

LATEST NEWS

2013 has been a good year so far for the fine wine market. The Liv-ex Fine Wine Index 50 has increased 10.8 per cent in the last four months and the Index 100 has risen 7 per cent since the start of 2013. After a rather gruelling 2012 it has been a welcome respite to see prices increase.

Liv-ex: "Market conditions in 2013 are more positive than last year. The Liv-ex 100 has posted four consecutive monthly gains."

2009s dominating the market : The critically acclaimed 2009 vintage – especially Lafite, Petrus and Pontet Canet – is driving trade on the Exchange. The 2010s are not far behind, with 100-point Parker wines seeing huge rises in value. Pape Clement, a relatively unknown estate from the Pessac region, saw its 2010 vintage soar by 45 per cent after receiving a perfect score from Parker, demonstrating the American critic's continued influence on the market. At Capital Vintners we only source wines with Parker scores of 90+, with a particular emphasis on wines that score 95+.

BORDEAUX 2012 REPORT

News of the 2012 Bordeaux vintage has been brighter than first thought. Initial reports of a rainy October led many to believe that the harvest had been mostly wiped out.

Now it would appear that the main worry in Bordeaux is that the 2012 vintage will put increased pressure on the 2011 vintage, which was not a particularly good year (apart from the First Growths and top St. Emilion producers like Pavie and Ausone). With a cheaper and better vintage about to be released, many producers and négociants could end up with a stockpile of 2011s.

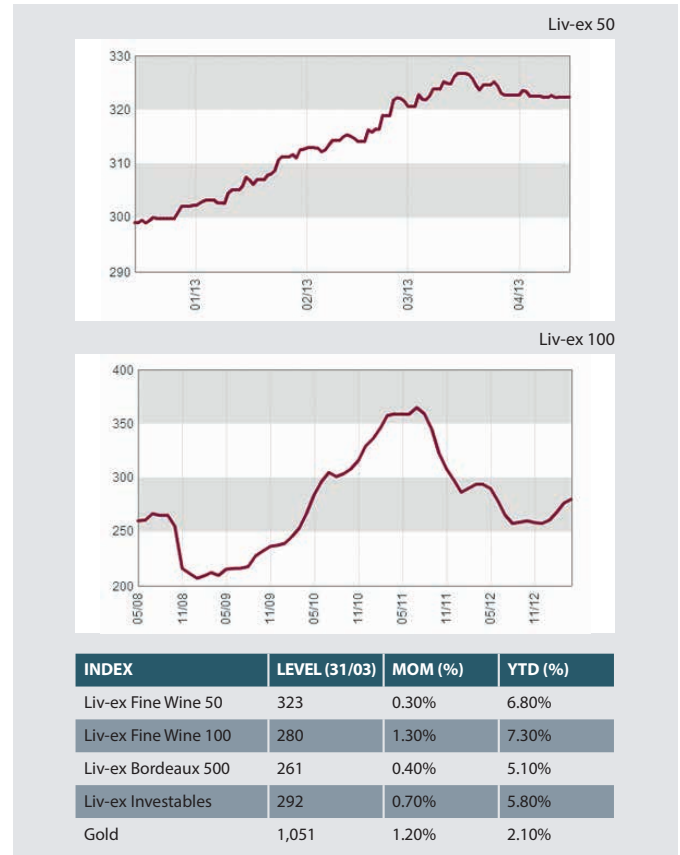


One of Grand-Puy Lacoste's second labels, Lacoste Borie 2012. A stunning wine.

Many are saying that 2012 resembles 1998, a renowned vintage. The weather in the final stages of last year meant that Merlot benefited, whereas Cabernet Sauvignon suffered. Right Bank wines are more Merlot-heavy, so wines

like Petrus, Le Pin, Angelus and Ausone are being touted as the best of the bunch. Merlot ripens earlier in the year than Cabernet Sauvignon, so these Right Bankers were harvested before the worst of the weather hit the region last year.

2012 wines are likely to be lighter and less dense than 2009 and 2010 vintages. Renowned critic Stephen Spurrier has singled out Margaux and St Estèphe as Left Bank regions that should see some great wines, so we'll be keeping an eye on producers like Cos d'Estournel, Margaux, Palmer and Montrose.



Jean Elliot, one of our negociants in Bordeaux:

"The climate has made it difficult for viticulture as excess rainfall between April and June had used the vine to absorb a large amount of water. Then the drought in July and August caused water stress. The harvest started a little late last year at the end of September: the Merlot being mature. However, the rain came again, forcing harvesters to return



The new amphorae in Pontet Canet's barrel room.

Cabernet early. Yields were often lower, due to a strong heterogeneity in the growth and maturity of a sort often necessary to harvest. 2012 will in all cases be one for Merlot. 2012 is primarily a drinkable

vintage like 2011. The alcohol levels vary between 13 and 13.5 per cent for the majority of the wines tasted. It is a powerful and rich tannins vintage. Acidities are good, which should make it a pretty vintage. The wines of the Left Bank are heterogeneous. Wines from St Emilion and Pomerol are in all quite elegant tannins and lovely aromas.

But now to get a good campaign we are all waiting for prices and really hope that Chateaux owners will lower the prices!"

For a report on Capital Vintners' recent trip to Bordeaux, please turn the page.

CAPITAL VINTNERS IN BORDEAUX

The Capital Vintners team headed over to Bordeaux last month for a pre- en primeur tour of some of the region's most renowned estates. 2012 was a tough year for producers, due to adverse weather conditions. The result was a small harvest, although initial reports suggest that whilst there might not be the quantity, the quality might be up there with recent fantastic vintages like 2010.

Our schedule was packed full of tastings, visits and meetings with négociants. In the space of three days we travelled over 400 miles, zipping from appellation to appellation to sample as many wines as possible.

Château d'Yquem welcomed us with open arms. One of the most famous producers in the world, d'Yquem produces a rare sweet wine that benefits from 'noble rot', a natural disease that actually improves the quality and sweetness of the wine. We tried d'Yquem 2006 at an exclusive tasting (below). Unfortunately due to the poor weather there is no 2012 vintage of this unique wine.



Enjoying the tasting at Château d'Yquem

One of the highlights of the trip was a visit to the newly refurbished Cos D'Estournel. Designed by Jean-Michel Wilmotte, the barrel room (right) was a sight to behold. Stylish, practical and accessible by skywalk, you can literally walk right over the barrels on a path that spans the vast barrel room.

A tasting followed – a bottle of Cos 2008 and the newly bottled 2012 vintage – which were both exceptional. Supposedly Robert Parker had just left the estate as we arrived; we left our own scores next to his on our way out!

One of the lesser known estates on our itinerary, Château Kirwan, in the Margaux region, proved to be a real find. As we were shown around the impressive family-run estate by Nathalie Schyler, the manageress, a coach-load of Asian investors arrived and instantly began taking photos



The Capital Vintners team outside Château Haut-Brion

of everything and anything! Nathalie offered the best hospitality of all the owners we met in our time in Bordeaux, and her beloved Kirwan wines will certainly feature on Capital Vintners stock lists in the near future.

On our final day one of our appointments was at one of the oldest estates in Bordeaux; Château Haut-Brion. Based in the Pessac region, the estate has its own cooperage, an impressive residence (above) and beautiful grounds. Our négociant had arranged a tasting followed by lunch at the chateau, so we sat in the sunshine tasting Haut-Brion 2007 and 2011; a memorable day indeed!

Our final visit of the tour was Grand-Puy Lacoste in Pauillac. The owner's daughter, Emeline Borie, arranged for a tasting of a vertical lot of GPL and Lacoste Borie, the second label (that proved to be almost as impressive as GPL). Emeline's enthusiasm for the estate was contagious, and we left GPL feeling a little sad that it was our last meeting of the tour. Not to worry though, as we will be back in Bordeaux in the autumn, ready for the picking season for the 2013 vintage.

For the whole story, go to our website.



The awesome barrel room at the newly refurbished Cos d'Estournel

DOMAINE DE LA ROMANÉE-CONTI (DRC)



The vineyards of Vosne-Romanée

Regarded as the world's most valuable wine producer, DRC is situated in the **Burgundy** region of France. In the last few years this producer's reputation has rocketed,

due to the **Chinese taking a keen interest** in the wine (it is known to go incredibly well with Oriental food) and **huge sales at auctions worldwide**.

The wines' taste and character come from several factors. The first is location. Burgundy's Cote d'Or, a 30-mile-long strip of limestone-rich soil, is a mosaic of tiny plots -- only 33 of which are officially classified grand cru, the highest quality level.

The most legendary vineyard is Romanée-Conti, a 1.81 hectare patch on a gentle hillside in the commune of Vosne-Romanée that's marked only by a low stone wall with a 17th century cross on top.

The second is a **meticulous attention to winemaking**. Co-owner Aubert de Villaine spares no expense in the careful coddling of DRC's vineyards. All are farmed biodynamically; an ultra-organic method that requires more workers, and are ploughed by horse so as not to compact soil and damage roots.

Domaine de la Romanée-Conti comprises:

- **La Romanée Conti** (av. production: 450 cases)
- **La Tâche** (av. production: 1870 cases)
- **Richebourg** (av. production: 1000 cases)
- **Romanée St Vivant** (av. production: 1500 cases)
- **Grands Echezeaux** (av. production: 1150 cases)
- **Echezeaux** (av. production: 1340 cases)
- **Le Montrachet** (av. production: 250 cases)

Data & Statistics

The Liv-ex DRC Index rose **54.4%** from August 2008 to January 2013.

In 2012 DRC accounted for **7 of the top 10** lots at Acker, Merrall and Condit's auctions worldwide and 17 per cent of its global dollar volume.

The drinksbusiness.com ranked DRC as the **most powerful fine wine brand in the world** in February 2013.

The best recent vintages are **1990, 1999, 2005 and 2009**.
DRC Romanée-Conti 1990: up **87.8 per cent** in last three years.
DRC Romanée-Conti 1996: up **98.1 per cent** in last five years.
DRC La Tâche 2000: up **72.7 per cent** in last five years.

ROBERT JOSEPH INTERVIEW



Robert Joseph has been a prominent UK wine writer for the last 30 years. He has written for the Sunday Telegraph, he has written dozens of books on wine, and he now writes an influential blog called the Joseph Report and acts as a consultant throughout the world. In 1997 Decanter Magazine named him as one of the 50 people who would influence the way people would drink wine in the 21st century.

At Capital Vintners we specialise in the very best French wines, notably the First Growth Bordeaux wines, as they provide our clients with the best opportunities for capital growth. Do you think these wines will continue to be as attractive to investors in the future?

Robert Joseph: First Growths and top Pomerols and St Emilions, along with top Burgundies, have as safe a long term future as property in the right parts of London, New York or Paris.

Has the Chinese boom in the market skewed the price of fine wine, or will the very best wines continue to spectacularly rise in value?

RJ: Yes and yes. In the short term the Chinese have skewed prices – just as Arab buyers did for London property in the 1980s. But in the long term, quality, prestige and rarity will always be recognised by buyers.

With Domaine de la Romanée-Conti cases breaking records all over the globe, has Burgundy overtaken Bordeaux as France's number one region?

RJ: Not yet – in investment terms – because there are too few globally recognised labels and too little volume traded. On the other hand, personally as someone who lived there for five years, I've always placed Burgundy over Bordeaux.

What new areas of the world do you see making waves in the wine market?

RJ: South America certainly, and Australia, with its newer styles of more elegant wines. New Zealand Syrahs will get more traction, and then of course there's English fizz, though I doubt that it will be as successful as some investors imagine. Finally, watch what happens in China. I certainly am.

Thank you Robert for your incisive comments. We look forward to hearing from you again in the near future.

EYE ON ASIA



Chateau Huadong in the Qingdao Province, China

According to International Wine and Spirit Research (IWSR), the Chinese drank 160 million cases of wine in 2011, a 142 per cent increase from 2007. The IWSR also predicts that this number will increase by another 40 per cent in the next three years.

China currently has 20 million consumers of imported wine. This figure is expected to rise to 80 million by 2020.

Asian investors are turning to Rhone Valley wines as well as Bordeaux and Burgundy wines. Rhone exports to China increased by 140 per cent in volume in 2011, yet another example of how the Chinese are expanding their portfolios.

***'In 2012 China imported 64 million litres of Bordeaux fine wine, twice that of Germany, its closest follower.'* - Bordeaux Wine Council**

As a side note, incredibly, 99.5 per cent of wine consumed in China in 2011 was red, white or rose. That means that only 0.5 per cent was sparkling, a statistic that will surely be utilised by the big Champagne brands - Cristal, Krug, Bollinger etc. - in the next few years.

Chinese drinkers now drink 1.4 litres of wine per year, a small amount but far higher than it was five years ago. Per capita consumption is due to increase to 2.1 litres by 2016. Interestingly, 92 per cent of wine consumed is red. White wine is on the rise, but has a long way to go before it catches up with the reds.

***'Wine Sales in China grew 20 per cent from 2011 to 2012 - up to £27 billion.'* - Wall Street Journal**

China's favourite source of imported wines is still France, which saw its sales multiply six fold between 2007 and 2011. French wine now accounts for 48 per cent of the total volume of imported wine drunk in China.

Chinese home-grown wine is also on the rise. There are now 450 wine producers in the country. The Ningxia in particular is making headlines all over the world with its fantastic wines.

STORAGE UPDATE AT LOCKE-KING VAULTS

As of February 2013, storage costs are included in the invoice with all following purchases of your wines.

If you would like a copy of the letter written by Locke-King Vaults Cellar Manager, which gives customers reassurance that their wines are registered in their own private named accounts, **please contact us on 0207 3783500 or logistics@capitalvintners.com**.

WINES OF THE MONTH

We've got some great wines on our radar this month. Here are just a few of them:

Pavie 2011

Gérard Perse's highly renowned estate in the Saint-Emilion appellation has been producing some of the best wines in the world in the last few years. Pavie 2009 scored a perfect 100 Parker points, 2010 scored 98+, and the 2011 scored an impressive 93-95 points, with Parker branding it "another terrific success". It is highly likely that this score will be upgraded in the next few years.

In the last 12 months, Pavie 2011 **has moved up 11.6 per cent in value**, largely due to the re-classification last year which named Pavie a Premier Grand Cru Classé A status estate. There can be no doubt that Pavie will be a great acquisition for any wise buyer looking to add a wine with great Parker scores and a top classification.

Pichon Baron 2008

Situated in the Pauillac appellation, Pichon Baron is a Second Growth wine that has been producing 90+ scoring wines for the last decade. Christian Seely, an Englishman who is the Managing Director of AXA Millesimes (a huge French Insurance company), oversees the running of the estate.

Pichon Baron 2008's growth rate has been impressive. It has **soared 51.6 per cent in the last 5 years**, an annualised return of over 10 per cent.

Château Palmer 2008

This magnificent Third Growth in the Margaux region has seen a massive rise in value: **13 per cent in the last six months!** Get your hands on this fantastic wine that Parker called "a stunning success."