

Sensitivity of Distributions to Interest Rates

To: Wairau Valley Vineyard Limited Partners
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Summary

In a rising interest rate environment financing costs are increasing. Distributions in the Wairau Valley Vineyard are particularly sensitive to interest rates, this sensitivity was outlined in the Information Memorandum (IM) on page 44.

Under the current \$4.71 million BNZ debt facility interest is floating, the most recent quoted rate for the facility for the month starting 21 September 2022 was 5.59%.

Assuming the interest paid to date and an average of 6.42% p.a. for the balance of FY23, the annualised cost of finance for the syndicate will be 6.09% p.a. Given these assumptions, investors who have held units for all of FY23 are expected to receive a distribution of 5.9% p.a. for FY23.

Figure 1: Sensitivity of Distributions to Interest Rates

Interest Rate	Distributions*
4.50%	7.0%
4.75%	6.8%
5.00%	6.7%
5.25%	6.5%
5.50%	6.3%
5.75%	6.2%
6.00%	6.0%

*Partner distributions/contributed capital

All other syndicate costs remain as budgeted.