



AUSTRALIAN VINTAGE LTD

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Australian Vintage Sells Loxton winery for \$27 Million

Australian Vintage Limited today signed binding agreements for the sale of the 90,000 tonne Loxton Winery and Austflavour assets to TWG Australia II Pty Ltd (TWG Australia), a fully owned subsidiary of The Wine Group LLC based in California, USA. Settlement is expected to occur on 18 August 2011.

TWG Australia will offer employment to all existing permanent staff working at the Loxton Winery. AVL will retain the Austflavour business and staff.

A 3 year storage arrangement has been entered into between Australian Vintage and TWG Australia.

Existing grower contracts for the supply of grapes from the Riverland region will be retained by Australian Vintage.

Australian Vintage CEO, Neil McGuigan said "Loxton has been an important part of our history and its facilities and people are first class. The staff have made a significant contribution to our business and I am pleased that TWG Australia will offer them continued employment. We have entered into a lease arrangement with TWG Australia to occupy the Austflavour area at the Loxton Winery until January 2012 at which point we will reassess the future of the Austflavour business."

"Some three years ago we said that the company's future would be underpinned by three fundamental strategies: grow export, build our branded sales and be the lowest cost producer of quality wine. The sale of the Loxton Winery is the most important step in executing our strategy to be the lowest cost premium wine producer and this will continue to allow us to over deliver on quality at every price point. It follows the exit of underutilised assets over the past three to four years including the Lenswood Winery, Griffith Winery and Hunter Ridge Winery."

"The net funds from the sale of the Loxton Winery will be used to pay off debt"

David Kent, The Wine Group CEO, added "We are very pleased to be adding the Loxton team and winery to our existing Griffith, Australia operations and we intend to operate both wineries at full capacity".

Further information

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