



FOLEY FAMILY WINES

22 May 2018

Foley Family Wines Announces Share Placement and Share Purchase Plan

Foley Family Wines Limited [NZX: FFW] announces that it has entered into a conditional Subscription Agreement with Lion – Beer, Spirits & Wine (NZ) Limited (**Lion**) for FFW to issue and Lion to subscribe for 2,027,027 ordinary shares (**Placement Shares**) at \$1.48 per share (**Placement**). The Placement forms part of the \$20 million capital raising to partially fund the acquisition of Mt Difficulty Wines Limited's assets and business (**Mt Difficulty Acquisition**) approved by FFW shareholders at the Special Meeting held on 28 March 2018.

Completion of the Subscription Agreement is conditional on a number of matters including:

- confirmation that the Mt Difficulty Acquisition Overseas Investment Office condition has been satisfied or waived in accordance with the terms of the Mt Difficulty Sale and Purchase Agreement;
- the parties having entered into an extension or replacement of those parties' existing agreement regarding the exclusive distribution by Lion of Mt Difficulty and Martinborough Vineyards wines in New Zealand, effective following completion under the Mt Difficulty Sale and Purchase Agreement (the **Distribution Agreement**); and
- no material adverse event having occurred with respect to the assets and business to be acquired by FFW under the Mt Difficulty Acquisition prior to the Placement which would prevent a sufficient quantity of wine being delivered to Lion such that the 2019 business plan included in the Distribution Agreement could not reasonably be expected to be achieved.

These conditions are required to be satisfied by various dates, with 31 December 2018 being the final date for satisfaction of all conditions.

If issued on the date of this announcement, the Placement Shares would have constituted 3.7% of FFW's post-issuance share capital. Settlement and allotment of the Placement Shares will occur three business days after satisfaction of the conditions. Lion will subscribe for the Placement Shares in cash.

Mark Turnbull, CEO Foley Family Wines, said "Lion has done a fantastic job in building the Mt Difficulty brand in New Zealand for over a decade. We are delighted that Lion has the confidence in FFW to become a key partner in their wine offering in New Zealand. Their investment in FFW enables us to take a long-term view of the continued growth of Mt Difficulty and Martinborough Vineyards domestically".

Rory Glass, Managing Director Lion NZ, said: "We're really looking forward to expanding our partnership for the long term with a stake in Foley Family Wines. The composition of the Mt Difficulty & Martinborough portfolios play an important role for many of our customers and complement our growth aspirations in the premium wine segment."

Bill Foley, Chairman of Foley Family Wines, said "Having Lion becoming an important stakeholder in FFW NZ is a fantastic next step in our journey in NZ. From a personal perspective it reaffirms my desire to continue to invest in New Zealand."

In addition to the Placement, FFW intends to make an offer to existing retail shareholders with a registered address in New Zealand, at the same price per FFW ordinary share as provided for under the Subscription Agreement, through a Share Purchase Plan. The record date for determining entitlements to participate in the Share Purchase Plan and other key dates is expected to be announced shortly.

Authorised for public release.

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