

CHRISTMAS OFFICE DATES

Capital Vintners will close its office for the festive period on Thursday 22nd of December 2016 and re-open on Monday 9th of January 2017.

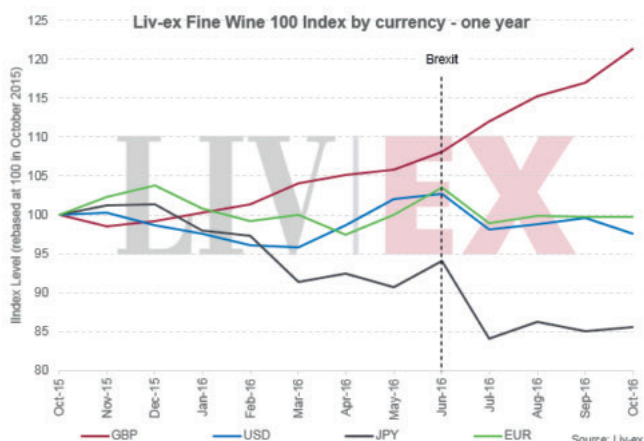
If you have any urgent enquiries during this time, please email us on info@capitalvintners.com or leave a voicemail message by calling our office number on 0207 378 3500 / 0800 077 8007

FINE WINE 100 ON A ROLL

It has been a very active year for the market as a whole, the Fine Wine 100 closed 1.6% up on October – making it twelve consecutive months of growth for the index. The market is now at its highest level in five years and the index is up 23.8% on the year-to-date.

This is great news for the market as it shows the optimistic predictions made at the beginning of the year have been entirely correct so far. Market growth seems to be slowing down as the year draws to a close, however overall market strength is healthy and 2017 looks to be a great year for the market.

LIV-EX 100 PERFORMANCE BY CURRENCY



Currency has been a reoccurring theme in the wine market this year. The markets benchmark index, the Liv-ex Fine Wine 100, has been rising since November 2015 and is up 23.1% year to date. As shown above, the index has performed the best when calculated in Sterling (also priced in GBP). The chart does not show the same performance when calculated in Euros, Dollars and Yen. Instead it is down -14.4% over the last 11 months when viewed in Yen. This is warranted by the favourable Sterling currency situation which had encouraged a surge of Euro, Yen and Dollar based buyers. Dollar based buyers have double in the last 12 months as result of their stronger currency and new President elect Donald Trump.

MOUTON ROTHSCHILD 2014 LABEL RELEASE

Mouton Rothschild has revealed the artist who has commissioned the art work for their 2014 vintage label, to be British born David Hockney. Regarded as a close friend of the late Philippine de Rothschild, Hockney has paid tribute by creating the above label in her memory. According to the chateau the glasses "tell the story of feverish expectation and the constantly renewed miracle of the birth of a great wine."



DRC, LEFLAIVE AND COMTES SET TO JOIN FORCES FOR MONTRACHET 2016

Following a damaging April frost across the Burgundy region, the yields across much of the province have been destroyed. The most six prominent wineries of the region are looking to pool their grapes in order to make a special barrel of Montrachet Grand Cru 2016.

The producers would include Domaine de la Romanée-Conti (DRC), Domaine des Comtes Lafon, Domaine Leflaive, Domaine Guy Amiot et Fils, Domaine Lamy-Pillot and Domaine Fleurot Larose. The barrel would mean that producers would co-vinify the grapes they have left in aim to produce two 228-litres barrels of Montrachet Grand Cru.

Independently none of the producers have the necessary grapes to fill an entire barrel. The lasting effect from the earlier unfavourable weather conditions would mean that even by co-vinifying, they will only be able to produce 600 bottles of wine!

However it is not as straight forward as it seems. French appellation laws ban estates from sharing grapes, if officials do not allow authorisation for the wine to be sold on each estate the bottles will instead only be available for private tasting's at the estate.

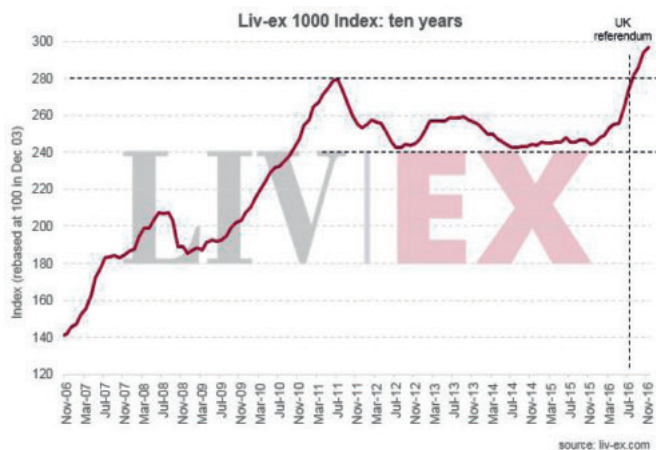
'The wine will of course be a Montrachet Grand Cru because it is legitimately issued from that terroir, but we are currently applying to the French administration for the right to sell it' said Brice de la Morandière, of Domaine Leflaive.

MESSAGE FROM THE CEO:

As the year draws to a close we can be thankful for the improvement the wine market has shown finally. In November alone, the market moved up by 1.6% against the previous month. The Liv-ex 1000 Index – the broadest measure of the fine wine market – closed November 2016 at a new high of 296.60. This is an increase of 1.02% on October's close of 293.60, it has now reached record highs for four consecutive months. Which is great news and I am sure some customers will be thrilled that we advised them to hold and be patient as it will improve even more, it just takes time. Just like it takes time for the wine to mature and be ready to drink.

The index previously reached a high of 297.69 in July 2011 at the peak of the China-led bull market. It then fell 13.3% before hitting a low of 242.6 in August 2014.

The fine wine market has been rising since the end of last year. It received a marked boost after the 24th June 2016 when the UK voted to leave the EU. A weaker Sterling has encouraged buying from Euro and Dollar-based merchants and Capital Vintners have seen an increase demand from buyers in the USA this year than ever before. The Presidential election of Donald Trump has also shown an impact for the dollar in the short term too. We received more orders in November from all over the USA from Washington, to Los Angeles which has now made our customer base reach even further across the water, so great news! Whether they were celebrating or drowning their sorrows, regarding the Trump campaign is neither here nor there for us. It has made an impact for the market, as when the spending starts the prices move.



So it's all good news really and I know I have had to personally pull out the tissues when the crash started, but it really is a nice feeling when your customers listen and take note of the advice we give, then for them to reap the benefits from that advice.

In more wine related news, Neal Martin stepped in to grade the en primeur this year whilst Robert Parker stepped down, we noticed that there has been an ever increasing younger buying market with some of our customers being as young as 26 years old. Around 10% of our buyers in this year's release campaign were under the age of 40. This has maybe given light to a new generation of wise collectors and investors, seeing as the British banks are so poor with interest rates these days the next generation are starting early in the wine market which would seem very promising.

Neal Martins re-appraisal of the 1996 vintage saw an increase of trade and he has upgraded Margaux from 98 to 100 which is above Parker's score of 99. This shows that some might say it's not just Parker now that can help an increase in trade for certain wines. However, it is still

trading below its market peak but it is showing signs of improving as is all wines this year. Martin said Margaux 1996 "may well turn out to be the Left Bank pinnacle of the 1990s." Parker concluded, "it was one of the most compelling wines he had ever tasted, suggesting it could surpass the quality of the 1990, 1986, 1983, and 1982". Only Margaux 1990 carries a 100-point score (Martin and Parker).

In other important news, we are pleased to announce we have been given our (AWRS) License number. All of our current and future customers will be happy to know that the "Alcohol Wholesale Registration Scheme" was set up to stamp out wine fraud. If you are offered wine from any company who does not hold this license please be wary and ask them to provide it to you.

From 1 April 2017 all UK wholesalers will need to check that their suppliers have registered with HMRC and have an AWRS Unique Reference Number (URN). Trade buyers and wholesalers will be able to use an online look-up service to check that the companies are registered.

This should be refreshing information to some people as there have been a fair few companies over the years that have not acted responsibly and left the customers without wine or money and this has also brought bad press to this normally great market.

Finally, HMRC are stepping in to help stamp out these bad companies. So remember if someone offers to buy your wine from you or sell you wine, just ask them do you have an AWRS licence number? If they cannot provide this or have no idea about the scheme, simply hang the phone up and ignore them!

London City Bond Vintothèque - Some customers may well have received notice recently that LCB Vintothèque is now outsourcing insurance on fine wine stored at their warehouses and just simply charging for the storage alone. Please also note that the minimum storage charge is £50 at any of the LCB sites so if you have any wines stored at Burton on Trent or LCB London you will be charged £50 and have to insure your wine separately. This has come as a rather big shock to some customers we know of, they have decided to move wine they hold to LCB Vine International with Capital Vintners where your minimum charge is £15/case and is fully insured at replacement value, at no extra cost. So if anyone wishing to save further money then get in contact with a member of the team at Capital Vintners and we can help save you even more money. EHD Locke King Vaults are also looking to increase their charges too however, they will still keep the insurance cover wrapped up in the charge per case. We are negotiating with them to keep the charges at the same price as we are such long term customers of theirs, watch this space!

To finalise and leave you on a good note, we are keeping our storage costs at the same rate for now and not increasing them like many of the storage facilities do each year! We are also building a bigger and better platform on our site for our customers to keep on top of their wine account.

Wine buyers in the 2011-2015 period would need to hold for a further 5 years at the very least to make the best out of the fall in the market and if things go the way they are going now and continue, it will be a big cheers and a raise of your glasses in the not too distant future, ideally in less than 2 years.

In 2017 trade shall be exciting with many of the first and second label First Growth wines being given to us on en primeur with first release prices so remember it's in your best interest with our 12th year of trade to get orders in for this period. We are still striving to get the best prices for you and make our customers enjoy the world of fine wine.

I wish you all the very best Christmas and very Prosperous New 2017.

Christopher Burr Founder & CEO