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## **Market announcement: Sale of winery and vineyard**

Prince Hill Wines Limited ("PHW") is pleased to announce that its wholly owned subsidiary, Prince Hill Wine Services Pty Ltd (ABN 40 062 979 588) ("PHW Services"), has executed a Heads of Agreement with Great Southern Beverage Company Pty Ltd (ACN 132 761 392) ("Great Southern") for the sale of the vineyard, winery, function centre and cellar door wine sales business located at 1220 Castlereagh Highway, Apple Tree Flat, Mudgee New South Wales ("Mudgee Winery").

The key transaction highlights for the sale of the Mudgee Winery are:

1. An Asset Sale Agreement will be entered into for the land and assets relating to the business of the Mudgee Winery;
2. The purchase price will be \$5.5million (inclusive of GST), payable by instalments with the final instalment payable on 31 May 2009.
3. Until 31 December 2009, PHW Services will continue to have a presence at Mudgee Winery in relation to cellar door operations and commercial kitchen and function room operations. PHW Services has an option to extend this presence for a further 3 years;
4. PHW Services and Great Southern also intend to enter into a Grape Supply Agreement to ensure that PHW Services can comply with its cellar door and wine producer licence requirements;
5. The sale is subject to approval of the shareholders of PHW with exchange of formal contracts and payment of the first instalment to occur within 6 weeks of PHW Services procuring shareholder approval.

PHW is in discussions with the ASX as to whether PHW will need to comply with Chapter 11 of the ASX Listing Rules to obtain shareholder approval to the transaction (which is, in any case, a condition of the Heads of Agreement) or to meet any other requirements imposed by the ASX.

PHW will further inform the market once formal contracts have been exchanged.

Andrew Parkinson  
Chief Executive Officer

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