



CHAIKEN VINEYARD

Dear Barry,

We are writing to give you an update on what has been happening at your vineyard and in the winery over the last few months.

Even though the 2012 wines are safely resting in their tanks and barrels, our winery is still bustling. The wines have finished malolactic fermentation, an important process that makes the wine softer, rounder and richer – simply more delicious!

Meanwhile, we are also racking the wines in order to eliminate unwanted sediments. After, batonage (stirring of the lees) will occur every 15 days. This enhances the wine's mouthfeel and structure. Our winemaking team is tasting the 2011 wines on a regular basis in preparation for bottling in the end of September.

Resort construction is progressing well, and the team is working hard to open in time for Harvest 2013. It has been really incredible to watch the walks go up and the roofs on the villas. We are in final negotiations with a rock star chef and an outstanding general manager – news soon!

The vineyards are very quiet now, as it is winter and the vines are dormant. We are finishing pruning, an important annual task that defines the structure of the vine, and preparing to plant new 2012 vineyards.

The report attached details our winter vineyard management team activities. Please don't hesitate to let us know if you have any questions.

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

This year we started winter with a wonderful snowfall in the vineyard (see picture below). We are currently having a standard winter with some relatively warm days. Average temperatures during the months of June through mid-August were 61° F / 16° C (high) and 34° F / 1° C (low).



July 2nd, 2012

The Vines of Mendoza | Private Vineyard Estates

OVERALL VINEYARD DEVELOPMENT

As we move through the winter, the vines have lost all of their leaves and slowly entered dormancy. We are now finishing with pruning of all of the vines.

ANNUAL VINE CYCLE

Leaf drop is a stage of complex physiological changes within plants. During the fall, the process of photosynthesis continues, producing carbohydrate reserves to store in the vines' roots and trunks. This continues until enough reserves have been stored. At that point, the chlorophyll in the leaves begins to break down and the leaves change color from green to yellow. Following the first frost, the leaves begin to fall as the vines starts to enter dormancy.

The entire vine cycle starts in the early spring with bud break and ends with leaf fall in autumn. We are now finalizing with dormancy that takes place part of the fall and the winter. The vines are leafless due to the low temperatures of the soil that makes the absorption of the nutrients difficult. In the early spring, bud break begins in the Finca. The plant starts to absorb the nutrients of the soil as the temperature increases and the plant buds start to swell getting ready for their blossom.

VINEYARD MAINTENANCE | Fall Season

Fertilization & Irrigation

From May to July, we irrigated your vineyard only twice a month to maintain the moisture of the soil. We did not apply any fertilizer due to the fact that during the winter months the plant is dormant and needs minimal resources.



Irrigation system maintenance

Tasks for the proper maintenance of the irrigation systems are tightening of hoses, if needed; checking the drip emitters to be sure they are in good condition, cleaning of filters, etc.

TRAINING & TRELLIS SYSTEM

During the months of May and June we performed standard maintenance tasks including replacement of growing tubes, training stakes and tightening of the wires where necessary.

PRUNING



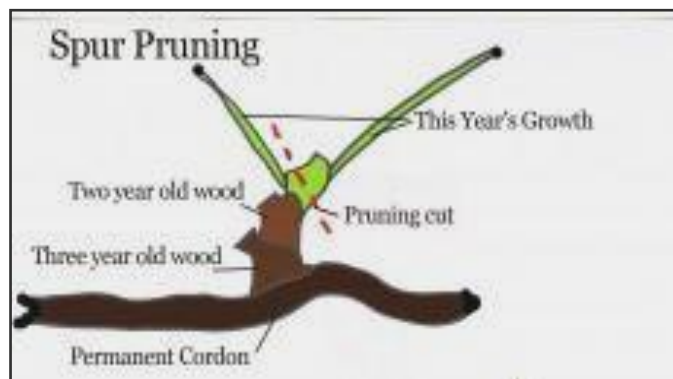
Unpruned vines

Winter pruning is performed during the vine's period of dormancy, typically over the winter months. In young vines, like yours, this is one of the most important tasks to carry out in the vineyard as it defines the structure of the vine for years to come. In older vines, winter pruning becomes critical to controlling the crop size, the quality of the grapes and to keep the growth of the vines manageable.

There are several ways of pruning vines, but our Vineyard Development Team, together with our consultants Diego Reina and Santiago Achaval, agreed that the best option was to prune all vineyards in accordance with the bilateral cordon system. With this method, the vines have a short trunk, about 19 in / 60 cm, and have 2 permanent branches, or cordons, which are trained along a wire on both sides of the vine. The cordon, which is never pruned away, bears a number of spurs, which are subject to spur pruning each year. The annual pruning removes the previous year's fruiting canes or spurs. Because fruit is only produced on shoots growing from one-year-old canes, healthy new canes must be produced by the vine every year. This winter we spur pruned your vineyard, completely removing the cane that is the farthest away from the permanent cordon. The cane that is the closest was pruned back to two buds, which will grow into next year's spurs. The new fruiting canes will grow from these remaining spurs.

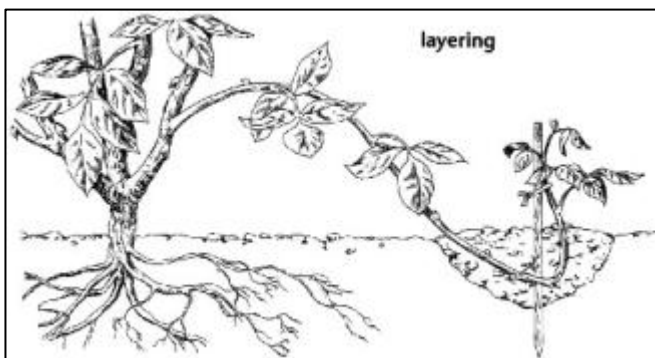


Pruned vines



GRAPE LAYERING

This year we have layered some plants in the 2007, 2008 and some 2009 vineyards. It is a common practice in established vineyards. The purpose is to replant a vine by using a part of a neighbor plant. It is the best option in order to make sure this new plant does not work against the neighbor vines that already have well established roots.



Some of the canes are allowed to lie on or touch the ground and then are partially covered with soil. In this method, a narrow trench about 10 to 15 inches deep is dug in early spring where a new plant is desired. A healthy cane originated from the closest cordon of the neighboring vine is bent down to the bottom of the trench and vertically back up to bring two or more tip buds

above the soil surface. When shoots emerge on the part of the cane connecting the new plant to the mother plant, they should be stripped as only the shoots from the buds of the protruding cane should be allowed to grow. The end should be exposed and allowed to grow. Roots should form on the stem buried under the soil.

The new plant will never lose its connection with the mother vine. This “connection” assures the new vine is protected against nematodes and phylloxera provided by the rootstock in the mother plant.



Grape layering at The Vines of Mendoza | Private Vineyard Estates

VINEYARD DEVELOPMENT SCHEDULE

After pruning, we will increase the irrigation flow rate in order to prepare the plant for bud break. The goal is to create a homogeneous humid environment for the roots so that when the outer weather conditions are appropriate in the spring, the plant is surrounded by sufficient water to start bud break in the most efficient way.

CONCLUSION

We are very pleased with the overall progress of the vineyards. The plants are well established and heading towards maturity. Over the fall season, we focused on pruning, which is critical to the development of the vines. Assuming Mother Nature cooperates, we anticipate an excellent growing season and amazing grapes!

Thank you for your support and trust. If you have any questions or concerns, please do not hesitate to let us know.

