

ON HOME SOIL

From chin-chin to ching ching: **Adam Dakin** shares some of his top tips and *appellation* knowledge to help you turn your love of wine into a profitable business

It has become easier and easier for the would-be vigneron to view vineyards online before taking the step of actually going to visit one in France. When all is said and done, the visiting process can be quite a pleasant one, with a few days of blue skies punctuated by the odd €20 menu and several espressos.

Grape success

So far so good I hear you say, but how do you make a decision about what to buy when you are new to the industry? All sorts of questions fill your head and rightly so:

is the vineyard well kept and virus free? Is the winery well equipped and uncontaminated? Are the grape varieties appropriate and planted on the correct rootstock? Is a 20ha vineyard in this *appellation* viable or likely to be viable?

The questions are endless and the answers are not always clear cut. Winemaking is both an art and a science; depending on your aims, different choices will be made in terms of yields, wine-making techniques and marketing.

Finding and trusting an expert in the field is of the utmost importance whether you are investing one, five or 10 million euros in what will become both your home and your

business. Over and above any legal and financial due diligence, correct technical due diligence should be a condition to the acquisition of any vineyard.

A good broker should offer this service to all clients in every transaction. This is sadly not the case, as many agents who purport to be specialised in the field have never worked in a winery themselves and couldn't tell a Chardonnay vine from a Cabernet.

Furthermore, the broker should offer a hand-holding approach in leading you through the acquisition process and the many meanders of the French administrative system. The process of buying a vineyard in France involves a number of specific land pre-emption rights and applications to governmental bodies, which means that a vineyard transaction will generally take five months to complete.

Legal advice should be taken to ensure that the purchase structuring is adapted to your individual situation and covers all aspects including wealth tax, inheritance tax, resale, capital gains and so on.

Value your vines

Values can vary hugely from one *appellation* to another and currently the most expensive

vineyard land is worth a staggering two thousand times the cheapest land. A hectare of Corbières vines can be bought for €10,000 while a cheque for €20m would need to be signed for the most sought-after Grands Crus in Burgundy.

A selection of vineyard prices and *appellations* are as follows:

Appellation	€/ha
Bordeaux	18,000
Pauillac	2,000,000
Sauternes	50,000
Beaujolais	12,000
Sancerre	180,000
Châteauneuf-du-Pape	450,000
Champagne	1,300,000
Côtes de Provence	75,000

Vineyards differ greatly from one region to another, as do the economics depending on the *appellation*. A vigneron can live comfortably from two hectares of Champagne, whereas you'll need 20 hectares of vines in the Minervois to keep the wolf from the door.

That said, the Champagne option requires an investment of €2.6m compared to an outlay of €280,000 for the Minervois vineyard. Investing such large sums of money means it is vital to be well advised and protected when acquiring a vineyard.

Vineyard size is all important and the hectareage should correspond to the aims of the investor. Hectarage, after all, implies working capital requirements and volume. Volume implies sales efforts and investment, both in terms of time and money.

A négociant (wine merchant) looking to supply future demand will have different objectives from a private investor or an existing vineyard looking to extend its own wine range. Defining your objectives when acquiring a vineyard enables you to be more efficient in the selection process which can often take up to two years.

A broker with an in-depth knowledge of the industry should assist you in defining your objectives before you start randomly roaming the French countryside, exploring vineyards and tasting the many wines on offer (fun as this may be).

Your other option is to invest in a row of vines or shares in GFV (Guaranteed Future Values) companies, both of which can be bought for just a couple of thousand pounds, so a much smaller initial outlay. ■

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On the market



VOCABULAIRE

Une fiche d'encépagement
varietal specification document

Une déclaration de récolte *harvest report*

Le plan cadastral *Land Registry plan*

Un inventaire *inventory*

La structure juridique *legal structure*

Le rendement
yield (production)

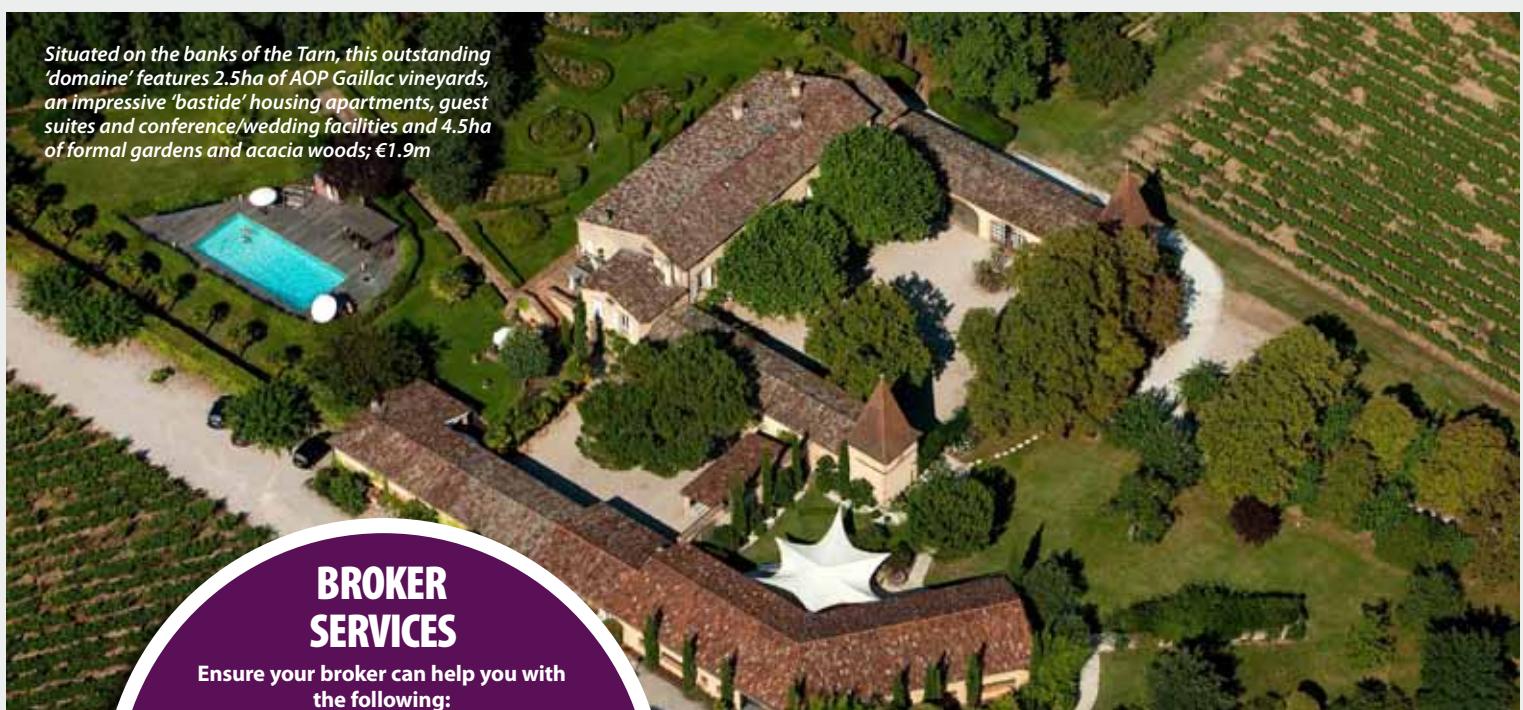
Le volume des ventes
sales volumes

Set in over 300ha of land, this property enjoys wonderful views over the Mediterranean and includes holiday cottages, a chapel and a number of neglected shepherds' huts. The château itself offers four bedrooms as well as a pool and even a bandstand, while the huge winery has a capacity of 3,500hl. The 40ha vineyard has been planted with noble varieties including some old Carignan and Cinsault vines, 26ha of which are farmed organically, €3.55m

On the market



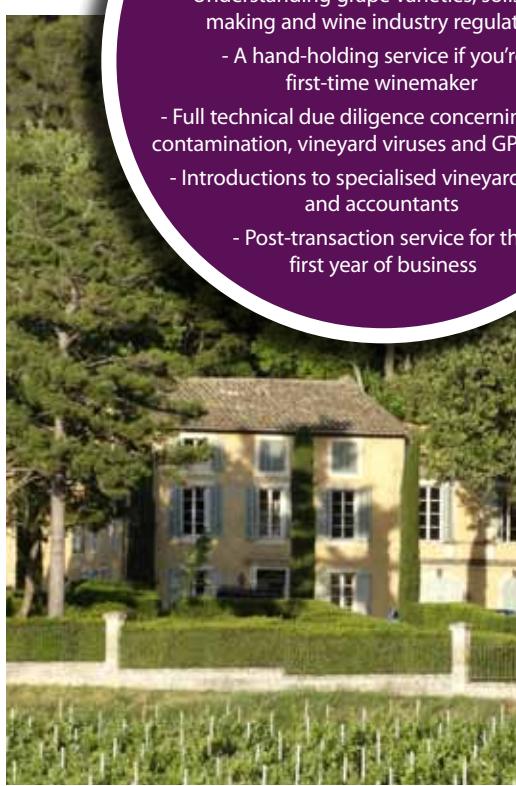
Situated on the banks of the Tarn, this outstanding 'domaine' features 2.5ha of AOP Gaillac vineyards, an impressive 'bastide' housing apartments, guest suites and conference/wedding facilities and 4.5ha of formal gardens and acacia woods; €1.9m



BROKER SERVICES

Ensure your broker can help you with the following:

- Understanding grape varieties, soils, wine-making and wine industry regulations
- A hand-holding service if you're a first-time winemaker
- Full technical due diligence concerning winery contamination, vineyard viruses and GPS readings
- Introductions to specialised vineyard lawyers and accountants
- Post-transaction service for the first year of business



With 46ha of land, this vineyard estate is truly magnificent and enjoys far-reaching views over the Luberon countryside. The property boasts seven bedrooms, a vaulted wine cellar and large sunny reception areas while the 17ha gardens feature cherry orchards, a pool, tennis court and olive groves. The north-facing 18ha AOP Luberon vineyard is well maintained with a recently renovated winery and shop for its many varieties which include Syrah, Grenache and Viognier; €4m