

Welcome Shareholders to the AGM of Terra Vitae Vineyards Ltd





24th November 2015

2.30pm



Financial Highlights

The Directors believe that the results *before revaluation adjustments* best reflect the performance of the vineyard operation. These results were as follows:

	Movement 2014-2015	2015	2014	2013	2012
Operating profit before tax & NZ IFRS adjustments	24% 	\$1,362,663	\$1,792,088	\$569,790	-\$230,210
Grape Harvest Income	6% 	\$7,078,076	\$7,534,399	\$6,386,312	\$5,107,402
Grape Harvest Tonnes	7% 	3882	4196	3818	3211
Average Price per tonne	2% 	\$1,823	\$1,796	\$1,673	\$1,591

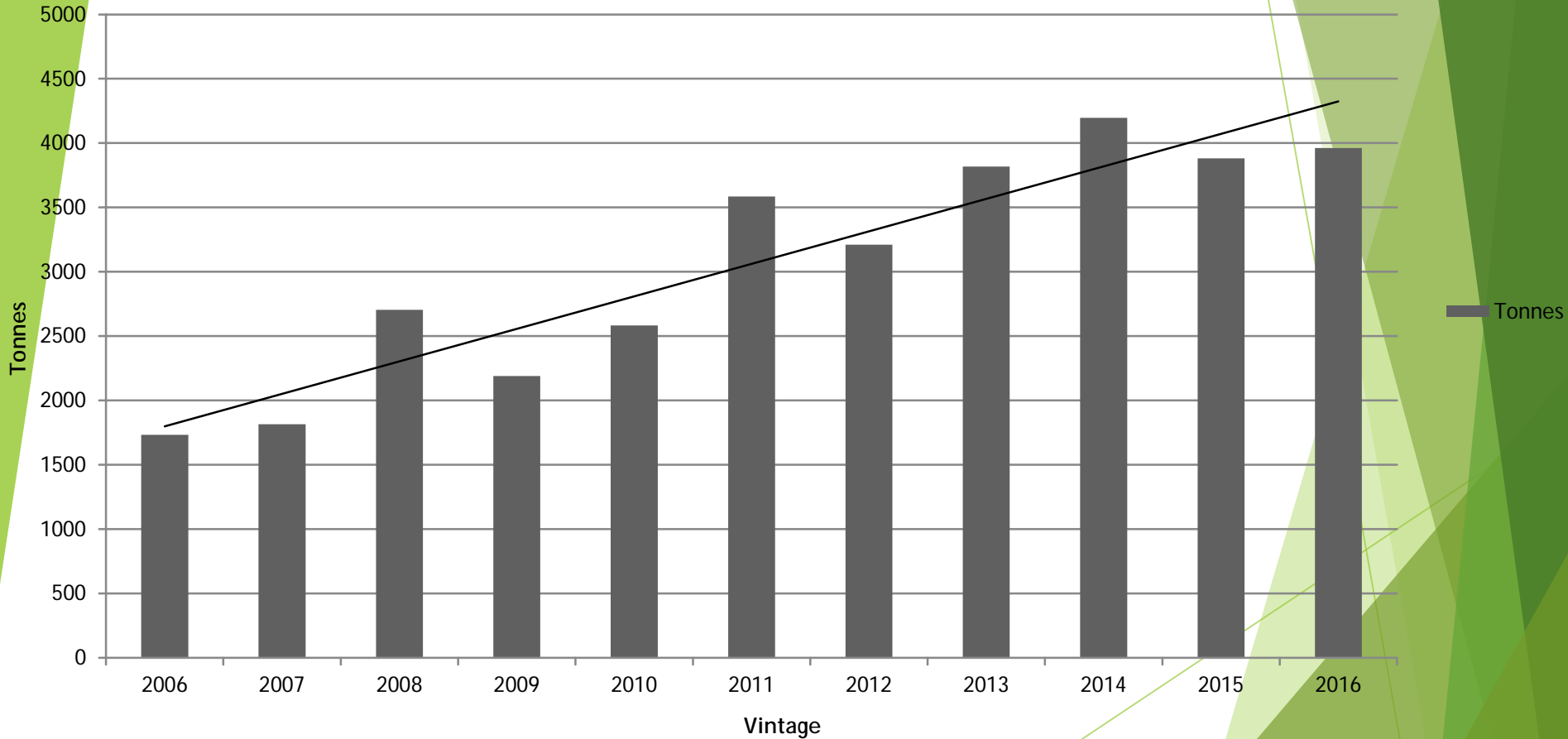
Financial Highlights cont.

- ▶ The Financial Accounts included in the 2015 Annual Report are reported under NZ IFRS.
- ▶ Under NZ IFRS and as a result of our Valuers' valuation as at 30 June 2015, fair value adjustments of \$175,318 and redevelopment expenses of \$173,635 were taken to the Income statement.
- ▶ In the last 12 months prices continued to rise in Marlborough for developed vineyards and bare land suitable for viticulture. Those prices are nearly at the 2008 prices as many of the larger wine companies and other investors scramble to own their own vineyards.
- ▶ Leasing is becoming an option for many wine companies.

Financial Highlights cont.

- ▶ We have now caught up with the deferred maintenance and are focussing on capital projects which achieve a good return on capital spent.
- ▶ The planned Keltern replanting project has been completed with good crops being produced off the new vines. The upgrade of the Taylors Pass irrigation system is complete and two new generation Pellencs will be ready for next years harvest in Marlborough. Both of these machines are used for many of tasks in the vineyards throughout the year.
- ▶ We are progressively replacing the tractors as they reach the end of their economic life and are installing additional frost fans where it is economically sensible to do so, saving on the high cost of using helicopters to fight frosts.

Harvest Tonnes (budgeted from 2016)



Banking Relationship

- ▶ I welcome our bankers who are here today. Our relationship with them is very good and they are very supportive of your business.
- ▶ Our much stronger balance sheet has enabled us to negotiate much better terms with them.
- ▶ Welcome also our auditors who not only provide an independent opinion on the accuracy of the Financial Statements, but also provide advice to the Board on the presentation format of the Financial Reports.

Share Trades

Shares traded in past 12 months	725,000
Price range	30 to 39c
Present price	32c
NTA per share	78c

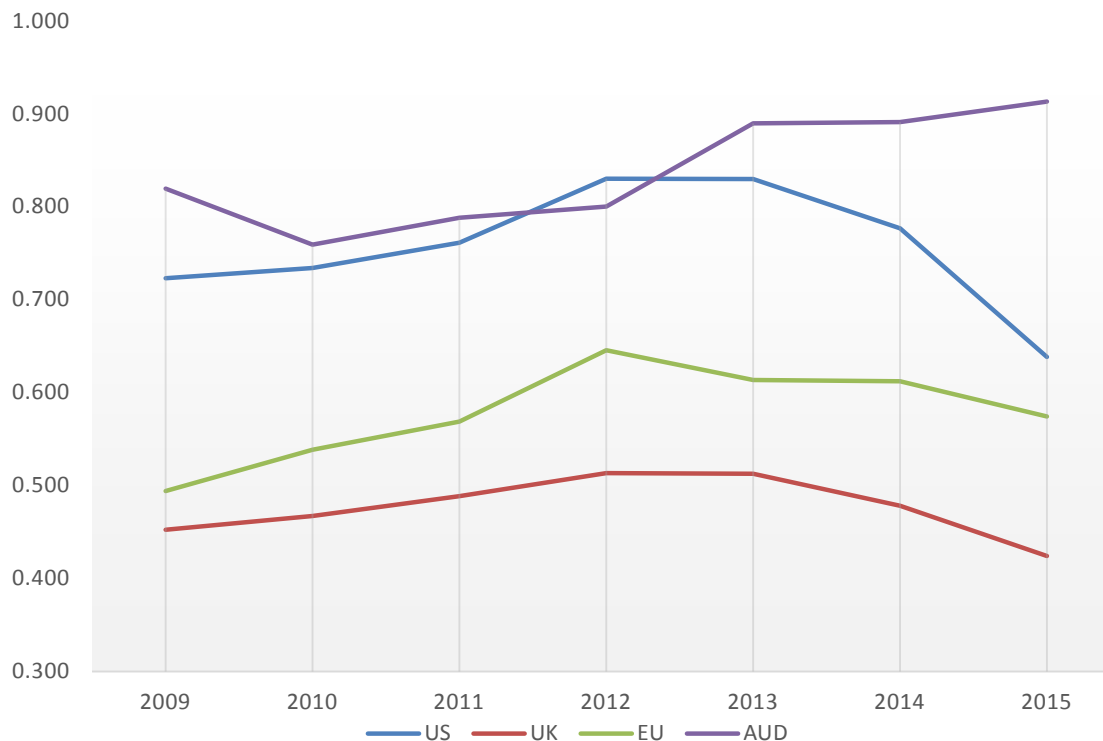
The External Influences

Total Wine Industry Export Volume and Value Year ended 30 September

- ▶ Total exports \$1.47b, up 11%
- ▶ Total exports of packaged wine 136.0m litres, up 3%
- ▶ Total exports of bulk wine 66.5m litres, up 23%
- ▶ Biggest three markets by FOB value are;
 - ▶ USA \$402.4m up 22%
 - ▶ UK \$366.6m up 11%
 - ▶ Australia \$358.8m down 3%
- ▶ 86.2% of exported wine is Sauvignon Blanc
- ▶ And NZ drinks 61.3m litres up 17%

The External Influences

For the first time in several years, the \$NZ is moving in the right direction against the most of the currencies in which the wine producers trade. Over time this should improve their margins and a flow on effect is expected to help grape prices.



Exports by Variety/Style year ended 30th September 2015

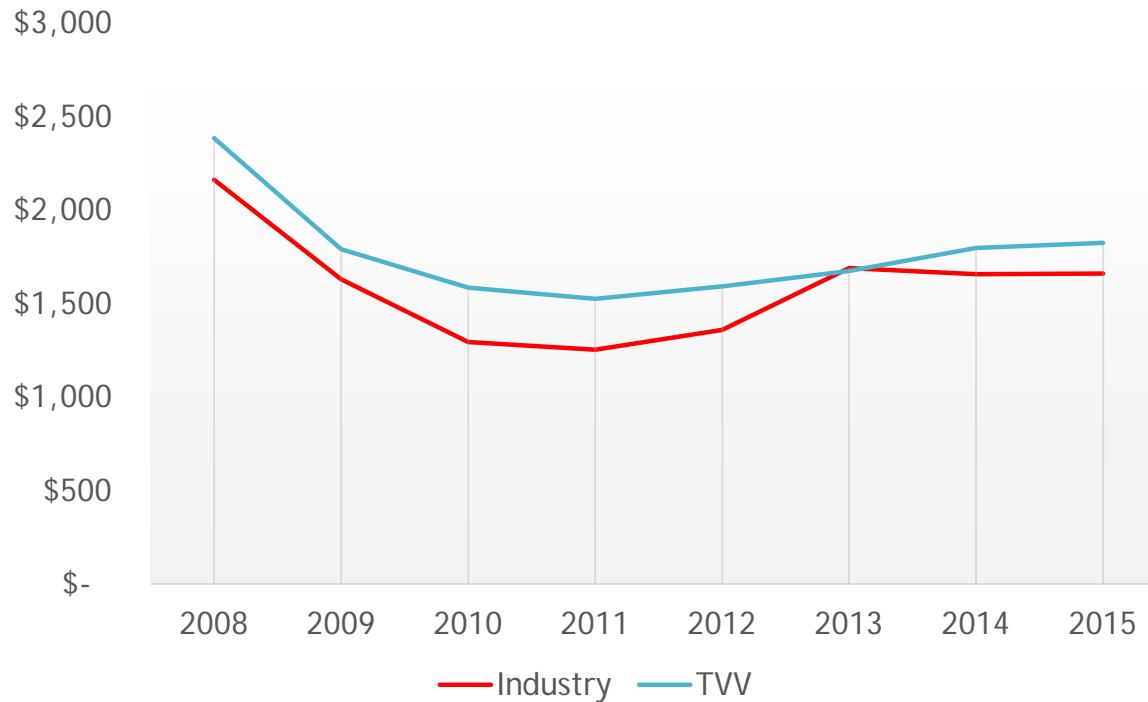
	Litres (000's)	% of total	% change
Sauvignon Blanc	176,098	86.2	7
Pinot Noir	11,443	5.6	7
Pinot Gris	5,260	2.6	7
Chardonnay	4,282	2.1	-14
Sparkling	1,451	0.7	-3
Merlot	1,784	0.9	3
Riesling	843	0.4	-6
Cabernet & Blends	831	0.4	-12
Sparkling Sauvignon	202	0.1	104
Other	2,140	1.0	31
	204,335	100.0	6

Grape Prices

- ▶ Other than Mother Nature, grape prices are the variable that can have the most influence on the company's profitability.
- ▶ The movement in prices is governed by supply and demand and the exchange rate and given where it sits as against 8 months ago along with the demand in most of our major markets, there is strong optimism for a lift in prices this coming season.
- ▶ I have asked Sir George to comment on various aspects of the industry.

Average Grape Prices

TVV vs Industry Average



The 2014 – 2015 season

- ▶ Vineyard plantings have lifted again this year, led by the bigger wine companies.
- ▶ We had a drop in production this year with the industry average down 27%, contrasting with your vineyards being down 7% on 2014. This was caused by a very poor flowering in Marlborough resulting in an average drop in yield in that region of 29% compared to the Terra Vitae Marlborough Vineyards at 5%. The industries Hawke's Bay vineyards suffered an average drop in yield of 19% similar to the Terra Vitae Vineyards at 18%, but of course we should bear in mind that a large section of Keltern was under redevelopment and not producing .
- ▶ The weather during harvest in Marlborough was good and in Hawkes Bay Cyclone Pam had some affect, but not as much as was predicted.

The Challenges we face

- ▶ The weather, world wide economies, the varying strengths of the \$NZ and the continuing pressure being put on wine prices by the bulk market and poor quality wines.
- ▶ Your Board continues to focus on producing high quality grapes for the quality end of the market which had the effect of the value of our crop being only 2% down in value, as against a drop in volume of 6%
- ▶ We were pleased to produce a profit in the year ended 30.06.15 and to pay a dividend to you our shareholders.

The Challenges cont.

- ▶ Achieve our budgeted profit in this current season which would enable a dividend to be paid
- ▶ Commence our planned replanting program to lift the returns at the Twyford vineyard which has been affected by virus.
- ▶ Continue with the repairs and maintenance and capital programs on all vineyards.
- ▶ Assess any expansion opportunity that may arise.
- ▶ Be very vigilant about health and safety on our vineyards.

Celebration

- ▶ Congratulations to the Vineyard managers and the Villa Maria winemaking team for once again producing some outstanding wines from our vineyards, as evidenced by the numerous medals and trophies they were awarded over the past year.
- ▶ It is also a good opportunity to recognise the tremendous work performed by the highly skilled and loyal staff who perform the day to day duties on our vineyards. I am sure our managers will mention in their addresses to you the successes of various grapes produced on your vineyards.

Thank You

- ▶ On behalf of the Board thank you to you the shareholders for your support, to our vineyard managers and their staff, the Villa Maria viticulture team who support them, Mark Allen our advisor and finally Alan O'Sullivan our accountant/manager.
- ▶ I look forward to meeting as many of you as possible at the conclusion of this meeting and those of you who are able to attend our field day in Marlborough on 20 February 2016

I move we adopt the annual report and financial statements for the year ending 30.06.2015



Before I ask for a seconder to the motion
are there any questions?

