

Terra Vitae Vineyard Ltd

2021 AGM

Today I will be presenting my report and answering any questions submitted prior to today. We will then have our new Director appointment say a few words, and then have a presentation on the vineyards from Ollie Powrie.

Apologies Sir George Fistonich and Megan Campbell (shareholder)

Voting I am holding 45 postal votes and proxies representing 4.8% of the issued capital, and confirm that as proxy holders, your directors intend to vote in favour of the two resolutions. Our auditors will act as scrutineers if required.

Your Board of Directors



Joe Ferraby (Chairman)



Sir George Fistonich



Milan Brajkovich



Greg Tomlinson



Andrew Pearson



Fabian Yukich (Alternate to Sir George Fistonich)

Introduce Board:

- Sir George Fistonich (Fabian Yukich alternate if not present)
- Milan Brajkovich
- Greg Tomlinson
- Andrew Pearson
- Company Secretary Alan O'Sullivan

Online we have:

- Our auditors RSM Hayes Audit
- Our vineyard advisor Mark Allen
- VM Chief Viticulturist Ollie Powrie

Directors

In accordance with the Constitution of the Company, Sir George Fistonich retires by rotation and was eligible for re-election. As no other nominations were received, Sir George, having offered himself for re-election, is therefore deemed to be re-elected for another term in accordance with the constitution.

Greg Tomlinson retires, having been appointed to the Board on 30 September 2021, and is eligible for re-election. As no other nominations were received, Greg, having offered himself for re-election, is therefore deemed to be re-elected for another term in accordance with the constitution.

Minutes of Previous meeting

The minutes of the previous AGM were confirmed as correct at the Board meeting of 19 February 2021.

Resolution to adopt Annual Report

Resolution 1

That the shareholders confirm the adoption of the 2021 Annual Report.

Resolution: I have moved that the Financial Report be adopted and this has been seconded by Milan Brajkovich.

The resolution will now appear on your screen allowing all shareholders to vote for or against. I will give you a minute to place your vote and results of the resolutions will be notified to shareholders following the meeting. I will then present my report and then answer any questions already submitted by email.

The individual vineyard performance

Vineyard	Yield 2021 Tonnes	Yield 2020 Tonnes	Crop Value 2021	Crop Value 2020
Seddon / Higgins Rd	2,125 -27%	2,918	\$4,267,894 -25%	\$5,699,259
Taylors Pass	674 -15%	794	\$1,395,895 -14%	\$1,627,318
Keltern	276 -26%	371	\$617,380 -24%	\$810,115
Twyford Gravels	137 -7%	147	\$366,207 +3%	\$356,428
Totals	3,212 -24%	4,230	\$6,647,376 -22%	\$8,493,120

As I reported to you in the Annual report, the 2021 vintage was a very difficult production year in both Hawke's Bay and Marlborough, with yields being down an average 21% versus the industry being down between 20 to 50%.

Our total grape harvest was 3212 tonnes compared to the previous year's total of 4230 tonnes, which reduced the total gross sales from \$8.5m to \$6.6m. The chart on screen shows these figures by each vineyard.

The chart shows the % movement of each seasons profit and harvested production due mainly to the volatility of weather which has a major impact on the revenue received each year.

Financial Results

	2021	2020	2019
Profit/(Loss) Before Tax	\$ (748,729)	\$ 910,736	\$ (850,503)
Depreciation	\$2,189,355	\$2,008,499	\$1,692,214
Interest	<u>\$1,211,419</u>	<u>\$1,147,436</u>	<u>\$1,104,371</u>
EBITDA	<u>\$2,652,045</u>	<u>\$4,066,671</u>	<u>\$1,946,082</u>

We report depreciation of our vines along with fair value adjustments, valuation movements and one-off development expenses in our Income Statement. After the deduction of these items the 2021 net loss was \$748,729. Depreciation and valuation adjustments do not impact on the cash flow of the company nor the setting of dividends. It is however required to be reported in the income statement.

For a year-on-year comparison, the chart on screen shows profit before income tax, interest and depreciation (EBITDA).

The Financial Accounts included in the 2021 Annual Report are reported under NZ International Financial Reporting Standards (NZ IFRS).

Comprehensive Income

	2021	2020
Profit/(Loss)	\$ (545,372)	\$ 662,912
Revaluation increases (net of tax)	\$3,088,814	\$1,277,016
Total Comprehensive Income	<u>\$2,543,442</u>	<u>\$1,939,928</u>

Under NZ IFRS and as a result of our valuers' valuation as at 30 June 2021, together with fair value movements and impairments, net comprehensive income totaling \$3.1m (2020 \$1.3m) was reported, resulting in an increase in Equity of that amount.

Your Board has resolved to pay a fully imputed dividend of 1.0 cent per share totaling \$400,000 payable on 6 December 2021.

Share Trades for the year ended June 30 2021 were as shown;

Share trades year ended 30 June 2021

Shares traded on the USX trading platform	2,314,300
Price range	37.5c to 62c
Present price	49.0c
Net Assets per share	91.35c

The number of share trades has increased over the past year and prices have ranged from 37.5c up to 62c. The shares continue to trade at a substantial discount to Net Asset Value.

A few industry Statistics for the 2021 Year

Exports reached **\$1.87b** from **40,323ha** of vines

The biggest markets are **USA, UK** and **Australia** in that order

Domestic Sales of NZ Wine was **49.2m L** vs Export Sales of **284.9m L**

White production is on **32,616ha** and Sauvignon Blanc is **63%** of the total producing area

7,707ha are in red production

75% of the red production is pinot noir

Marlborough is **28,360ha** or **70%** of total vineyard area

266m litres of wine was produced from **370 tonnes** of grapes

The New Zealand wine industry has come through the Covid 19 pandemic well compared to other industries. Many of you will have seen recent announcements on the continued growth of wine exports to over \$2b in the year to October 2021. This bodes well for the future of the industry and of course the potential for price increases for your grapes. A few of the industry statistics for the year ended 30 June 2021 are shown on screen.

In the past twelve months, prices have continued to firm in Marlborough for developed vineyards and bare land suitable for viticulture, and negotiations for leasing suitable land for viticulture are now being based on economic returns off the land rather than “must have” prices. These transactions are now dominated by the larger wine companies who have the economies of scale and the margin from selling the wine produced.

The ownership of Villa Maria Estate changed on September 30 to Indevin Ltd, a wholly owned New Zealand company. On the same day we welcomed the majority owner and Chairman of Indevin onto the Terra Vitae Board. In the first month we received the benefit of the negotiations by Indevin to reduce the major cost of many of our inputs in the running of our five vineyards. This process is continuing as we continually review all our expenses and the operation of our vineyards. This highlights the economy of scale that we have been invited to join in with Indevin, New Zealand’s largest wine company who have the ambition to become the leading player in the New Zealand wine industry.

A selection of the iconic, award winning wines produced from the TVV vineyards

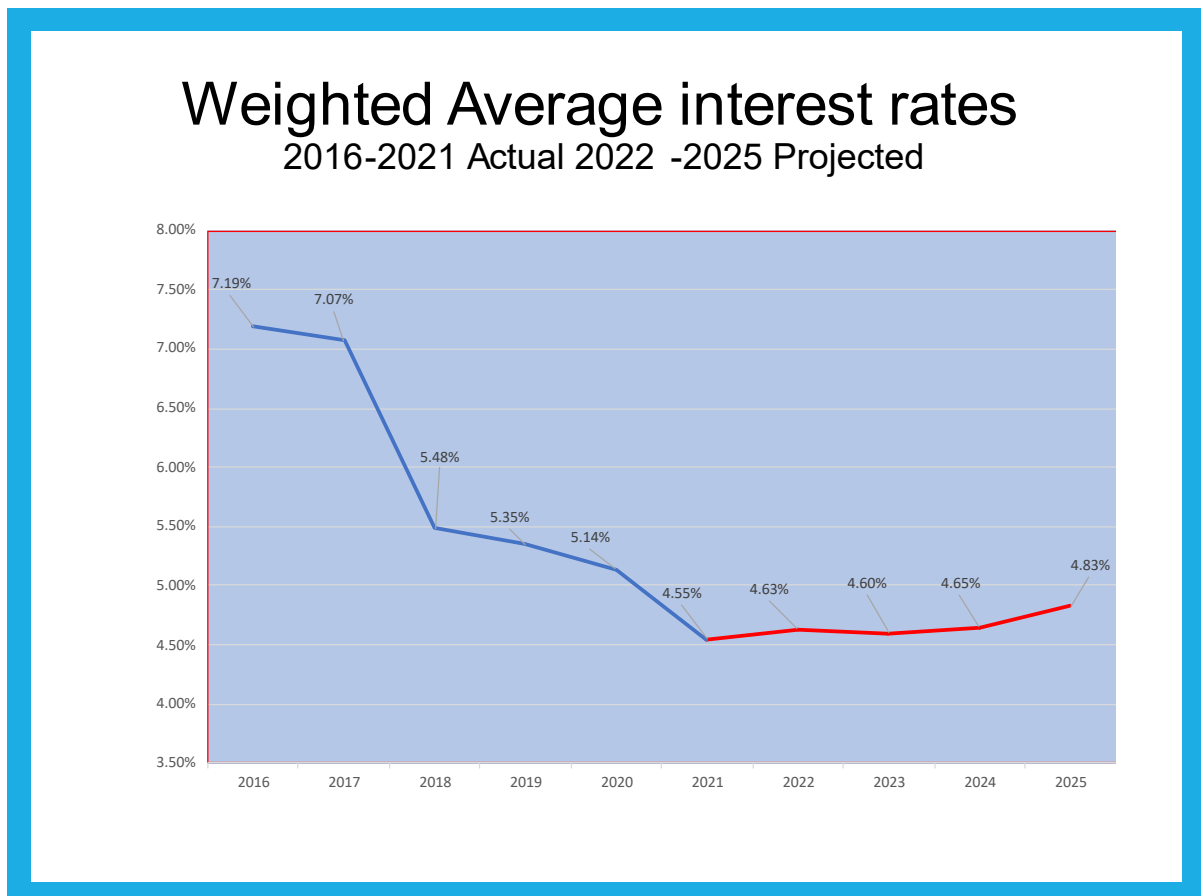


A selection of the iconic award-winning wines produced from the TVV vineyards in the last few seasons is shown on your screens.

I want to confirm to you that you our shareholders will continue to receive the benefits you currently receive such as wine discounts and offers, field days etc.

Health and Safety is taken very seriously by your board, the vineyard managers and staff. The granting of Essential Service Status to the wine industry under Covid 19 resulted in us putting in place a number of important protocols to protect the safety of our staff and contractors over the last two harvests and lockdowns. We receive regular reports from our vineyards manager Villa Maria on health and safety audits in our Board reports. At least annually, a Board member and/or our independent viticulture consultant make an official visit to

each vineyard and review how the processes are monitored and run. I am pleased to report that your company had no major incidents or injuries reported to it in the last 12 months. Your Board also takes the issues of Sustainability and the Environment seriously and all five vineyards are run in accordance with the industry standards.



Bank and Auditors

Our relationship with our bankers remains strong and they are very supportive of your business. Your Board monitors very closely interest rate trends and, with advice, forward covers part of our lending. It always forms an important part of our decision making at each of our Board meetings.

Our weighted average interest rate on borrowings for the 2021 year was 4.55%. Rates are on their way up again, however with

fixed contracts in place we are projecting a weighted average rate of between 4.63% and 4.95% for the 2022 financial year.

Welcome also your auditors who not only provide an independent opinion on the accuracy of the Financial Statements for you our shareholders, but also provide advice to the Board on the presentation format of the Financial Reports and advise us on the continual addition of IFRS changes and the implications the changes have on our business and the reporting requirements

The Viticulture Team



Ollie Powrie - Villa Maria Chief Viticulturist



Matt Duggan Seddon Manager



Cameron Price Hawke's Bay Manager



Ian Buck - Taylors Pass Manager



Mark Allen - Terra Vitae's Independent Consultant

Thank you to the Vineyard managers and the Villa Maria winemaking team for once again producing some outstanding wines from our vineyards. It was a difficult vintage with a very

cold and wet late spring which resulted in a poor fruit set in both of our regions. The long hot autumn of 2021 did help to produce some outstanding wines. We were looking forward to tasting some of the wines at the conclusion of this meeting but unfortunately Covid restrictions meant we were not able to. Hopefully by this time next year we will be able to!

Also a special thanks to Mark Allen, who as well as advising and working closely with the viticulture teams, assisted with the project management of the development of the new Middlemiss Block, which will enjoy its first harvest this coming vintage.

Thank you also to my fellow Board members for the governance and wisdom you give to our company. A special thanks to our Secretary and CFO Alan, for the professional way in which you manage our business, the many tasks you are given and the way in which you maintain a sense of humour when assisting me as Chairman.



Your Board ran another very successful degustation dinner in May at the Villa Maria winery in Auckland. We are proposing to hold a field day at the Hawke's Bay vineyards late February next year. We will send out advice of dates etc. late December. The final decision on this shareholder event will be made when we have more clarity on the certainty and safety of such gatherings under the Covid environment.

In our Board meeting held this morning, we discussed a number of important items including the early 2022 yield estimates, our loans structure and the impact of the movement in interest rates and our long term plans for replanting as vines reach the end of their economic life.

Finally on behalf of the Board, thank you to you the shareholders, for your support of the company and I look forward to meeting as many of you as possible sometime in

the near future when Covid moves on and we can have the opportunity of meeting again in person over a glass of wine!

I will now ask our Company Secretary if there have been any questions received on the annual report.

1. I note that although there was a loss incurred for 2021, a dividend is still being paid. What do the Board consider when deciding on the payment of a dividend?

Joe

Your board looks at a number of factors including future profitability, planned capex and cash flow forecasts, compliance with our banking covenants and of course the appetite of shareholders to receive a return on their investment. Although the dividend of 1 cent per share this year is small, it represents a gross return of approximately 3% on the current share price.

2. Do you envisage and change to the relationship with Villa Maria with their change of ownership.

Joe

Our supply and management agreement is with Villa Maria and that contract remains unchanged. We will, and have already, enjoyed the benefit of the economies of scale that Indevin bring.

3. What is the outlook for grape prices for the 2022 vintage.

Joe

It is too early to have any certainty of prices, however the sentiment is that prices are expected to increase again for Sauvignon Blanc, which makes sense with the low crop in 2021 and the increasing export demand for Marlborough Sauvignon Blanc.

Resolution to re-appoint auditors

Resolution 2

That the shareholders confirm the re -appointment of RMS Hayes Audit as auditors for the ensuing year and authorise the Directors to fix their remuneration for the year.

Before I hand over to our next speaker, I can advise that the resolution on your screen has been moved by myself and seconded by Andrew Pearson. The resolution will now appear on your screen allowing all shareholders to vote. I will give you a few seconds to place your vote.

I would now like to introduce you to Greg Tomlinson, who was appointed to the Terra Vitae Board on 30 September 2021.

Greg provided details of his background and Indevin's and Villa Maria's plans going forward.

Thank you Greg. I will now close the Webinar, however if you have any follow up questions, please email these through to info@terravitae.co.nz and we will endeavour to respond to you as soon as possible. Thank you and good afternoon.