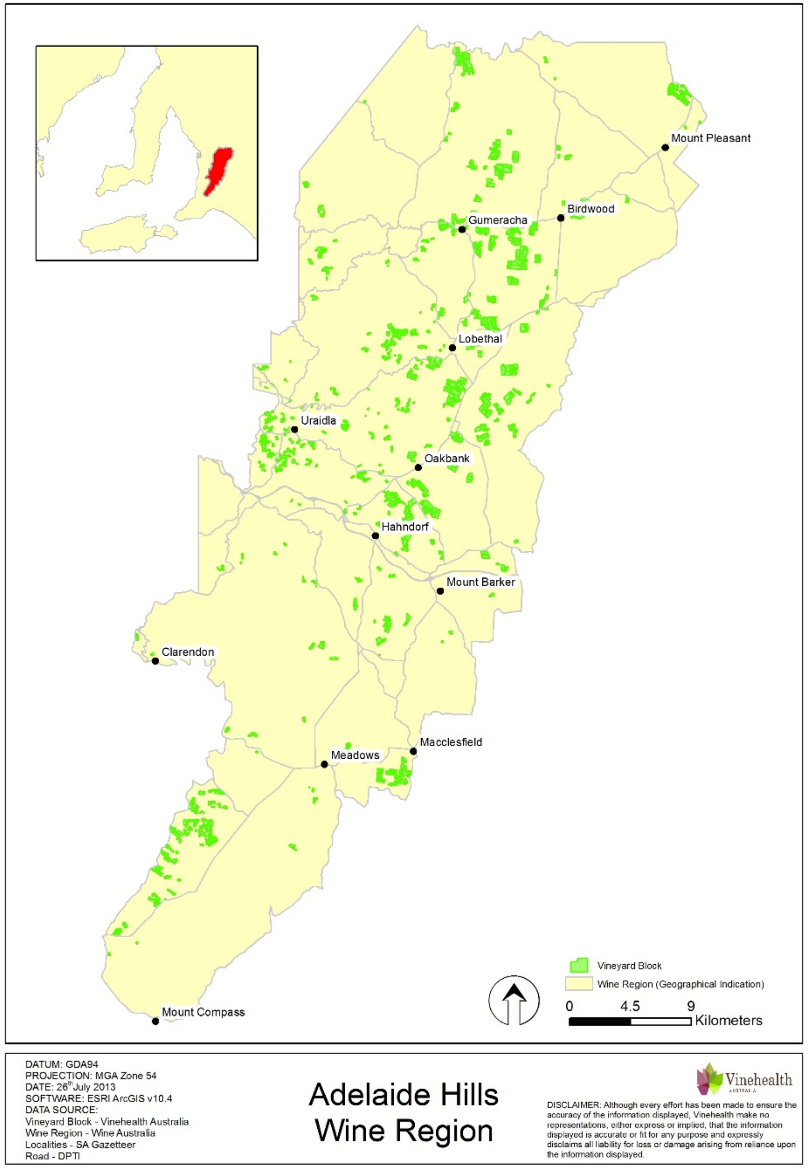

SA Winegrape Crush Survey

Regional Summary Report – 2016

Adelaide Hills Wine Region

Explanations and Definitions

INTAKE (CURRENT VINTAGE) DATA

Definition of regions

Regions have been defined in accordance with Geographical Indication (GI) boundaries. If a GI region has not been declared, or produces less than 5,000 tonnes, then the data is aggregated into the relevant GI zone. Disaggregation of data into smaller regions such as Southern Fleurieu and Mount Benson is available on request from Wine Australia.

Total crush

The total crushed is the total tonnes of grapes crushed from a particular source region, whether processed in that region, another region in SA or interstate. All wineries in Australia are included in the survey collection process. However, not all wineries respond to the survey - therefore the total tonnage reported may underestimate the true crush. It is estimated that the overall response rate for the survey is 90%; however, individual regions may vary. Reported fruit is separated into fruit produced from the winery's own or associated vineyards ("own grown") and from independent vineyards ("purchased").

Calculated average purchase value

The survey requests wineries to provide the total amount paid for each parcel of fruit purchased (or the price per tonne). This is the price paid for fruit of a particular variety at the point of receival – NOT including freight. It includes any penalties or bonuses (eg Baumé) applied at the weighbridge, but DOES NOT INCLUDE other bonuses or adjustments such as end use quality bonuses, which are not available at the time the survey is conducted (May 2016).

The calculated average purchase value per tonne is the average amount paid per tonne of fruit across all wineries. Winery grown grapes are not included in the calculation of average purchase value; nor are grapes grown by companies connected with the winery or under lease arrangements.

Important note on average purchase value

There is considerable variation in the pricing arrangements made by different wineries. For example, some wineries make adjustment payments based on the average value per tonne reported in this survey and some pay quality bonuses based on the end use of the product. These additional payments are not included in the reported figures. The average price also does not give any indication of the distribution of prices, or variables that go into individual contracts. Therefore the average price should not be compared directly with an individual grower's arrangement. It should also be noted that in minor varieties there may sometimes be very few purchases contributing towards a calculated average purchase value.

Price dispersion data (shaded columns in Intake Summary tables)

All purchases for each variety are grouped into categories according to the price paid for that fruit. The tonnes in each category are converted into a percentage of the total tonnes purchased, giving an indication of what share of fruit was purchased in each price range category. The categories are given nominal titles of A to E for convenience but these do not correspond with grades used by any particular winery.

Estimated total value of all grapes

The estimated total value of all grapes is calculated by multiplying the average purchase value per tonne by all tonnes crushed. If there is a variety where there are no purchases, then the average purchase value across all other varieties of the same colour in the same region is used to determine an estimated value for the own grown grapes.

Explanations and Definitions cont.

PLANTING DATA

Source of planting data tables

Planting data is not collected by the 2016 Australian Wine Sector Survey. The information is obtained from the vineyard register maintained by Vinehealth Australia (formerly the Phylloxera and Grape Industry Board of South Australia).

Vinehealth Australia is required under the Phylloxera and Grape Industry Act 1995 to maintain a complete and accurate register of grapegrowers in the state. All vineyard owners with more than 0.5 hectares are required by law to register with Vinehealth Australia, and to report details of their plantings on an annual basis. This information is kept strictly confidential.

Vineyard plantings are recorded by Geographical Indication. Planting details for smaller regions not included in the survey report are available on request from Vinehealth Australia.

For more information on registration of vineyards, please contact the Vinehealth Australia office on (08) 8273 0550.

Explanatory notes for planting data tables

1. Planting data tables are current as at April 2016 and include all plantings from the 2015 planting season.
2. Vines planted in a particular year may include topworked or replaced vines, as well as new plantings in virgin ground. Where vines have been replaced or topworked, the old variety record is removed. This explains why the area planted for earlier years may be different in the 2016 report compared with previous reports.
3. Where a zero (0) appears in a table, this may indicate the presence of a planting of less than 0.5 hectares, or it may indicate zero plantings. Rounding may produce a slight error in totals or percentages.

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Vintage overview

Vintage report

A warm dry spring resulted in yet another early start to vine growth. Fortunately, cold conditions in August and September delayed budburst slightly. However, despite these conditions, the earliest flowering Chardonnay (in late October) was recorded for the third season in a row and there were signs of Cabernet Sauvignon flowering in late October for the first time on record.

In response to the continuing dry conditions the majority of growers began irrigating early to ensure good canopy growth. Good set conditions, combined with excellent flower development, resulted in average to above average crop potential across the region.

The generally dry conditions meant that fungal disease pressure was very low for the season. The hot dry conditions in December delayed development of powdery mildew in blocks that were inadequately protected and as a result there were few reports of crop loss to powdery mildew.

A late frost (November 27) caused small, but significant losses to some growers. December 2015 was the hottest on record for Lenswood and the equal-eighth hottest for Woodside (Data from 1863 -87, and 1926 to the present).

Three rain events from late January to early February caused little damage, as vines were only in the early stages of veraison. The rainfall and cooler conditions which continued through into February resulted in excellent conditions for flavour development and acid retention. There were small pockets of *Botrytis* but continued good ripening conditions ensured that there was little impact.

Harvest began early with higher than average crops but with good sugar-acid balance and well developed flavour. Continuing cool conditions, together with higher than average crop loads resulted in a long vintage, with the last of the reds being harvested in early April.

Vintage 2016 will be remembered for grape and wine quality as well as a feeling of relief as the hot and dry conditions experienced earlier in the season did not persist.

Richard Hamilton - Adelaide Hills Wine

Overview of vintage statistics

A total of 27,670 tonnes of Adelaide Hills winegrapes were crushed in 2016, up from 22,943 tonnes in 2015 and 17,873 tonnes in 2014. Over the past five years, the average crush for the Adelaide Hills is 22,864 tonnes implying that 2016 yields were higher than average. The minimum crush over the period was 17,276 tonnes in 2012 with the maximum crush of 28,559 recorded in 2013.

The total value of winegrapes increased from $30 million to $37.5 million mainly due to increased yields but also due to firming prices – particularly in the red varieties.

The average price of Cabernet Sauvignon increased by $344 to $1,617 per tonne while the average for Shiraz increased by $96 to $1,997 per tonne (after an increase of nearly $300 in 2015). The white varieties showed a very slight overall decrease, with Sauvignon Blanc down by $21 to $1255 per tonne while Pinot Gris was up by $11 to $1444 per tonne.

The price dispersion data shows that 47% of red varieties were purchased at over $1500 compared with 42% in 2015. For the whites, 62% were purchased between $600 and $1500 and 33% at above $1500 – very similar to last year.

There were 13 hectares of new vines planted in 2015. Half of these new plantings were Chardonnay (6ha). The total area planted in the region decreased by 47 hectares with most of the removals being in white varieties.

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Winegrape intake summary – vintage 2016

Variety	Tonnes purchased	E[1] (less than $300)	D ($300-$600)	C ($600-$1,500)	B ($1,500-$2,000)	A (above $2,000)	Total value purchased	Calc avg. purch. value per tonne	Winery grown fruit	Total crushed[2]	Est total value ALL grapes
Cabernet Sauvignon	344	0%	8%	69%	7%	16%	$555,641	$1,617	129	473	$764,809
Malbec	6	na	na	na	na	na	$8,580	$1,500	-	6	$8,580
Merlot	748	0%	33%	67%	1%	0%	$506,176	$677	48	796	$538,406
Petit Verdot	-	na	na	na	na	na	$0		1	1	$1,509
Pinot Noir	4,244	0%	1%	46%	37%	16%	$6,624,927	$1,561	850	5,094	$7,952,383
Sangiovese	22	0%	0%	61%	39%	0%	$29,438	$1,311	-	22	$29,438
Shiraz	767	0%	0%	33%	21%	46%	$1,532,192	$1,997	452	1,219	$2,434,363
Tempranillo	95	0%	0%	27%	61%	12%	$155,698	$1,632	33	128	$209,185
Other red	244	0%	0%	70%	16%	14%	$351,431	$1,441	52	296	$427,076
Red Total	6,470	0%	5%	49%	29%	18%	$9,764,083	$1,509	1,565	8,036	$12,365,748
Chardonnay	6,737	4%	6%	63%	15%	13%	$8,807,986	$1,307	1,346	8,084	$10,568,135
Pinot Gris and Pinot Grigio	1,497	0%	1%	69%	18%	11%	$2,161,289	$1,444	1,210	2,707	$3,908,733
Riesling	405	0%	0%	86%	12%	1%	$353,954	$874	76	481	$420,376
Sauvignon Blanc	5,346	0%	1%	72%	25%	1%	$6,709,614	$1,255	2,195	7,541	$9,464,850
Semillon	163	0%	28%	72%	0%	0%	$114,905	$706	161	324	$228,602
Traminer	172	0%	0%	95%	5%	0%	$127,652	$741	18	190	$140,782
Viognier	38	0%	26%	69%	5%	0%	$34,773	$905	20	58	$52,570
Other white	148	0%	0%	46%	39%	15%	$212,752	$1,442	102	250	$360,212
White Total	14,506	2%	4%	68%	19%	8%	$18,522,923	$1,277	5,129	19,634	$25,144,260
Grand Total	20,976	1%	4%	62%	22%	11%	$28,287,006	$1,349	6,694	27,670	$37,510,008

1 Percentages reflect pricing grade's share of purchases for each variety

2 It is estimated that the non-response rate (NRR) nationally is 10%, however the NRR will vary for each region. Generally, regions will have a lower NRR when there is a high proportion of purchased winegrapes within the region

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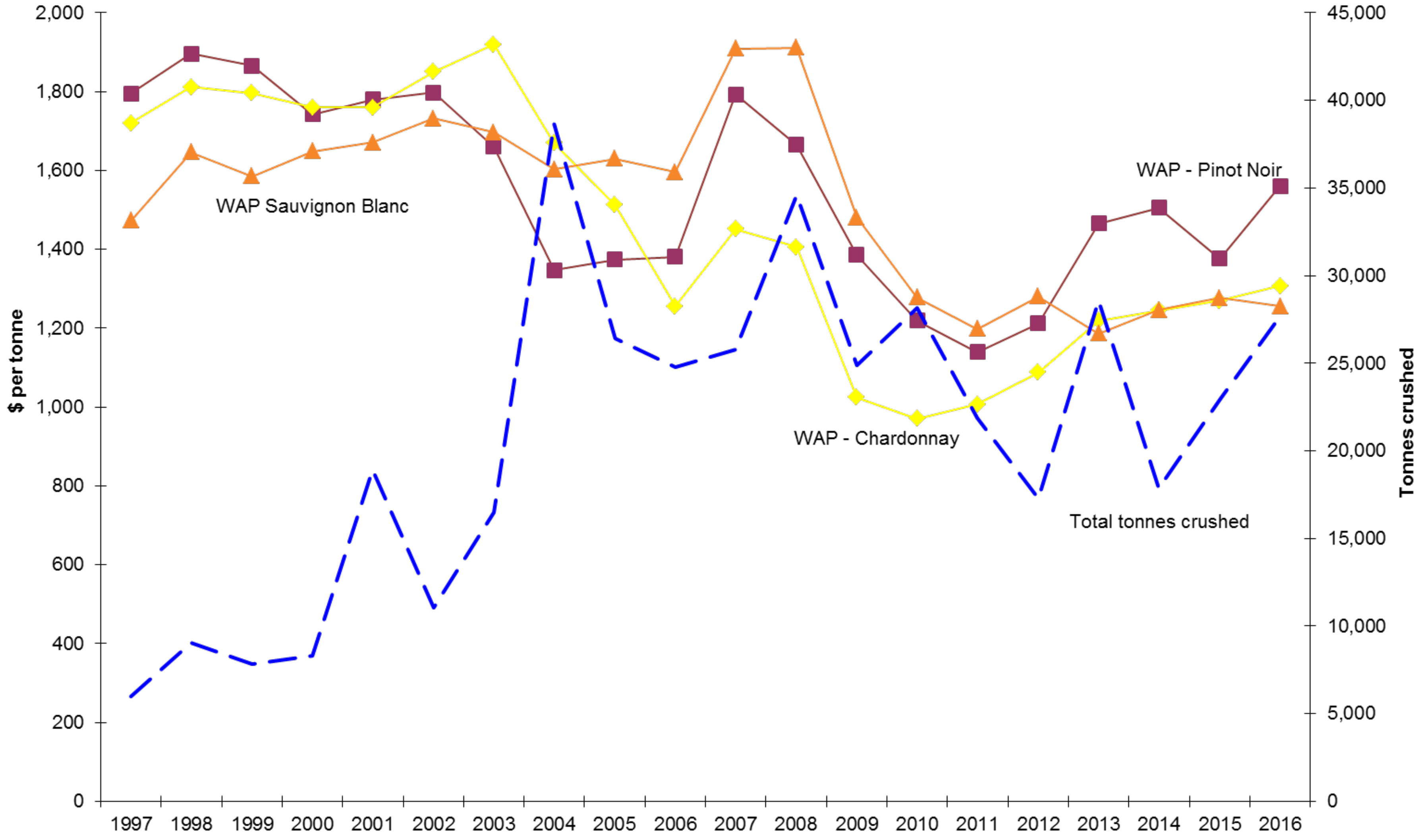
Historical Weighted Average Price vs tonnes crushed



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Current plantings by variety and year planted

Source: Vinehealth Australia

Variety	Current area in hectares					
	Pre-2013	2013	2014	2015	Total area	% planted in 2015
Red winegrapes						
Cabernet Franc	6	1	1	0	7	1%
Cabernet Sauvignon	199	0	5	0	204	0%
Grenache	2	0	0	0	2	0%
Merlot	156	0	0	0	156	0%
Meunier (Pinot Meunier)	25	0	0	0	25	0%
Nebbiolo	10	0	0	0	10	0%
Other Red	28	3	1	1	34	3%
Pinot Noir	657	5	7	3	672	0%
Sangiovese	12	0	0	0	12	0%
Shiraz	331	8	3	1	344	0%
Tempranillo	26	3	0	0	29	0%
Total red varieties	**1,452**	**20**	**17**	**5**	**1,495**	**0%**
White winegrapes						
Chardonnay	803	11	2	6	822	1%
Gruner Veltliner	16	1	1	1	18	7%
Other White	29	0	0	1	30	2%
Pinot Gris	250	1	0	0	251	0%
Riesling	65	1	0	0	66	0%
Sauvignon Blanc	991	2	2	0	996	0%
Semillon	59	0	0	0	59	0%
Traminer (Gewurztraminer)	22	0	0	0	22	0%
Verdelho	3	0	0	0	3	0%
Viognier	27	0	0	0	27	0%
Total white varieties	**2,266**	**16**	**5**	**8**	**2,295**	**0%**
Rootstock Block	2	0	0	0	2	0%
Unknown variety	27	0	0	0	27	0%
Total all varieties	**3,747**	**37**	**22**	**13**	**3,818**	**0%**