



AUSTRALIAN VINTAGE LTD

ABN 78 052 179 932

**Company Announcements
Australian Securities Exchange**

3 May 2017

Australian Vintage Ltd. Raises \$16.5 million in Share Placement to Vintage China Fund, L.P.

Key Points

- Australian Vintage Limited ('AVL') enters agreement with Vintage China Fund L.P. for the placement of 35,939,389 AVL shares
- Total of \$16.5 million raised with price per share of 46.01 cents
- Exclusive distribution agreement in China covering the supply of specific AVL products (excl. McGuigan)
- Vintage China Fund L.P. director, Dixon (Jiang Yuan) will become a director of AVL
- Funds from the issue of shares to be put towards capital projects and reducing debt

Australian Vintage (ASX:AVG) has entered into a subscription agreement with **Vintage China Fund, L.P.** – a new partnership established by the founders of China's largest online wine retailer, YesMyWine.

The subscription agreement provides for the placement of 15% of AVL's existing capital (35,939,389 shares) to Vintage China Fund, L.P. at a price of 46.01 cents per share and will raise \$16.5 million.

The placement share price is based on a 7.1% premium on the Value Weighted Average Price (VWAP) for the five business days up to and including 1 May 2017 and is earnings per share positive.

As part of the deal, Australian Vintage (AVL) enters into an exclusive distribution agreement with Vintage China Fund, L.P. covering the supply of specific AVL products (excluding the McGuigan Brand) into China. The deal will complement the existing distribution agreement AVL has with COFCO W&W International Co. Ltd – part of China's largest food processing, manufacturer and trader, COFCO.

Commenting on the agreement, CEO of AVL, Neil McGuigan said;

"This investment is a very exciting development for AVL and a great endorsement of our company, people and the quality of our brands. We already have a strong presence in a number of key global wine markets including the UK, North America and China, but in order for us to become a large player in those markets, particularly China, we need to continue to increase our sales footprint and build other brands around our already strong McGuigan base created by COFCO.

"This long-term, strategic partnership will deliver positive distribution and help build sales outside our traditional markets, thus creating natural financial hedges for the business. This, coupled with the recently signed distribution agreement with Palm Bay in the USA, is continuing to evolve our company into a truly global branded wine business."

As part of the placement deal, Vintage China Fund, L.P. director, Dixon (Jiang Yuan) will become a director of AVL, joining existing Board members Richard Davis, Neil McGuigan, Perry Gunner, Peter Perrin, John Davies and Naseema Sparks.

Dixon (Jiang Yuan) is the founder of www.yesmywine.com, the largest imported wine platform in the world, based in China. He is well known for pioneering data analytics. Having been an innovator and early mover in imported wines, his particular interest is in driving profitable sales growth in imported wines in China, and working on the most efficient ways in building brand presence.

Vintage China Fund, L.P. director, Dixon (Jiang Yuan), stated; "We are very excited about our investment in AVL. We have observed over many years the high quality wine that the company produces, from popular premium all the way through to super premium and their international wine show performance has been second to none.

"The company's branded growth in the traditional global markets for Australian wine has also been very impressive. AVL's performance in Asia is pleasing but we believe we will be able to provide platforms and channels that will help step change the business in what will arguably be the largest market for wine in the world."

Dixon (Jiang Yuan) has confirmed it is his intention to offer his resignation as a director of AVL in the event that Vintage China Fund, L.P.'s shareholding in AVL falls below 10%.

The funds from AVL's placement deal with Vintage China Fund, L.P. will be put towards a number of capital projects designed to;

- Drive the global growth of its core brands
- Reduce its cost base and drive greater efficiency
- Grow its presence in new export markets

75% of the funds from the share placement will be used for capital projects, mainly at AVL's Buronga Winery and Merbein Packaging Facility with the balance used to reduce debt.

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