



ASX ANNOUNCEMENT

ASX: AWY

13 March 2020

AWY secures \$5m debt facility to strengthen the balance sheet.

Australian Whisky Holdings (ASX: AWY) is pleased to announce that it has secured an interest only debt facility ('Debt Facility') from its largest shareholder Quality Life Pty Ltd (Quality Life) on the following commercial terms:-

_ Facility Amount	Up to A\$5,000,000
_ Term	5 years after initial drawdown
_ Interest Rate	4% per annum plus the RBA published cash rate paid quarterly
_ Repayment	Interest only loan with principal due at the end of the term
_ Security	Registered security interest in real property and whisky held by AWY

AWY Managing Director Geoff Bainbridge said that “continued support of our shareholders was a strong endorsement of the company’s strategic plans to make Lark the Penfolds of Australian whisky.”

“With this facility (\$5,000,000), the recently announced sale of Overeem (\$962,000) and existing cash reserves (\$2,330,000), AWY is well placed to see out the current period of market volatility while still executing the vision of Lark becoming a globally recognised Tasmanian icon” said Mr Bainbridge.

AWY approached a number of commercial debt providers and based on these interactions the Board is satisfied that the terms of the Quality Life facility are being entered into on arm's length terms and is fair and reasonable from the perspective of the shareholders of AWY.

As Quality Life is a substantial shareholder in AWY, the grant of security to it must comply with ASX listing rule 10.1. In late February 2020, AWY submitted an application to ASX Limited ('ASX') seeking a waiver from the application of ASX listing rule 10.1 to permit AWY to provide the Security referred to above to Quality Life pursuant to the Debt Facility. AWY is now pleased to advise that on 3 March 2020, the ASX has granted this waiver, subject to certain conditions that are described below.

The conditions set out in the waiver granted to AWY by ASX are that:

1. the material terms of the Debt Facility and of the waiver are announced to the market, including a description of the reasons why AWY has chosen to obtain the financial accommodation from the Listing Rule 10.1 party rather than a lender that is not a Listing Rule 10.1 party and the steps the board of AWY has taken to satisfy itself that the transaction is being entered into on arm's length terms and is fair and reasonable from the perspective of the holders of the entity's ordinary securities;
2. that the Debt Facility must expressly provide that:
 - a. the Security is limited to the funds due under the Debt Facility;
 - b. the Security will be discharged when the funds due under the Debt Facility have been repaid in full;





- c. in the event the Security is enforced, the assets can only be disposed of to Quality Life or an associate of Quality Life if the disposal is first approved by AWY's security holders under Listing Rule 10.1; and
 - d. otherwise, if the holder of the Security exercises, or appoints a receiver, receiver and manager or analogous person to exercise, any power of sale under the Security, the assets must be sold to an unrelated third party on arm's length commercial terms and the net proceeds of sale distributed to Quality Life in accordance with their legal entitlements;
3. any variation to the terms of the Debt Facility which advantages Quality Life in a material respect; disadvantages AWY in a material respect; or is inconsistent with the terms of the waiver, must be subject to security holder approval under Listing Rule 10.1; and
4. for each year while the Debt Facility remains on foot, a summary of the material terms of the Debt Facility and the Security is included in the related party disclosures in AWY's audited annual accounts.

In relation to item 1 of the conditions set out in the ASX waiver, the following is noted:

- between November 2019 and January 2020 and prior to negotiation of the Debt Facility, AWY has been unsuccessful in several applications for alternative financing options and previously received formal rejections for loan applications from major Australian banks, on terms which were less favourable than that offered by Quality Life; and
- AWY believes the terms of the Debt Facility entered into with Quality Life to be on arm's length terms, are fair and reasonable and are the best available to AWY in its circumstances having regard to AWY's timing requirements for the funding.

For more information contact

Analysts/Investors Melanie Leydin (Company Secretary)
+613 9692 7222
mleydin@leydinfreyer.com.au

This announcement has been approved for release by the Board of Directors

