

STOCK & LAND

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HD **Vineyards beckon**
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THE Barossa Valley's Schild Estate is the latest winery **business** to go on the block as it seeks to tap the growing investor interest in a sector long dogged by oversupply and low prices.

Chairman Ed Schild is looking to sell an 80 per cent **stake** in the **brand** and its 50,000-case-a-year winery facilities.

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While the block on which the winery is located has 2.5 hectares planted with vines and has space for another 12ha, the family-owned **business** is not planning to sell the 125ha of vineyards it uses to supply the winery and other clients.

Mr Schild said recent deals such as that struck in April by the Coonawarra Hollick family made him think now was a good time to sell a majority **stake** in the mid-sized winery he started in the late 1990s.

"Two years ago I would never have dreamed of doing something like this," 73-year-old Mr Schild said.

"I don't think the interest would have been there."

A fall in the value of vineyards from as high as \$100,000/ha at the pre-GFC peak to more like \$70,000/ha for one with top Barossa Shiraz vines now is sparking interest in both productive land and the businesses producing **wine**, and vendors are trying to make the most of it.

Recently Australian Vintage Limited **sold** its Barossa Yaldara **brand** and winery to the **Chinese**-owned, South Australian-based 1847 Winery for \$15.5 **million**.

More than 200ha of vineyards in SA and NSW have hit the market since this year's harvest season ended.

In an industry in which conditions remain tough, bargain seekers are out in force, as seen in private **equity firm** KKR's rejected bid in April for Treasury **Wine** Estates, and elsewhere.

Vendors have become more realistic in their expectations, says broker Stephen Strachan, of Gaetjens Langley, which is working to sell Schild Estate.

"There is real opportunity for cashed up, counter-cyclical investors to take advantage of low entry costs," agency Colliers' latest rural and agribusiness report says.

While the industry had been hurting for a long time, people were now more frank about the fact, said Marc Allgrove, Evans & Ayers a **wine business** consulting **firm**.

"Every vineyard is effectively on the market," Mr Allgrove said.

Veteran winemaker Brian Croser, who **sold** his listed Petaluma **business** to Lion Nathan in 2001, agrees the low prices are spurring buyers.

"There are well-heeled organisations that see potential at current prices," he said.

Consolidation is underway.

Many say it is necessary in a **wine** industry that quadrupled its number of producers from 620 in 1990 to 2420 in 2010 and is highly fragmented.

Whether Schild will fetch its asking price understood to be between \$18m and \$20m is unclear.

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