

SE **Business**
HD **Accolade bid to buy Grant Burge**
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Australia's patchwork of family owned wineries, some held for five or six generations, could be ripe for consolidation after a second deal in a week to seize control of a winemaker was unveiled yesterday.

Accolade Wines, which is controlled by private **equity** and owns iconic **wine business** BRL Hardy, was flushed out of cover to confirm it was in exclusive talks to **acquire** the award-winning Grant Burge Wines after weeks of rumours among the tight-knit farming communities of South Australia's Barossa.

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Grant Burge Wines was founded in 1988 by Grant Burge and his wife, Helen, and the Burge family have a Barossa Valley heritage that stretches back nearly 160 years. It is believed Mr Burge and his family are keen to sell only an **equity stake** to Accolade, rather than the entire **business**, as they seek to maintain a foothold in the winemaker that bears their name.

Mr Burge told The Australian he first went hunting for an investor earlier this year to help out with the capital-intensive nature of the **wine** sector.

"Earlier in the year we went to the market to find some **equity** in the **business** and it all led on from there," he said.

"Accolade Wines weren't the only people we spoke to." Accolade, the largest **wine company** in Australia, whose portfolio includes Hardys, Houghton, Banrock Station, Leasingham and Tintara, yesterday confirmed it was looking to **buy** Grant Burge.

"There is no guarantee that a final agreement will be reached as a result of the discussions," Accolade said in a statement.

The move comes only six days after Griffith-based Casella Wines, owners of the juggernaut Yellow Tail **brand**, made a \$60 **million** takeover bid for Peter Lehmann Wines — a successful bid after shareholders representing 95 per cent of the **company's** shares, including the Lehmann family, agreed to sell to the Casella family.

Family-owned winemakers have been shielded from investor angst and sharemarket jitters as their private structure means they are not responsible to outside **equity** holders demanding a return on their investment.

But being family owned can also be a curse, limiting the ability to raise capital for new initiatives or machinery and infrastructure.

A number of family winemakers have fallen into the hands of private **equity** or **Chinese** investors, eager to gain access to some of the world's best winegrowing regions.

Mr Burge, whose children also work in the **business**, said a combination of economic and personal factors meant it was the right time to invite new investors to back his **brand**.

“Well, I’m 63 years old, and we thought it was time. Our **business** has been growing substantially and the **wine** industry is terribly capital intensive.” The latest results lodged with the corporate regulator show Grant Burge Wines posted flat sales of \$43.17m for 2013, as full-year net profit fell to \$264,247 from \$679,000. The winemaker said in its directors’ report its margins were hurt by two years of difficult growing conditions and stalled sales in **China**.

CO coneul : Accolade Wines Limited | amezza : Castle Harlan Australian Mezzanine Partners Pty Ltd

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