

ANDREW PELLER LIMITED REPORTS STRONG GROWTH AND RECORD EARNINGS IN FISCAL 2016

This news release contains forward-looking information that is based upon assumptions and is subject to risks and uncertainties as indicated in the cautionary note contained elsewhere in this news release.

GRIMSBY, Ontario – June 2, 2016 – Andrew Peller Limited ADW.A/ADW.B (“APL” or the “Company”) announced strong growth and increased net earnings for the year ended March 31, 2016.

FISCAL 2016 HIGHLIGHTS:

- Sales up 5.9% on broad-based solid organic growth and successful launch of new products and categories;
- Gross margin rises on revenue increase and cost savings;
- EBITA increases 16.3% on revenue growth and improved profitability;
- Net earnings rise 26.1% to \$19.2 million or \$1.38 per Class A share;
- New Wayne Gretzky Estate Winery and Craft Distillery breaks ground; and
- Company named “*Canadian Wine Producer of the Year*” in December 2015.

“We generated solid growth across all of our well-established trade channels in fiscal 2016, augmented by the successful introduction of new wine brands and our entry into new product categories. This solid growth, combined with our focus on cost control and efficient production, resulted in another year of strong operating performance and record net earnings,” commented John Peller, President & Chief Executive Officer. “Looking ahead, the Canadian wine market remains robust, and with our reputation for value and exceptional quality, we expect to see continued growth and strong operating performance going forward.”

Sales for the year ended March 31, 2016 rose 5.9% to \$334.3 million from \$315.7 million in fiscal 2015. The increase in revenues was due to strong, broad-based organic growth across the majority of the Company’s product lines and distribution channels, as well as the introduction of new products and entry into new categories over the last two years. For the fourth quarter of fiscal 2016, sales increased 7.8% to \$74.2 million.

Gross margin as a percentage of sales for the year ended March 31, 2016 strengthened to 36.8% compared to 36.4% in the prior year as the Company benefited from the positive impact of cost control initiatives to improve productivity and raw material cost savings, which have largely offset the negative impact of the weak Canadian dollar compared to the prior year. The Company incurred a one-time \$1.7 million charge to cost of sales mostly during the fourth quarter due to quality issues in certain imported wines used to produce its International Canadian Blended (“ICB”) value-priced wines. As a result, gross margin for the three months ended March 31, 2016 declined to 33.9% of sales from 35.7% in the prior year’s fourth quarter.

Selling and administrative expenses rose in fiscal 2016 due primarily to increased marketing and sales programs and initiatives to support the introduction of new products and categories. However as a percentage of sales, selling and administrative expenses improved to 24.5% of revenues compared to 25.2% of revenues in the prior year. The Company is focused on ensuring selling and administrative expenses are tightly controlled, however it expects selling expenses will increase in fiscal 2017 to support the launch of additional new products and the new Wayne Gretzky Estate Winery and Craft Distillery.

Earnings before interest, amortization, net unrealized gains and losses on derivative financial instruments, other income (expenses), and income taxes (“EBITA”) were \$40.9 million for the year ended March 31, 2016, up 16.3% from fiscal 2015. The increase in EBITA is the result of the higher sales and increased gross margins in fiscal 2016. Interest expense decreased for the year ended March 31, 2016 compared to the prior year due to lower interest rates and lower debt levels.

The Company recorded a net unrealized non-cash loss in fiscal 2016 and fiscal 2015 related to mark-to-market adjustments on interest rate swaps and foreign exchange contracts. The Company has elected not to apply hedge accounting and accordingly the change in fair value of these financial instruments is reflected in the Company’s statement of earnings each reporting period. These instruments are considered to be effective economic hedges and have enabled management to mitigate the volatility of changing foreign exchange and interest rates during the year.

Adjusted earnings, defined as net earnings not including net unrealized gains and losses on derivative financial instruments, other income (expenses) and the related income tax effect, were \$20.3 million for the year ended March 31, 2016, up 31.7% from the \$15.4 million in fiscal 2015. For the fourth quarter of fiscal 2016 adjusted net earnings were \$0.2 million compared to \$0.9 million in prior year's fourth quarter. The decline is due primarily to the lower gross margin resulting from the one-time inventory write down discussed above, and increased selling and administrative expenses.

Net earnings the year ended March 31, 2016 increased 26.1% to \$19.2 million or \$1.38 per Class A Share from \$15.2 million or \$1.09 per Class A Share in fiscal 2015. The net loss in the fourth quarter of fiscal 2016 was due to the one-time inventory write-down, higher selling and administrative expenses, and an increase in the unrealized loss on derivative instruments compared to the prior year.

Strong Financial Position

Working capital at March 31, 2016 increased to \$71.7 million compared to \$69.0 million at March 31, 2015. Overall bank debt declined to \$86.0 million as at March 31, 2016 compared to \$89.0 million at March 31, 2015 due to the improved earnings performance and working capital management, and scheduled long-term debt repayments. As a result, the Company's debt to equity ratio strengthened to 0.55:1 at March 31, 2016 compared to 0.60:1 at March 31, 2015. Shareholders' equity as at March 31, 2016 was \$157.7 million or \$11.11 per common share, up from \$147.4 million or \$10.31 per common share as at March 31, 2015. The increase in shareholders' equity is due to the strong net earnings partially offset by the payment of dividends and the repurchase and cancellation of 100,000 Class A shares completed in February 2016.

The Company generated cash from operating activities in fiscal 2016, after changes in non-cash working capital items, of \$21.8 million compared to \$25.8 million in the prior year. Higher earnings in fiscal 2016 were partially offset by an increase in inventories and accounts receivable. In fiscal 2015, cash from operating activities was higher than expected due to a smaller than usual domestic wine harvest. In fiscal 2017, the Company expects cash from operating activities to decrease when compared to fiscal 2016 to a projected larger harvest in Ontario and increases in working capital investment relating to the fiscal 2017 spirits launch.

On August 7, 2015, the Company amended its debt facilities to extend the maturity date to July 31, 2020 and reduce the floating interest rate in relation to the one to six-month Canadian Dealer Offered Rate (CDOR) to CDOR plus an applicable margin based on the Company's leverage. As at March 31, 2016, the applicable margin was 1.25%. The interest rate on the Company's term loans remains fixed until July 13, 2020 as a result of interest rate swaps.

Increase in Common Share Dividends

On June 2, 2016 the Company's Board of Directors approved a 9% increase in common share dividends for shareholders of record on June 30, 2016 payable on July 8, 2016. The annual dividend on Class A Shares was increased to \$0.490 per share from \$0.450 per share, and the annual dividend on Class B Shares was increased to \$0.426 per share from \$0.391 per share. This was the Company's eighth dividend increase in the last ten years. The Company has consistently paid common share dividends since 1979.

Wayne Gretzky Estate Winery and Craft Distillery

On September 4, 2015 the Company announced that it had filed planning documents for the development of the new Wayne Gretzky Estate Winery and Craft Distillery in Niagara-on-the-Lake, Ontario. Located on land adjacent to the Company's Trius Winery, the proposed 15,000 square foot facility will include a winery, craft distillery, barrel aging cellars, tasting rooms, retail and hospitality facilities, all surrounded by landscaping and vineyards. The Company established its strategic alliance with the Wayne Gretzky Estate Winery in 2011, and has generated significant growth in their brands to where their wines are now among the top-ten best sellers across Canada. The new winery and distillery is expected to open in the spring of 2017 and will add to the significant investments the Company has made in its Peller Estates, Trius, Thirty Bench, Sandhill and Red Rooster estate wineries.

Canadian Wine Producer of the Year

On December 3, 2015 the Company announced that it had been awarded "Canadian Wine Producer of the Year" by the International Wine and Spirit Competition ("IWSC"). Established in 1969, the IWSC was the first competition to seek out the best wines, sprits and liqueurs from around the globe. Now one of the world's

foremost wine competitions, the IWSC's panel of carefully selected industry experts comprised of Masters of Wine, wine buyers, sommeliers, qualified wine educators and respected wine journalists judges wines from more than 90 countries in a rigorous seven-month process that includes a double-blind tasting as well as chemical and microbiological analysis. An IWSC award is recognized internationally as a badge of excellence and quality.

Investor Conference Call

An investor conference call hosted by John Peller, President and CEO and Brian Athaide, CFO, will be held Friday, June 3, 2016 at 11:00 a.m. ET. The telephone numbers for the conference call are Local/International: (416) 340-2216, North American Toll Free: (866) 223-7781. The telephone numbers to listen to the call after it is completed (Instant Replay) are local/international (905) 694-9451 or North American toll free (800) 408-3053. The Passcode for the Instant Replay is 9649623#. The Instant Replay will be available until midnight, June 11, 2016. The call will also be archived on the Company's website at www.andrewpeller.com.

Annual Meeting of Shareholders

The Fiscal 2016 Annual and Special Shareholders' Meeting will be held at 11.00 am ET on Friday, September 9, 2016 at the Peller Estates Winery located in Niagara-on-the-Lake, Ontario.

Financial Highlights (Unaudited)

(Condensed consolidated unaudited financial statements to follow)

For the three months and year ended March 31, (in \$000)	Three Months		Year	
	2016	2015 ¹	2016	2015 ¹
Sales	74,170	68,791	334,263	315,697
Gross margin	25,160	24,576	122,964	114,869
Gross margin (% of sales)	33.9%	35.7%	36.8%	36.4%
Selling and administrative expenses	21,546	19,941	82,048	79,685
EBITA	3,614	4,635	40,916	35,184
Net unrealized loss on derivative financial instruments	(2,479)	(622)	(1,558)	(572)
Other income (expenses)	(21)	115	40	301
Adjusted net earnings	191	886	20,322	15,425
Net earnings (loss)	(1,659)	510	19,199	15,224
Earnings (loss) per share – Class A	\$(0.12)	\$0.03	\$1.38	\$1.09
Earnings (loss) per share – Class B	\$(0.11)	\$0.03	\$1.20	\$0.96
Dividend per share – Class A (annual)			\$0.450	\$0.420
Dividend per share – Class B (annual)			\$0.391	\$0.365
Cash provided by operations (after changes in non-cash working capital items)			21,793	25,837
Working capital			71,665	68,982
Shareholders' equity per share			\$11.11	10.31

1. Restated to reflect the early adoption of the amendments to IAS 16 and IAS 41.

About Andrew Peller Limited

Andrew Peller Limited is a leading producer and marketer of quality wines in Canada. With wineries in British Columbia, Ontario, and Nova Scotia, the Company markets wines produced from grapes grown in Ontario's Niagara Peninsula, British Columbia's Okanagan and Similkameen Valleys, and from vineyards around the world. The Company's award-winning premium and ultra-premium VQA brands include *Peller Estates*, *Trius*, *Thirty Bench*, *Wayne Gretzky*, *Sandhill*, *Conviction* and *Red Rooster*. Complementing these premium brands are a number of popularly priced varietal brands including *Peller Estates French Cross* in the East, *Peller Estates Proprietors Reserve* in the West, *Copper Moon*, *Black Cellar*, *XOXO*, and *skinnygrape*. *Hochtaler*, *Domaine D'Or*, *Schloss Laderheim*, *Royal*, and *Sommet* are our key value priced brands. The Company produces wine based liqueurs and cocktails under the brand *Panama Jack* and wine based spritzers under the *skinnygrape* brand. The Company imports wines from major wine regions around the world to blend with domestic wine to craft these popularly priced and value priced brands. With a focus on serving the needs of all wine consumers, the Company produces and markets premium personal winemaking products through its wholly-owned subsidiary, Global Vintners Inc., the recognized leader in

personal winemaking products. Global Vintners distributes products through over 170 Winexpert authorized retailers and more than 600 independent retailers across Canada, the United States, the United Kingdom, New Zealand, Australia, and China. Global Vintners award-winning premium and ultra-premium winemaking brands include *Selection*, *Vintners Reserve*, *Island Mist*, *KenRidge*, *Cheeky Monkey*, *Traditional Vintage*, and *Cellar Craft*. The Company owns and operates 100 well-positioned independent retail locations in Ontario under The Wine Shop, Wine Country Vintners, and Wine Country Merchants store names. The Company also owns Andrew Peller Import Agency and The Small Winemaker's Collection Inc.; both of these wine agencies are importers of premium wines from around the world and are marketing agents for these fine wines. The Company's products are sold predominantly in Canada with a focus on export sales for its icewine and personal winemaking products. More information about the Company can be found at www.andrewpeller.com.

The Company utilizes EBITA (defined as earnings before interest, amortization, net unrealized gains and losses on derivative financial instruments, other (income) expenses, and income taxes) to measure its financial performance. EBITA is not a recognized measure under IFRS. Management believes that EBITA is a useful supplemental measure to net earnings, as it provides readers with an indication of cash available for investment prior to debt service, capital expenditures, and income taxes. Readers are cautioned that EBITA should not be construed as an alternative to net earnings determined in accordance with IFRS as an indicator of the Company's performance or to cash flows from operating, investing, and financing activities as a measure of liquidity and cash flows. The Company also utilizes gross margin (defined as sales less cost of goods sold, excluding amortization) and adjusted earnings as defined above. The Company's method of calculating EBITA, gross margin, and adjusted earnings may differ from the methods used by other companies and, accordingly, may not be comparable to measures used by other companies.

Andrew Peller Limited common shares trade on the Toronto Stock Exchange (symbols ADW.A and ADW.B).

FORWARD-LOOKING INFORMATION

Certain statements in this news release may contain "forward-looking statements" within the meaning of applicable securities laws, including the "safe harbour provision" of the Securities Act (Ontario) with respect to Andrew Peller Limited and its subsidiaries. Such statements include, but are not limited to, statements about the growth of the business in light of the Company's recent acquisitions; its launch of new premium wines; sales trends in foreign markets; its supply of domestically grown grapes; and current economic conditions. These statements are subject to certain risks, assumptions, and uncertainties that could cause actual results to differ materially from those included in the forward-looking statements. The words "believe", "plan", "intend", "estimate", "expect", or "anticipate" and similar expressions, as well as future or conditional verbs such as "will", "should", "would", and "could" often identify forward-looking statements. We have based these forward-looking statements on our current views with respect to future events and financial performance. With respect to forward-looking statements contained in this news release, the Company has made assumptions and applied certain factors regarding, among other things: future grape, glass bottle, and wine prices; its ability to obtain grapes, imported wine, glass, and its ability to obtain other raw materials; fluctuations in the U.S./Canadian dollar exchange rates; its ability to market products successfully to its anticipated customers; the trade balance within the domestic Canadian wine market; market trends; reliance on key personnel; protection of its intellectual property rights; the economic environment; the regulatory requirements regarding producing, marketing, advertising, and labeling its products; the regulation of liquor distribution and retailing in Ontario; and the impact of increasing competition.

These forward-looking statements are also subject to the risks and uncertainties discussed in this news release, in the "Risks and Uncertainties" section and elsewhere in the Company's MD&A and other risks detailed from time to time in the publicly filed disclosure documents of Andrew Peller Limited which are available at www.sedar.com. Forward-looking statements are not guarantees of future performance and involve risks, uncertainties, and assumptions which could cause actual results to differ materially from those conclusions, forecasts, or projections anticipated in these forward-looking statements. Because of these risks, uncertainties and assumptions, you should not place undue reliance on these forward-looking statements. The Company's forward-looking statements are made only as of the date of this news release, and except as required by applicable law, the Company undertakes no obligation to update or revise these forward-looking statements to reflect new information, future events or circumstances or otherwise.

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