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13 February 2020

Circular to Shareholders

McWilliam's Wines Group Ltd ACN 000 024 108
Mount Pleasant Wines Pty Ltd ACN 000 024 813
(Both Administrators Appointed) (Collectively referred to as "the Group")

Tim Mableson, Ryan Eagle and I were appointed Administrators of the Group on 8 January 2020 pursuant to Section 436A of the *Corporations Act 2001* (Cth).

We have drafted this circular to shareholders to provide you with the following information:

- 1 the voluntary administration process;
- 2 an update on the progress of the administration (including seeking expressions of interest in the business and assets, including a recapitalisation);
- 3 your position as a shareholder;
- 4 KPMG contact information; and
- 5 future updates.

1 Voluntary administration overview

A voluntary administration process is designed to resolve a company's future in the shortest possible time period. An independent and suitably qualified person or persons (**the administrator(s)**) takes full control of the company to try to work out a way to save either the company or the company's business. If this isn't possible, the aim is to administer the affairs of the company in a way that results in a better return to creditors than they would have received if the company had immediately been placed into liquidation. A mechanism for achieving these aims is a deed of company arrangement.

The voluntary administration process involves, among other things, the administrator(s) investigating and reporting to creditors on the company's business, property, affairs and financial circumstances, and to make a recommendation to creditors at the second meeting of creditors. The recommendations available to an administrator are:

- a) To end the voluntary administration and return the company to the directors' control; or
- b) To approve a deed of company arrangement through which the company will pay all or part of its debts and then be free of those debts; or
- c) To wind up the company and appoint a liquidator.

The administrator(s) must provide an opinion on each option and recommend which option is in the best interests of creditors. Creditors are given the opportunity to vote on the future of the company.

As Administrators, we assume all the powers of the Group and its directors. This includes the power to sell or close down the Group's business or sell individual assets in the lead up to the creditors' decision on the Group's future.

2 Update on the Administration

2.1 Trading

Since our appointment, we have, among other things, continued to trade the business, whilst we commence a process to effect a sale or recapitalisation of the Group.

We have commenced Vintage 20, which is estimated to require up to 17,000 tonnes of grapes. We have received strong support from employees, growers, suppliers and customers to continue on a “business as usual” basis through the voluntary administration process.

2.2 Sale or recapitalisation

Since our appointment, we have received a significant number of expressions of interest from parties both offshore and domestically regarding the sale of the Group’s business and assets and/or a recapitalisation of the Group.

We have commenced our formal expressions of interest campaign as follows:

- Issuing a non disclosure agreement, information memorandum and providing access to data room(during week commencing 10 February 2020);
- Calling for submissions of expressions of interest by 31 March 2020; and
- Expecting to complete a sale or recapitalisation (via a Deed of Company Arrangement (**DOCA**)) by 30 June 2020 (noting we reserve all rights to vary the sale or recapitalisation process at any time).

To assist us in the formal expressions of interest campaign, we have engaged and entered into an exclusive Agency Agreement with Colliers International (NSW) Pty Ltd (**Colliers**).

We invite any shareholders who are interested in participating in the process to contact either of the below for further information:

- a) Charlie Griffiths of KPMG on cgriffiths8@kpmg.com.au in relation to a DOCA; or
- b) Tim Altschwager of Colliers at Tim.Altswager@colliers.com in relation to the business and asset sale.

2.3 First Meeting of Creditors

We held the first meeting of the creditors of the Group concurrently on 20 January 2020 (**First Meeting**). A copy of the minutes of the First Meeting (including the business of the meeting and the resolutions passed) is available via the following link: www.kpmg.com/au/mcwilliams

At the First Meeting:

- a) Our appointment as joint and several administrators of the Group was confirmed; and
- b) A Committee of Inspection was formed in respect of McWilliam’s Wines Group Ltd (Administrators Appointed).

If you are also a creditor, please ensure you provide details of any amounts owed to you by either or both of the companies in the Group to our office.

2.4 Extension of Convening Period

We made an application to the Federal Court of Australia on 3 February 2020 to seek an extension of the Convening Period to hold the Second Meeting of Creditors up to and including 31 July 2020. On 4 February 2020, the Court made Orders granting an extension of the Convening Period up to and including 31 July 2020. A copy of the Order is available via the following link: www.kpmg.com/au/mcwilliams.

As a result, the Second Meeting of Creditors can be held on a date on or before 7 August 2020, however, if the sale or recapitalisation process dictates, it can be held at an earlier time with notice provided to creditors as required.

We sought an extension of the Convening Period for a period of up to 6 months to 31 July 2020, for the following reasons, among others:

- a) We require sufficient time to pursue, among other things, a going concern sale of the Group's business. The sale campaign is currently in progress and will not be completed in the short term. The extension will enable a competitive sale process to take place;
- b) We require time to properly consider any offer by any party in the form of a Deed of Company Arrangement proposal which may be put to us, including the terms and conditions of such a proposal and the impact on stakeholders; and
- c) To date, our efforts have been concentrated on identifying the Group's assets and liabilities, trading the business and preparing the sale or recapitalisation campaign. As a consequence, we have been unable to complete detailed investigations into the affairs of the Group or any analysis of options available to creditors in relation to the future of the Group. Accordingly, we would be unable to make a recommendation to creditors concerning the decision to be taken by creditors at the Second Meeting of Creditors.

In the event we are in a position to report and make a recommendation to creditors in accordance with section 75-225(3) of the Insolvency Practice Rules (Corporations) 2016 prior to the end of the extended date of the Convening Period, the Second Meeting of Creditors will be convened as soon as practicable notwithstanding the extended Convening Period being until 31 July 2020.

We note that the administrators can make a further application to extend the Convening Period past 31 July 2020 if deemed in the best interests of creditors.

3 Position of Shareholders

We appreciate that with the appointment of voluntary administrators comes uncertainty in respect to the value of your shareholding. Unfortunately, we do not currently have any further information that can be provided to shareholders at this stage to determine the value of your shareholding. However, we will endeavour to keep shareholders informed of the process. You should also refer to the KPMG website (creditor updates section).

Shareholders are not entitled to vote on the future of the Group at the Second Meeting of Creditors. A DOCA proposal may include a requirement for the divesting and transfer of shares as a condition of any recapitalisation. Any transfer of shares or alteration of the status of the shareholders under a DOCA proposal will not be effective unless shareholders give their written consent, or the Administrators seek Court approval (under s444GA of the Corporations Act 2001 (Cth)(the Act)).

The Administrators need to give written consent if a shareholder seeks to transfer his/her/its shares during the course of the voluntary administration (s437F(1) the Act).

4 Further information

The Australian Securities & Investments Commission has produced Information Sheet 43 which provides general information to shareholders of the voluntary administration process. A copy can be obtained from

<https://asic.gov.au/regulatory-resources/insolvency/insolvency-for-shareholders/insolvency-a-guide-for-shareholders/>.

5 Future updates

In a voluntary administration, a voluntary administrator is not formally required to report to shareholders on the progress or outcome of the voluntary administration. However, we will seek to update shareholders at appropriate junctures.

In the interim, further updates concerning the voluntary administration process and KPMG, will be available from our website at www.kpmg.com/au/mcwilliams.

Should you have any questions, please contact Luke Meany of this office on (02) 9346 6066 or via email at mcwilliams@kpmg.com.au.

Yours faithfully



Gayle Dickerson
Administrator