

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Australian Vintage Limited (the “**Company**”) will be held in the Grand Lodge Room, Sydney Masonic Centre, 66 Goulburn Street, Sydney, on Wednesday 28 November, 2012 at 3.00 pm Sydney time.

Ordinary business

A. Accounts

To consider and receive the Financial Report, the Directors’ Report and the Auditor’s Report of the Company for the year ended 30 June 2012.

*Australian Vintage Limited 30 June, 2012 Annual Report is now available at:
www.australianvintage.com.au/Investors/AnnualReports.aspx*

B. Re-election of a Director

Resolution 1

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

“That Richard H Davis is re-elected as a Director of the Company.”

C. Re-election of a Director

Resolution 2

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

“That Brian J McGuigan is re-elected as a Director of the Company.”

D. Adoption of Remuneration Report

Resolution 3

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

“That the Remuneration Report of the Company for the year ended 30 June 2012 be adopted.”


Note:

The vote on this item is advisory only and does not bind the Directors or the Company. Shareholders should note that as a result of amendments to the Corporations Act 2001 (as amended), the result of the vote on this item may affect how next year’s Annual General Meeting is run.

Voting Exclusion Statement (Corporations Act 2001 (as amended)):

The Company will not accept any votes cast on this item by or on behalf of a person who is disclosed in the Remuneration Report as one of the key management personnel of the Company (including the directors), or a closely related party of that person (as these persons are not entitled to vote on the resolution in their own capacity). However, such a person may cast a vote on this resolution if they do so as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form.

If you have appointed the Chairman of the meeting as your proxy and you do not mark either “For”, “Against” or “Abstain” on the proxy form, you expressly authorise the Chairman to exercise any proxies held by him. The Chairman intends to vote any undirected proxies in favour of Resolution 3 (Remuneration Report).





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Special Business

E. Approval of the AVG Performance Rights and Option Plan

Resolution 4

To consider and, if thought fit, pass the following ordinary resolution:

"That approval is given as required by the Corporations Act and ASX Listing Rules for:

- a) The establishment of the **AVG Performance Rights and Option Plan** ("**Plan**") providing incentives to eligible Company employees ("**Participants**");*
- b) The grant of performance rights or options, and the subsequent issue or transfer of ordinary Company shares, to Participants under the Plan; and*
- c) The provision of benefits to Participants under the Plan."*

F. Grant of performance rights to the CEO and Executive Director, Neil McGuigan

Resolution 5

To consider and, if thought fit, pass the following ordinary resolution:

"That approval is given as required by the Corporations Act and ASX Listing Rules for:

- a) The grant of **395,257** performance rights under the Plan to Neil McGuigan on **13 August 2012**; and*
- b) The acquisition of shares in the Company on the vesting of those performance rights in accordance with the Plan Rules as described in the Explanatory Statement accompanying this Notice of Meeting."*

G. Approval of termination payment to the CEO and Executive Director, Neil McGuigan

Resolution 6

To consider and, if thought fit, pass the following ordinary resolution:

"That approval is given for the purposes of Chapter 2D Division 2 of the Corporations Act and all other purposes for the payment by the Company to Neil McGuigan of the retirement benefit described in the Explanatory Statement accompanying this Notice of Meeting, when and if Neil McGuigan becomes entitled to receive that benefit."

Notes

1. Entitlement to Attend and Vote

For the purposes of the meeting, those shareholders who are registered members as at the close of business (7 pm Sydney time) on 26 November 2012 will be voting members for the meeting. Accordingly, transactions registered after that time will be disregarded in determining shareholders entitled to attend and vote at the meeting.

Voting Exclusion Statement

The Company will disregard any votes cast on **Resolution 4** by a Director of the Company entitled to participate in the Plan and an associate of those persons.

The Company will disregard any votes cast on **Resolution 5** by a Director of the Company entitled to participate in the Plan and, if under rule 10.14.3 of the ASX Rules the ASX requires approval for participating in the Plan by anyone else, that person and an associate of those persons.

The Company will disregard any votes cast on **Resolution 6** by Neil McGuigan and an associate of Neil McGuigan.

Notes

The Company need not disregard a vote on **Resolutions 4-6** if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

A vote must not be cast on resolutions 4, 5 and 6 by the Company's key management personnel, or a closely related party of any key management personnel, acting as a proxy, if their appointment does not specify the way the proxy is to vote on the resolutions. This voting exclusion does not apply if the key management personnel is the chair of the meeting acting as proxy and their appointment expressly authorises the chair to exercise the proxy even though the resolutions are connected with the remuneration of a member of the key management personnel for the Company's. The Chairman intends to vote any undirected proxies in favour of Resolutions 4, 5 and 6.

2. Appointment of Proxies

A member entitled to attend and vote at the above meeting is entitled to appoint a person as its proxy to attend and vote for the member at the meeting. An appointed proxy need not be a member of the Company and may be an individual or a body corporate.

A proxy appointed to attend and vote for a member has the same rights as the member to speak at the meeting and to join in a demand for a poll. An appointment may specify the number or proportion of the member's votes that the proxy is to exercise.

If you are entitled to cast two or more votes on a resolution at the meeting, you may appoint two separate proxies to vote on your behalf. Where two proxies are appointed, you may specify the number or proportion of votes that each may exercise, failing which each may exercise half of your votes. Fractions of votes will be disregarded.

A proxy form has been included with this Notice of Meeting. Further instructions on proxy voting are located on the back of the proxy form. If you wish to appoint a second proxy, please contact the Company's Share Registry, Computershare Investor Services Pty Limited, to acquire a second form. Contact details are located on the proxy form accompanying this notice.

The Proxy Form must be sent and received in accordance with Note 4 below.

3. Power of Attorney

If a shareholder has appointed an attorney to attend and vote at the meeting (or if a proxy form is signed by an attorney), the power of attorney, or a certified copy of the power of attorney, must be sent and received in accordance with Note 4 below.

4. Proxy Form and Power of Attorney Delivery

To be effective either the original or a facsimile transmission of the proxy and any power of attorney, or a certified copy of the power of attorney, (if any) under which the proxy is signed must be received at the Company's Share Registry, Computershare Investor Services Pty Limited in the envelope provided (if mailing within Australia) or at GPO Box 242, Melbourne VIC 3000 (facsimile 1800 783 447 (within Australia) +61 3 9473 2555 (outside Australia)), no later than 3.00 pm Sydney time on 26 November 2012.

Online voting – You can submit your proxy appointment online by visiting www.investorvote.com.au. To use the online facility you will need your Securityholder Reference Number (SRN) or Holder Identification Number (HIN) and postcode as shown on your proxy form. You will be taken to have signed the proxy form if you lodge it in accordance with the instructions on the website.

Custodian voting - For Intermediary Online subscribers only (custodians) please visit www.intermediaryonline.com to submit your voting intentions.



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5. Corporate Representatives

If a corporate representative is to attend the meeting on behalf of a corporate member, a formal notice of appointment must be brought to the meeting. A copy of a valid form of appointment can be obtained from the Company's Share Registry or at www.computershare.com.au.

6. Questions and Comments by Members

Questions regarding Company management and the Remuneration Report

In accordance with the Corporations Act 2001 (as amended), the chairperson of the meeting will allow a reasonable opportunity for members – *as a whole* – at the meeting to ask questions about, or make comments on, the management of the Company and the Remuneration Report.

Questions regarding the Company's audit and accounting policies

The chairperson will allow a reasonable opportunity for members at the meeting to ask questions of a representative of the Company's Auditor, Deloitte Touche Tohmatsu, relevant to the conduct of the audit, the preparation and content of the Auditor's Report, the accounting policies adopted by the Company in relation to the preparation of the Financial Statements and the independence of the Auditor in relation to the conduct of the audit.


Pursuant to the Corporations Act 2001 (as amended), members may submit written questions to the Company's Auditor relevant to the content of the Auditor's Report to be considered at the Annual General Meeting or the conduct of the audit of the Financial Report to be considered at the Annual General Meeting.

Questions to the Company's Auditor must be given to the Company no later than Wednesday 21 November 2012. The Company may examine the contents, and make a copy, of any question so submitted. A list of relevant written questions prepared by the Company's Auditor will be made available to members attending the Annual General Meeting before the start of the meeting.

The chairperson of the Annual General Meeting will allow a reasonable opportunity at the meeting for a representative of the Company's Auditor to answer any written questions submitted in accordance with the above procedure. If the Company's Auditor has prepared written answers to written questions, the chairperson may allow these to be tabled at the meeting and such written answers will be made available to members as soon as practicable after the meeting.

Please send any written questions for the Company's Auditor to the Company at its registered office at 275 Sir Donald Bradman Drive, Cowandilla SA 5033 or by facsimile on (08) 8172 8399 by no later than 5:00pm EST on Wednesday 21 November 2012.

Dated: 2nd October 2012



Michael Noack
Company Secretary
By Order of the Board

Explanatory Notes on Items of Business

Ordinary Business

Resolution 1:

Re-election of Richard H Davis

Richard H Davis retires in accordance with the rotation procedure in Rule 89 of the Company's Constitution and, being eligible, offers himself for re-election.

Mr. Davis has been a Non-Executive Director of the Company since 2009.

Resolution 2:

Re-election of Brian J McGuigan

Brian J McGuigan retires in accordance with the rotation procedure in Rule 89 of the Company's Constitution and, being eligible, offers himself for re-election.

Mr. McGuigan has over 45 years of experience in the wine industry and has helped develop the Company to be one of the largest listed wine companies in Australia.

Resolution 3:

Remuneration Report

The Remuneration Report for the year ended 30 June 2012 is contained within the Directors Report of the company for the financial year ended 30 June 2012.

Pursuant to section 250R(2) of the Corporations Act 2001 (as amended), a resolution that the Remuneration Report be adopted will be put to the vote at the Company's Annual General Meeting. The vote on the proposed resolution is advisory only and does not bind the directors or the Company.

The chairperson of the Annual General Meeting will allow a reasonable opportunity for members to ask questions about, or make comments on, the Remuneration Report.

Special Business

Resolution 4:

Approval of the AVG Performance Rights and Option Plan

Shareholder approval of a new employee incentive plan (the AVG Performance Rights and Option Plan ("Plan")) is sought under the Corporations Act and ASX Listing Rules.

The aim of the Plan is to align long term incentives for senior executives with the delivery of key performance measures and to align them with Company and Shareholder objectives.

The Plan allows the grant of either performance rights ("Performance Rights") or options ("Options") to participants ("Participants"). A Performance Right is a right to acquire a Share (being a "Plan Share"), subject to the satisfaction of conditions outlined in the invitation. An Option is a right to acquire a Plan Share subject to the satisfaction of conditions, and payment of the exercise price outlined in the invitation.

The AVG Employee Share Scheme Trust ("Trust") has been established to manage the issue of Performance Rights and Options under the Plan, and the subsequent issue of Plan Shares.

A grant of Plan Shares under the Plan is subject to both the rules of the Plan ("Plan Rules") and the terms of the trust deed ("Trust Deed").



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Explanatory Notes on Items of Business

In the future, it is proposed that grants of Performance Rights or Options under the Plan will be made annually, following announcement of the Company's full-year financial results. The Board will have discretion to make grants at other times. The Plan Rules provide the Board with flexibility in relation to annual offers. Any future issues under the Plan to a director will only be made if shareholder approval is received.

Plan Rules

A copy of the Plan Rules or the Trust Deed may be requested from the Company Secretary.

The following is a summary of the Plan Rules.

- Participation is by invitation only to eligible employees invited by the Board to apply.
- The Plan provides Participants with an increased incentive to make a contribution to the long term sustainable performance of the Company. The grant of Performance Rights or Options to Participants entitles them to be granted an equivalent number of Shares upon vesting, and in the case of Options, payment of the exercise price.
- Participants do not pay any consideration to acquire Performance Rights or Options.
- Participants do not pay any consideration for Performance Rights becoming Plan Shares. Participants must pay the exercise cost for Options becoming Plan Shares.
- Vesting of Performance Rights or Options is subject to vesting conditions (including service and performance conditions) determined by the Board.
- Plan Shares will rank *pari passu* with all existing Shares from the date of allocation and will be entitled to any dividends or other distributions which have a record date for determining entitlements after the date of issue.
- The maximum number of Performance Rights and Options which may be granted under the Plan must not exceed 5% of the total issued capital of the Company at the time of the grant of the Performance Rights (assuming all Performance Rights and Options are exercised and when aggregated with any shares issued in the last 5 years under any other employee share scheme operated by the Company, excluding unregulated offers).
- 1,383,400 Performance Rights are outstanding under the Plan, at the date of this notice.

Requirements for approval

ASX Listing Rule ("LR") 7.1 limits the number of equity securities the Company may issue without Shareholder approval to 15% of each class of securities within any 12 month period.

Exception 9 of LR 7.2 provides that the 15% restriction in LR 7.1 will not apply to an issue of Performance Rights, Options or Plan Shares issued on exercise of vested Performance Rights or Options under the Plan where the issue of securities under the Plan has been approved by a resolution of Shareholders made during the previous 3 years.

Shareholder approval for future issues of Plan Shares under the Plan is sought for the purposes of Exception 9 of LR 7.2 so that any Shares issued under the Plan are excluded from the calculation of the maximum number of new securities that can be issued under ASX LR 7 thus giving the Board flexibility to issue Plan Shares during the next 3 years.

Director's recommendation

The Board unanimously recommends that Shareholders vote in favour of the approval of the AVG Performance Rights and Option Plan.

Resolution 5:

Approval of the Long Term Incentive (LTI) Invitation grant of Performance Rights to Neil McGuigan ("the McGuigan Performance Rights").

Approval is sought for the grant of 395,257 Performance Rights in the Plan to Neil McGuigan on 13 August 2012 subject to the terms and conditions of the LTI invitation.

Explanatory Notes on Items of Business

Under the ASX Listing Rules, an issue of securities to a Director requires shareholder approval. This requirement does not apply in respect of securities purchased on-market.

The McGuigan Performance Rights were granted on a restricted basis: namely, subject to on-market purchase of Company Shares to settle the exercise of McGuigan Performance Rights at vesting. Shareholder approval is sought to remove this restriction and allow the Company to settle the exercise of any vested McGuigan Performance Rights from a new issue of Company Shares.

ASX LR 10.15 requires this Notice of Meeting to include the following information in relation to the McGuigan Performance Rights.

Terms & Conditions of August 2012 LTI Invitation grant of Performance Rights

Maximum number of Shares: Any vested McGuigan Performance Right will convert to one ordinary Share on exercise. The maximum number of Shares that may be acquired by Mr. McGuigan, for which Shareholder approval is sought, is 395,257 Shares.

Vesting Condition: The number of McGuigan Performance Rights which will vest in accordance with the Plan Rules and the invitation is dependant on and subject to both a Performance and Service Vesting Condition.

Performance Condition Earnings Per Share (EPS) Measure: 50% of the McGuigan Performance Rights will vest if the cumulative EPS for the Company for the financial years 2013 to 2016 inclusive is at least 28.08 cents (10% CAGR using a base of 5.5 cents). 100% of the McGuigan Performance Rights will vest if the cumulative EPS for the Company for the financial years 2013 to 2016 inclusive is at least 31.58 cents (15% CAGR using a base of 5.5 cents). Interpolated vesting between 50% and 100% on a straight line basis will occur where the Company achieves a cumulative EPS for the financial years 2013 to 2016 between 28.08 cents and 31.58 cents.

For the August 2012 LTI Invitation, ESP is defined as:

- Annual reported Net Profit after Tax Profit (or equivalent)
- +/-: Valuation adjustments
- +/-: any adjustment deemed fair and appropriate by the Board, in the Board's absolute discretion.

Adjusted Net after Tax Profit (EPS for August 2012 LTI Invitation purposes)

Service Condition: Continuous employment with the Company from grant date to Vesting Date.

Vesting of Performance Rights

Performance Rights which fail to meet the Service Condition will lapse immediately.

Performance Rights which fail to meet the Performance Condition on the Vesting Date will lapse immediately.

There will be no retesting.

Vesting Date: 4 years from Grant Date or the date of release of the Company's financial results for the 2016 financial year-end.

Consideration: The grant of the McGuigan Performance Rights forms part of his LTI remuneration. They were granted at no cost and no amount is payable on vesting. Performance Rights do not carry any dividend or voting rights prior to vesting.

Automatic Vesting: If the vesting conditions are satisfied, the McGuigan Performance Rights will automatically vest and shares acquired either on-market or via a new issue.

Value of the grant of Performance Rights: The value of the grant of the McGuigan Performance Rights was assessed by an independent consultant to be \$146,127 applying a Binominal Approximation Option Pricing methodology based on variables determined at the date of grant in accordance with AIFRS-2.

Other remuneration entitlements: Refer Annual Report



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Explanatory Notes on Items of Business

Change of control: On a takeover or change in control of the Company any unvested Performance Rights will vest on a pro-rata basis based on the most current financial reports available at the time the change of control occurs (unless otherwise determined by the Board). The pro-rata period will be calculated from the grant date to the change of control date. For employees who remain employed with the Company after a change of control has occurred, and assuming the Company remains listed, any unvested rights will remain available for vesting at the original vesting dates.

Termination of employment: If Mr. McGuigan ceases employment before the vesting conditions are vested the Performance Rights will automatically lapse (unless the Board determines otherwise).

Other Information

The Company will not apply to the ASX for official quotation of the Performance Rights granted under the Plan. Shares issued pursuant to the vesting of Performance Rights will rank equally with Shares then on issue.

There is no loan scheme in relation to the Performance Rights or the Plan.

Mr. McGuigan is prohibited from hedging the share price exposure in respect of the Performance Rights during the vesting period applicable to those Performance Rights.

Details of the Performance Rights granted to Mr. McGuigan will be provided in the Remuneration Report for the years ended 30 June 2013, 2014, 2015, 2016 and 2017.

Director's recommendation

The Board, other than Neil McGuigan, consider the grant of Performance Rights to Neil McGuigan to be appropriate in all circumstances and unanimously recommends that shareholders vote in favour of the August 2012 Invitation grant of Performance Rights to Neil McGuigan.

Resolution 6:

Approval of termination payment to Neil McGuigan

Approval is sought for the purposes of sections 200B and 200E of the Corporations Act, to any "termination benefits" that the Company proposes to provide to Mr. McGuigan under the Plan and under his Employment Agreement dated 10 August 2010.

Under section 200B of the Corporations Act, a corporation can only give a person who holds a "managerial or executive office" (as defined in the Corporations Act) a "benefit" (as defined in the Corporations Act) in connection with their retirement from that office or position of employment in the corporation or a "related body corporate" (again as defined in the Corporations Act), if it is approved by shareholders or one of the limited exemptions apply.

Value of the termination benefits – Employment Agreement – Refer Annual Report.

Value of the termination benefits – AVG Performance Rights and Option Plan – The value of the termination benefits the Board may give under the Plan cannot be determined in advance because of variables that are likely to affect that value (e.g. the share price at the time of vesting, the exercise price (if any), the number of Performance Rights and/or Options that the Board decides to vest and length of service). The termination benefits that may be given under the Plan include the early vesting of Performance Rights and/or Options in certain circumstances of retirement from office (such as if Mr. McGuigan ceases to be employed by the Company due to redundancy, retirement or another reason with the approval of the Board). If the Board determines to allow Mr. McGuigan to exercise some of his unvested Performance Rights and/or Options, the Board intends to take into account all relevant factors, including his duration of service and performance.

Director's recommendation

The Board, other than Mr. McGuigan, unanimously recommends that Shareholders vote in favour of the approval of the termination payment to Neil McGuigan, on the basis set out.