



AUSTRALIAN VINTAGE LTD

**Company Announcements
Australian Securities Exchange**

2 December 2022

AVG executes sale and leaseback of commercial vineyards underpinning the execution of our strategic plan including acquisitions and reducing debt

Australian Vintage Limited (ASX: AVG) is pleased to announce that we have entered into a new partnership with Warakirri Asset Management (WAM) for the sale and leaseback of some of our commercial vineyards generating proceeds of \$62.5 million. Warakirri Asset Management is one of the largest and most experienced agricultural fund managers in Australia, managing assets for local investors as well as pension funds in North America and Europe.

The two vineyards that we have entered into binding agreements for are Coldridge in Loxton, South Australia and Grande Junction in Pomona, NSW, including associated water rights. Coldridge and Grande Junction are two commercial vineyards that produce ~ 23,000 tonnes of wine grapes per annum.

The summary of the transaction is:

- Gross proceeds received of \$62.5 million for the sale of ~1,300ha of land and ~3,700ML of water, reflecting more than double current balance sheet value
- AVG will continue to manage, operate and offtake from the vineyards
- A lease term of 10 + 10 years at market rates with AVG having a first right of refusal over the assets
- WAM and AVG will work together on vineyard developments to continue to maximise the yield output

The Foreign Investment Review Board (FIRB) has approved the transaction. We expect this transaction to settle in late December.

AVG's CEO Craig Garvin said *"we are really pleased to be able to work with Warakirri, known for their world class capability within the agricultural sector, on this opportunity. Warakirri have committed to further enhance and develop the vineyards thereby improving yield output and avoiding a large drain on our own capital resources. We believe this deal will provide a better use of funds and improve our Return On Capital Employed (ROCE).*

This deal unlocks significant value from our balance sheet that allows us, in very challenging market conditions, to pay down debt, to continue to invest in our brands, and consider higher margin acquisition opportunities. This deal helps underwrite the guidance provided at our AGM and allows us to continue to grow market share globally, underpinning our strategic plan."

This announcement was authorised for release by the Board.

Further information

Craig Garvin
Chief Executive Officer
02 4998 4199

Adam Rigano
Chief Financial Officer
08 8172 8333