza | Private Vineyard Estates

INDIVIDUALIZED VINEYARD INFORMATION

CHAIKEN | Chaiken Vineyard

We are pleased to inform you that your vineyard is in optimum condition: the vines are healthy and have grown and developed as expected. We have not found any fungal diseases in your vineyard, and the only pest control being carried out is ant control, which is being done throughout the entire property.



Chaiken Vineyard