



IWA IS THE LEADING PROVIDER OF MERGERS & ACQUISITIONS SERVICES TO THE NEW WORLD WINE & LIQUOR INDUSTRY. OVER THE LAST 30 YEARS IWA HAS EITHER REPRESENTED OR SOLD THE COMPANIES & BRANDS BELOW FOR A COMBINED VALUE OF OVER US\$2 BILLION IN TRANSACTIONS CLOSED.



INTERNATIONAL WINE ASSOCIATES

CALIFORNIA * OREGON * WASHINGTON

MERGERS & ACQUISITIONS

POST OFFICE BOX 1330, 625 HEALDSBURG AVENUE
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Company Profile: incorporated in 1990 and headquartered in California, with companies in Oregon and Washington, **INTERNATIONAL WINE ASSOCIATES** is the leader in wine industry mergers and acquisitions. **IWA** provides hands-on corporate finance and transactional strategy services to the leaders of wine and liquor industry clients on a worldwide basis. Over the years IWA has been retained by a number of small family owned companies, leading multinational companies and banks to develop their business. Since 1993 IWA has initiated, advised on and structured various prominent industry transactions in the U.S. and overseas with a combined value of over \$2 billion. Engagements range from only a few months to extensive advisory projects of three years or more. **IWA** is committed to providing strategic solutions and delivering results for our clients. Our integrated approach combines transactional advisory expertise with in-depth industry knowledge and independently recognized excellence in research.

Industry Experience: **IWA** works with industry clients in the Americas, Australasia, South Africa and Europe. **IWA** offers a team of experienced business and financial managers and has served companies, banks and investment groups of all sizes in the industry. Robert Nicholson is the Principal of **IWA**. He has held senior positions in U.S. and international companies and has over thirty years of corporate management experience in the wine and liquor industry. Before establishing **IWA**, Mr. Nicholson was Vice President of Christian Brothers in California. He also held positions with Seagram's in the U.S.A. and overseas and with Louis Eschenauer (Lonrho) in Bordeaux. Mr. Nicholson is an active industry commentator at US and international conferences and has long-standing relationships with company owners and senior management throughout the global wine industry.

Mergers and Acquisitions, Corporate Finance and Strategic Advisory Services: since 1993 **IWA** has initiated and structured numerous transactions in the industry. **IWA** serves as strategic financial advisors, provides transactional, valuation and due diligence services, represents principals in the sale and acquisition of companies, brands, wineries and vineyards and completes analysis of investments for corporate and private investor clients. **IWA** has a network of contacts throughout the world in the industry and financial community.

Strategic Planning & General Management: **IWA** works with clients as strategic and tactical advisors to the Chief Executive and to the board of directors on the start-up and management of new projects, the structuring of joint-ventures, technical and operational issues, on the development of financial plans and on restructuring companies. **IWA** is capable of assuming either functional or general management responsibilities for clients.

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Incorporated in 1990 and with companies in California, Oregon and Washington, **IWA** has completed transactions valued at over \$2 billion and is the leader in wine industry mergers and acquisitions, with the sale of over 50 businesses, wineries and vineyards completed since 2008. **IWA** provides a team of experienced wine business professionals who work with clients on all aspects of the transaction process from valuations, preparation of offering documents and due diligence materials, selection of and approach to targets, managing the deal process and representing clients in negotiations through to the close of transactions.



Robert Nicholson is a Principal of **IWA** and has completed over US \$2 billion in transactions. Before establishing IWA in 1990 Robert was Vice President of Christian Brothers in California and held positions with Seagrams in New York and with Louis Eschenauer (Lonhro) in Bordeaux (when the company owned Chateau Rauzan Segla, Chateau Smith Haut Lafitte and Chateau Olivier, among other leading Bordeaux estates).

At IWA Robert has completed numerous transactions and has represented many family owned wineries, most of the major multinational companies and a number of banks.

Robert was educated in England at Millfield and studied oenology at the University of Bordeaux under Professor Emile Peynaud. Robert is an active industry commentator at U.S. and international conferences and speaks fluent French.



Josh Grace is a Managing Director at **IWA** and has over twenty years of financial management, valuation, accounting, mergers and acquisition and corporate advisory experience, with a specialization in the wine and liquor industry.

Before joining IWA in 2002, Josh was a Financial Manager at Robert Mondavi where he worked on California vineyard acquisitions and on financial management of the company's flagship Napa Valley winery. At IWA Josh has managed a number of prominent wine industry transactions with a combined value of over \$1.5 billion.

Josh graduated from California Polytechnic State University, San Luis Obispo, California with a BSc degree in Business Administration with a concentration in Accounting.



Sally Nicholson is a Principal of **IWA** and a Licensed Real Estate Broker in California and Oregon specializing in the sale and acquisition of winery and vineyard properties. Under Sally's Real Estate License, IWA has completed wine industry real estate transactions valued at over \$650 million since 2005. Sally has broad professional experience in Australasia, Europe and the United States with a comprehensive knowledge of winery and vineyard business valuations and transactions.

Sally has twenty-five years of international experience in brand development and marketing of luxury goods. She held a number of senior management positions with direct report responsibility to Calvin Klein and Ralph Lauren and was Design Consultant in the development of the Dockers Division at Levi Strauss. Sally graduated with a BS degree in Design from University of California, Davis and attended Harvard Business School Executive Education.



Katherine Bailon joins **IWA** in 2018 as a Managing Director. Previously she was an investment analyst responsible for financial modeling and valuation work on public companies in a variety of industries including technology companies in software, services and internet businesses, healthcare technology, automotive technology and green tech. She was also Manager Director of Institutional Sales at Goldman Sachs in New York having shepherded over 100 of the firms prominent IPO transactions in the high technology sector.

Katherine graduated from The Pennsylvania State University Scholars Program with a BS degree in International Business and Management with Honors in Finance. Katherine is also breeder of vineyard sheep and vineyard owner in Alexander Valley.



*Total IWA vineyard transactions completed valued at over
 US \$600 Million including the sale of over 6,250 acres since 2008*

IWA VINEYARD TRANSACTIONS – 2008 TO 2020

TRANSACTION DATE	NAME OF PROPERTY/SELLER & AVA	VINEYARD ACRES	TOTAL ACRES	BUYER
September 2020	Burgess Cellars, St. Helena, Napa Valley	25	58	Heitz Cellar
March 2020	Diamond Creek Vineyards, Calistoga, Napa Valley	22	80	Louis Roederer Champagne
March 2020	Wallula Gap Vineyards, Horse Heaven Hills, Washington	675	802	Prudential (PGIM)
January 2020	Komes Ranch, Rutherford, Napa Valley	59	280	Chateau Smith Haut Lafitte
June 2019	Wildwood Vineyard, Rutherford, Napa Valley	51	61	Heitz Cellar
February 2019	Merry Edwards Winery, Russian River, Sonoma	41	51	Louis Roederer Champagne
October 2018	Stony Hill Vineyard, Spring Mountain, Napa Valley	34	168	Long Meadow Ranch
May 2018	Sierra Madre Vineyard, Santa Maria Valley, Santa Barbara, California	496	503	Gallo
August 2017	Calera Wine Company, Mount Harlan, California	85	686	Duckhorn Wine Company
April 2017	Beaux Freres Vineyard, Ribbon Ridge, Willamette Valley, Oregon	35	129	Maisons & Domaines Henriot
April 2017	Klipsun Vineyard, Red Mountain, Washington	120	235	Terlato Wine Group
March 2017	Pinnacle Vineyard, San Benito County, California	328	443	The Wine Group
October 2016	Trefethen Vineyards, Oak Knoll, Napa Valley	38	41	Silverado Partners
September 2016	Ladera Vineyards, Howell Mountain, Napa Valley	82	185	The PlumpJack Group
September 2016	Field Stone Winery, Alexander Valley, Sonoma	27	42	Jackson Family Estates
April 2016	Stryker Sonoma, Alexander Valley, Sonoma	25	32	Foley
February 2016	Chalone Vineyard, Chalone, Monterey County	236	754	Foley
January 2016	Hop Kiln Winery, Russian River, Sonoma	95	240	Resnick/Roll
January 2016	Acacia Winery, Napa Carneros	37	99	Peju
September 2015	Talbott Vineyards, Santa Lucia Highlands, Monterey County	523	604	Gallo
July 2015	Treasury's Asti Winery, Alexander Valley, Sonoma	275	535	Gallo
June 2015	Olsen Agriculture, Willamete Valley, Oregon	214	6,335	Farmland
May 2015	Flora Springs, Napa Valley	258	642	Gallo
April 2015	Corby Vineyards, Anderson Valley, Mendocino	70	150	Long Meadow
December 2014	Candlestick Vineyard, (Duckhorn Vineyards), Howell Mtn, Napa Valley	22	81	Robert Craig
December 2014	EPR Vineyards, Alexander Valley, Sonoma	52	71	Foley
November 2014	Gherts Vineyard, Dundee Hills, Oregon	7	18	Louis Jadot
November 2014	LaTour Vineyard, Mount Veeder, Napa Valley	25	37	Gamble
April 2014	Sagemoor Vineyards, Columbia Valley, Washington	883	1355	Allan Bros.
March 2014	The Four Graces, Dundee Hills & Carlton-Yamhill, Oregon	95	198	Foley
December 2013	Alderbrook Winery, Dry Creek Valley, Sonoma	54	73	Orsi
August 2013	Resonance Vineyard, Yamhill-Carlton, Oregon	20	32	Louis Jadot
April 2013	Mayacamas Vineyards, Mount Veeder, Napa Valley	51	465	Schottenstein family & partners
January 2013	Silverado Hill, Napa Valley	25	36	Laird
January 2013	Pine Ridge Vineyard, Rutherford, Napa Valley	9	16	Private buyer
November 2012	Lancaster Estate, Alexander Valley, Sonoma	21	53	Foley
August 2012	Sausal Vineyard, Alexander Valley, Sonoma	72	115	Silver Oak
June 2012	Ridgeline Vineyard, (Codorniu), Alexander Valley	89	409	Duckhorn
June 2012	Moet-Hennessy, Sonoma Coast	76	155	Sangiacommo
March 2011	Laurel Glen, Sonoma Mountain, Sonoma	11	16	Private investors
April 2010	Five Rivers Vineyard (Brown-Forman), Paso Robles	428	639	PPV
June 2008	Buena Vista, Sonoma Carneros	470		EPR
June 2008	Geyser Peak, Alexander Valley, Sonoma	44		EPR
Total Acres		6,305	16,924	



THE LEADER IN MERGERS & ACQUISITIONS FOR THE GLOBAL WINE INDUSTRY
Total transactions completed valued at over US \$2 Billion



a 58 acre winery estate with 25 planted acres
in Napa Valley was sold to



IWA represented Burgess Cellars

September 2020



LOUIS ROEDERER
CHAMPAGNE

has acquired a winery and 22 acres of vineyard
in Napa Valley



IWA represented Louis Roederer

March 2020

**WALLULA GAP
VINEYARDS**

a 675 acre vineyard in
Horse Heaven Hills AVA, Washington
was sold to



Prudential



PGIM REAL ESTATE FINANCE

IWA represented Wallula Gap Vineyards

March 2020

CHATEAU
SMITH HART LAFITTE
GRAND CRU CLASSÉ

has acquired a winery and 59 acres of vineyard
in Rutherford, Napa Valley

KOMES RANCH

IWA represented Komes Ranch

January 2020



TREASURY WINE ESTATES

has sold the 51 acre Wildwood Vineyard in
Rutherford, Napa Valley to



IWA represented Treasury Wine Estates

June 2019

Merry Edwards Winery

a Russian River vineyard and winery
with 41 planted acres was sold to



LOUIS ROEDERER
CHAMPAGNE

IWA represented Merry Edwards
and initiated this transaction

February 2019



a Napa Valley vineyard and winery
with 34 planted acres was sold to

LONG MEADOW RANCH

IWA represented Stony Hill

October 2018

THE SEVEN DEADLY ZINS®

the #1 selling Zinfandel brand in the U.S.
was sold to



THE WINE GROUP

IWA represented Seven Deadly Zins

October 2018



**SIERRA MADRE
Vineyard**

496 vineyard acres in Santa Barbara County
was acquired by



E&J Gallo

IWA represented Sierra Madre Vineyard

May 2018



CALERA

A leading producer of California Pinot Noir with 85
acres of Mount Harlan vineyard has sold to

DUCKHORN®
VINEYARDS

IWA represented Calera

August 2017

GERMAIN - ROBIN
FINE ALAMBIC BRANDY

has sold to



E&J Gallo

IWA represented Germain-Robin and
initiated this transaction

August 2017

Beaux Frères

a leading producer of Oregon Pinot Noir with
34 acres Ribbon Ridge vineyard has sold to

**MAISONS & DOMAINES
HENRIOT**

IWA represented the partners of Beaux Freres
and initiated this transaction

April 2017



a 120 acre Red Mountain vineyard
has been acquired by

TERLATO WINES

IWA initiated this transaction and represented
Klipsun Vineyards

April 2017



TREASURY WINE ESTATES

has sold the Blossom Hill winery in
San Benito County to

DELICATO

LAKE MEADOWS VINEYARDS & WINE ESTATES

IWA initiated this transaction and represented
Treasury Wine Estates

March 2017



a 320 acre San Benito vineyard
was acquired by



THE WINE GROUP
IWA represented Pinnacle

March 2017

Trefethen
Family Vineyards

has sold 41 total acres including
38 acres of vineyard and a winery permit in
the Oak Knoll AVA, Napa Valley to

Silverado Partners

IWA initiated this transaction & represented
the Trefethen Family

October 2016



TREASURY WINE ESTATES

has sold the historic winery
known as St. Clement Vineyards
located in the Napa Valley to

HUNEEUS VINTNERS
[THE WINES OF AGUSTIN HUNEEUS]

IWA initiated this transaction & represented
Treasury Wine Estates

October 2016

Field Stone

With a winery and 27 acres of
Alexander Valley vineyard has sold to

Jackson
FAMILY WINES

IWA initiated this transaction & represented
Field Stone

September 2016



PLUMPJACK

GROUP

has acquired a Howell Mountain winery and
185 total acres, including 82 acres of
Napa Valley vineyards from

LADERA

The Stokesberry Family

IWA initiated this transaction & represented
the Stokesberry Family

September 2016

STRYKER
SONOMA

Alexander Valley Winery
and 32 total acres has sold to



FOLEY FAMILY WINES

IWA represented Styker Sonoma as their
exclusive advisor

April 2016

DIAGEO

has sold the
CHALONE
VINEYARD

with 754 total acres and 236 acres
Chalone AVA vineyard to



FOLEY FAMILY WINES

IWA represented DIAGEO as their
exclusive advisor

February 2016

HOP KILN
WINERY

with 240 total acres and 95 acres of
Russian River vineyard has sold to a subsidiary of
The Wonderful Company (Roll International)

Landmark
Vineyards

IWA represented Hop Kiln and was their
exclusive M&A advisor

January 2016

DIAGEO

has sold the

Acacia Winery

with 99 total acres and 37 acres of
Carneros Napa vineyard to

PEJU

IWA represented DIAGEO as their
exclusive advisor

December 2015



TALBOTT VINEYARDS

and the 525 acre Sleepy Hollow Vineyard
have sold to



E&J Gallo

IWA represented Talbott Vineyards & was their
exclusive advisor

September 2015



TREASURY WINE ESTATES

has sold the Asti Winery and 275 acres of Alexander Valley vineyard with the Souverain brand to



E&J Gallo

IWA represented Treasury and was their exclusive M&A advisor

July 2015



sold 6,000 acres of Willamette Valley Ag land & vineyard to



FARMLAND LP
Investing in Sustainability™

IWA initiated this transaction & represented Olsen

June 2015

**The Komes and Garvey
Families of Flora Springs**

sold 600 acres including 258 acres of Napa Valley vineyards to



E&J Gallo

IWA initiated this transaction & represented Flora Springs

June 2015

LONG MEADOW RANCH

acquired 70 acres of Anderson Valley vineyards from

Corby Vineyards

IWA initiated this transaction & represented the Corby family

May 2015



has sold Candlestick Vineyard in the Napa Valley to



IWA represented Duckhorn Wine Company in this transaction

January 2015



EPR Properties

sold The Alexander Valley Ascentia Vineyard to



FOLEY FAMILY WINES

IWA represented and served as advisors to EPR Properties in this transaction

December 2014



sold 37 total acres and 19 acres of Mount Veeder vineyard to

GAMBLE
FAMILY VINEYARDS

IWA represented and served as exclusive advisors to the LaTour family in this transaction

December 2014



has acquired

Gehrts Vineyard
Dundee, Oregon.

IWA represented and served as exclusive advisors to Gehrts Vineyard in this transaction

November 2014



has sold over 900 acres of Columbia Valley vineyards and 400 acres of orchard to



IWA served as financial advisors and represented Sage Moor Vineyards in this transaction

April 2014



Dundee, Oregon

has sold to



FOLEY FAMILY WINES

IWA represented and served as exclusive advisors to The Four Graces in this transaction

March 2014



has sold

Alderbrook Winery
Healdsburg, California

to

A Private Investor

IWA served as exclusive advisors and represented Terlato Wines in this transaction

December 2013



has acquired

RESONANCE
VINEYARD
OREGON

IWA served as exclusive advisors and represented Resonance Vineyard in this transaction

August 2013



MAYACAMAS VINEYARDS

has sold to

Schottenstein family & partners

IWA served as exclusive advisors and represented Mayacamas Vineyards in this transaction

April 2013

Silverado Hill Winery

has sold to



LAIRD FAMILY ESTATE

IWA initiated this transaction and represented Silverado Hill Winery

January 2013

**PINE RIDGE
VINEYARDS**



has sold a Vineyard
In Rutherford, California
to a

Private Investor

IWA initiated this transaction and served as exclusive advisors to Pine Ridge Vineyards

January 2013



LANCASTER

Estate

has sold to



FOLEY FAMILY WINES

IWA served as exclusive advisors and represented Lancaster

November 2012



SILVER OAK

has acquired

SAUSAL WINERY

IWA represented Sausal and served as exclusive advisors in this transaction

August 2012

a U.S. subsidiary of
CODORNIU

MÉTODO TRADICIONAL. SINCE 1872.

has sold a vineyard in
Alexander Valley, California to

DUCKHORN
VINEYARDS

IWA initiated this transaction and served as exclusive advisors to Grupo Codorniu (Artesa Winery)

June 2012

CHANDON

has sold a Vineyard in Sonoma Coast, California to



IWA represented Moët Hennessy (Domaine Chandon) in this transaction

June 2012

Constellation

has sold
Blackstone Winery
Kenwood, California

to a

Private Wine Industry Investor

IWA initiated this transaction and represented Constellation

May 2012

DIAGEO

has sold their 50% ownership in

**EDNA VALLEY
VINEYARD**

to

E&J. Gallo Winery

IWA served as exclusive advisors to DIAGEO & initiated this transaction.

July 2011

Laurel Glen

has been acquired by

A Group of Private Investors

IWA served as exclusive financial advisors & represented Laurel Glen

March 2011

**The Mariani Family
Banfi Vintners**

has acquired



Pacific Rim

IWA initiated this transaction & served as advisors to Pacific Rim

December 2010

HANGAR 1 VODKA

Sold the trademark and marketing rights to
Proximo Spirits, Inc.

A subsidiary of

Jose Cuervo

IWA served as exclusive financial advisors to Hangar One & represented Craft Distillers & St. George Spirits

April 2010



BROWN-FORMAN

Sale of Five Rivers Vineyard, Paso Robles to
Silverado Premium Properties

IWA served as advisors to Brown-Forman &
initiated the sale of a
427 acre vineyard to SPP

April 2010



YALUMBA
AUSTRALIA'S OLDEST FAMILY OWNED WINERY

has sold
San Mateo Ranch Vineyard
Rutherford, California
to

LONG MEADOW RANCH

IWA initiated this transaction
and represented Yalumba

October 2008



Sold Certain California & Pacific Northwest
Wine Brands & Inventory
(Geyser Peak, Buena Vista, Gary Farrell, Atlas Peak,
XYZin, Columbia Winery, Covey Run & Ste. Chapelle) to

Ascentia Wine Estates

IWA served as advisors & represented
Constellation in a \$99 million transaction and
managed the due diligence process

June 2008

a subsidiary of

Entertainment Properties Trust EPR Properties

has acquired various wineries (Geyser Peak, Buena
Vista, Gary Farrell & Columbia) and
571 acres of vineyard assets from



IWA served as advisors & represented
Constellation in a \$110 million transaction and
managed the due diligence process

June 2008

Demuth Winery & Vineyard Anderson Valley

has been sold to

A Private Investor

IWA initiated this transaction & served
as advisors to Demuth

January 2008

Klein Family Vintners

has acquired



A Russian River Wine Brand
Healdsburg, California

IWA initiated & served as strategic advisors to
Davis Bynum in this transaction & sold the winery
& vineyard assets to a private investor in a
separate transaction

March 2008

August 2007



Jackson Family Farms

has acquired

CHATEAU POTELLE WINERY

a Napa Valley Winery

IWA initiated this transaction & served as
advisors to Chateau Potelle

September 2007

Leslie Rudd

has acquired

Hedin Vineyard

Healdsburg, California

IWA initiated this transaction & served
as strategic advisors
to Hedin

April 2007

a subsidiary of

Entertainment Properties Trust EPR Properties

has acquired

HAVENS



a Napa Valley Winery & Vineyard

IWA initiated this transaction & served as
strategic advisors & broker to Havens

December 2006

Billington Imports

has acquired

HAVENS



a Napa Valley Brand
from

Mobius Partnership

IWA initiated this transaction & served as
advisors & broker to Mobius

December 2006

The Wine Group

has acquired

Big House & Cardinal Zin

California Wine Brands

from



IWA initiated this transaction & served as
advisors to Bonny Doon

August 2006

















Napa Valley, California

has been acquired by

A Private Investor

IWA initiated this transaction, acted
as advisors to Koves-Newlan

June 2006

<p>A Private Investor</p> <p>has acquired the</p> <p>Hillview Vineyard Property</p> <p>Napa Valley, California</p> <p>IWA served as broker & financial advisors to the seller</p> <p>November 2006</p>	<p>585 Wine Partners</p> <p>has acquired</p> <p>red truck</p> <p>a California Wine Brand from</p>  <p>CLINE</p> <p>IWA initiated this transaction & served as advisors to Cline Cellars</p> <p>December 2005</p>	<p>a subsidiary of</p>  <p>has acquired</p>  <p>Templeton, California</p> <p>IWA initiated this transaction & acted as advisors to Wild Horse in this \$34 million sale</p> <p>August 2003</p>
 <p>IWA served as strategic wine industry advisors to Wells Fargo Bank in the DeLoach Vineyard bankruptcy</p> <p>Spring & Summer 2003</p>	 <p>has sold the Carmenet brand to</p> <p>Beringer Blass Wine Estates</p> <p>IWA initiated this transaction & served as exclusive advisors to Chalone</p> <p>September 2002</p>	<p>a subsidiary of</p> <p>Vincor International Inc.</p> <p>has acquired</p>  <p>Prosser, Washington</p> <p>IWA initiated this transaction & served as Exclusive advisors to Hogue</p> <p>September 2001</p>
<p>Beckstoffer Vineyards</p> <p>has acquired the Talmadge Vineyard in Mendocino County, California from</p>  <p>IWA initiated this transaction & served as exclusive advisors to Parducci</p> <p>January 2001</p>	 <p>has acquired</p>  <p>HEWITT</p> <p>VINEYARD</p> <p>Rutherford, California</p> <p>IWA acted as strategic advisor, represented and provided due diligence services to Chalone in this purchase of this 60 acre vineyard</p> <p>February 2000</p>	<p>SONOMA-CUTRER</p> <p>VINEYARDS</p> <p>has been acquired by</p>  <p>BROWN-FORMAN</p> <p>IWA served as advisor & provided a Fairness Opinion to Sonoma-Cutrer</p> <p>March 1999</p>
<p>Mildara Blass Ltd.</p> <p>has acquired</p> <p>Napa Valley Vineyard development property from</p> <p>Juliana Vineyards</p> <p>St. Helena, California</p> <p>IWA acted as advisor to Mildara Blass in the sale of a 100 acre vineyard</p> <p>September 1998</p>	<p>a subsidiary of</p>  <p>has acquired</p>  <p>GEYSER PEAK</p> <p>WINERY</p> <p>Geyserville, California</p> <p>IWA acted as strategic advisor and provided due diligence services to Jim Beam in a \$98 million transaction of winery & vineyard assets</p> <p>August 1998</p>	 <p>European Bank</p> <p>for Reconstruction and Development</p> <p>has provided debt and equity financing to</p>  <p>DOMAINE BOYAR</p> <p>Sofia, Bulgaria</p> <p>IWA provided general management & technical due diligence services to EBRD</p> <p>August 1998</p>



Mildara Blass Ltd.

has established winemaking operations
 in California

IWA initiated this transaction & acted as
 strategic advisor to Mildara Blass Ltd

June 1997



Mildara Blass Ltd.

and

Vina Santa Carolina S.A.

have established a joint-venture to produce
 and market Chilean wines.

IWA initiated this transaction & acted as
 strategic advisor to Mildara Blass Ltd.

June 1997

SOUTHCORP

and

Paragon Vineyard Company

have established a joint-venture company
 to produce and market California wines.

IWA represented Paragon and acted as strategic
 advisor to the joint-venture

August 1996

Robert Mondavi Corporation

has acquired an interest in



a Chilean Wine Brand
from

Viña Errazuriz

and they have established a joint-venture to produce and
 market Chilean wines.

IWA acted as strategic advisor to Viña Errazuriz

October 1995



has sold

The Oakville Winery
 Oakville, California
 to

Pelissa & Hale

IWA & partners initiated this transaction &
 represented Heublein Inc.

June 1993



has sold

The Greystone Building

St. Helena, California
 to



IWA & partners initiated this transaction &
 represented Heublein Inc.

January 1993

SOUTHCORP

IWA served as
 Financial
 &
 Strategic Advisors
 to Southcorp

IWA provided due diligence and financial analysis
 of the 25 leading USA winery targets for
 acquisition by Southcorp

January 1993



INTERNATIONAL WINE ASSOCIATES
 MERGERS & ACQUISITIONS
 FOUNDED IN 1990

Q&A: Robert Nicholson and Josh Grace, International Wine Associates

International Wine Associates (IWA) Celebrates Over 30 Years of Wine Industry M&A Activity

by [Cyril Penn](#) December 18, 2020



Josh Grace, left

Robert Nicholson, right

Robert Nicholson grew up in southwest England and joined Paul Jaboulet in the Rhone Valley as a “cellar rat” in 1972 before starting his first serious job in the wine industry at Louis Eschenauer in Bordeaux in 1973 (when the company owned Chateau Rauzan-Segla and Chateau Smith-Haut-Lafitte, among other prominent Bordeaux estates). Then he moved to the U.S., working for Seagram’s in New York and Christian Brothers in Napa Valley. In 1989 when Christian Brothers sold to Heublein, a forerunner to DIAGEO, Nicholson established IWA, representing Heublein to sell Napa Valley assets that they no longer needed (after their acquisition of Christian Brothers) because they already owned Beaulieu Vineyard (BV). IWA sold The Greystone Building in Saint Helena to The Culinary Institute of America and a winery in Oakville, now known as Napa Wine Company, was sold to Andrew Hoxsey. Fifth generation Sonoma County native Josh Grace joined Nicholson at IWA in 2002, after working in finance with Robert Mondavi. As IWA celebrates more than 30 years in the M&A business, Nicholson says that the company has been involved with \$2 billion in transactions in the wine space to date, including more than 60 transactions involving wine estates and over 6,000 acres of vineyard in California, Washington, and Oregon. “We are very lucky to have a unique position in the industry,” he says. “We love what we do.”

WBM: What are the key points of advice you give winery owners who are thinking about selling?

Josh Grace: It is a long list because these transactions are complex. Most people have experience in selling a house, which usually has some challenges in a simple sale of one asset, however, the sale of a winery usually involves selling multiple assets. We do a lot of preparation in advance with owners before we initiate a sale process. Key areas we spend time on are water supply, contracts (grape contracts being most important), trademarks, valuation and estate/tax planning. It all revolves around pre-planning, making sure everything is in order so there are fewer problems once a transaction starts. You do not want to find out, for instance, that a trademark has never been fully registered when you are in due diligence with a buyer. We talk to prospective sellers about where they are with their tax/estate planning, what they might have in writing in terms of key agreements, and what they want to focus on during the nine or twelve months it takes to complete a transaction.

Robert Nicholson: We certainly get involved helping clients work through these and other issues with their tax advisors. Valuation of the business is a key component of what we initially do, helping sellers come to a value that is realistic to expect from a transaction. Family expenses are typically removed from the financials because they do not need to be presented to a buyer. Often IWA works with our client's CPA to legitimately restate the financials to enhance the value of the business.

WBM: How long does it take to prepare a property for sale?

Josh Grace: It depends what we run into in our diligence. For example, in the case of a vineyard transaction with a large home, that is often a challenge because most buyers of vineyard property do not want or need a house. If you are looking at doing a lot line adjustment, or a lot split, you are potentially talking about a lengthy process. On the other hand, registering a trademark can be completed in a matter of weeks. We encourage people to talk with us early and before they plan to sell. Do not wait if you are hoping to sell six months from now.

Many people structure the ownership of their assets for tax reasons. Sometimes the formation of those individual companies and the way the companies work together can make a transaction more complicated when there are multiple entities. It also takes time to understand and document all that, to be able to explain it accurately to a buyer.

Robert Nicholson: IWA's pre-planning typically takes us three months from the time of engagement, to prepare the diligence package and the offering documents, to be ready to take the opportunity to market and to talk to buyers. Depending on the complexity of the project it can take longer.

We have a disciplined sale process that is quite specific, that helps us create a sense of urgency to move the transaction forward for our clients, so we are ready and prepared to talk to all the target buyers at the same time. Let's say there's a core group of five buyers we think will be interested in a particular opportunity, after they have signed the NDAs we simultaneously approach them all with the offering information. We then assist the buyers with their initial diligence and ask for their preliminary Indications of Interest (offers) within a specific period of time (that may vary depending on the complexity of the transaction). Out of that process, our clients (the seller) then selects the buyer who comes forward with the best offer and terms. With the seller's counsel IWA then drafts a Letter of Intent between the final buyer selected and the seller. From there, we manage the due diligence process and negotiate the final sale documents. Once a Purchase and Sale Agreement is signed, we move to the close of the transaction when the consideration and title transfers between the buyer and the seller.

Josh Grace: Two of the four transactions that we have closed recently had delays due to water issues. Those were not issues that we were able to foresee given the pre-diligence we did. Water rights and other entitlements can get complicated. Often we are bringing in experts from viticulture, land use, or trademark law. What we do offer clients is a diligent process to make sure we have organized everything we can before we approach buyers.

Robert Nicholson: That allows IWA to create the tension that we want in the deal. We do not want delays, we want to move the process along and close the deal for our clients because of the risk of the breaking of confidentiality. That can potentially impact the value of a deal if the market knows that a company, or a brand, is for sale. We are very serious about confidentiality at IWA.

WBM: Why represent sellers instead of buyers?

Robert Nicholson: Representing sellers allows IWA to work with our clients from the beginning to the end of the transaction process. We take the time to get to know our clients personally early on and to understand what they want and do not want to achieve in a transaction. The IWA process is personalized and confidential. Some steps we take with our clients are the same on all projects. However, every project is very different, with its own nuances and issues. The personalized process includes understanding the business thoroughly, valuing the different components with a realistic valuation expectation, and to help sellers understand what buyers are looking for in a transaction. Part of our job is to inform the sellers, our clients, what the buyers want and do not want, and how the process will work. Most people have never been through something like this before. While IWA typically represents sellers, it is our job to know all the different buyers and what they are potentially interested in and why, and then importantly, what they are not interested in acquiring.

Only twice in IWA's 30+ year history have we ever represented buyers. After we completed the Merry Edwards deal in 2019 with Louis Roederer Champagne, the CEO Frédéric Rouzaud, reminded me that he had been looking at opportunities in the Napa Valley with IWA for over 10 years and he had not yet found anything that he wanted to acquire. However, he told me that there was one Napa estate that Roederer wanted to buy if it was available, Diamond Creek. Frederic asked us if we could help. We knew "Boots" Brounstein, (who co-founded Diamond Creek with her husband, Al) and I had a conversation with the family in May. However, Boots sadly died at the end of July. We then picked up the conversation again with her family in late September. Roederer signed a Letter of Intent with Diamond Creek in November, and we closed the deal in March, 2020. The only other buy-side deal IWA did was in 1998 when we represented Jim Beam in their \$98 million acquisition of Geyser Peak.

WBM: You completed number of transactions with overseas buyers from France. Is that something you've cultivated over the years?

Robert Nicholson: We have. It has taken IWA ten to fifteen years and some of these buyers I know from my time working in the French wine business in the 1970s. We have closed five or six deals with French companies : Roederer and Diamond Creek, Roederer and Merry Edwards, Henriot and Beaux Freres in Oregon, with Louis Jadot buying some prominent vineyards from us in Oregon. Also, earlier this year, we sold the Flora Springs Komes Ranch property to Chateau Smith-Haut-Lafitte in Bordeaux. There are other French buyers coming. Pre-COVID-19 we were in conversations with a number who remain interested in making an acquisition here, however, they cannot travel at the moment.

Josh Grace: There is growing interest from European buyers in acquiring West Coast properties, in Washington, Oregon, and California. There are a number of reasons why there is this interest and for some of them, it is a way to do some estate planning, to buy an asset overseas for their children, or for asset diversification. A U.S. winery acquisition will also give them a physical presence in this country, which allows them better access to distribution for their own wines and possibly a complimentary DTC business.

Robert Nicholson: It is not just Burgundians who are interested in Oregon (because of Pinot Noir). There are certainly those buyers, i.e. Louis Jadot buying Resonance, for example, or Henriot buying Beaux Freres, that was something they were comfortable with. A number of overseas companies have specifically identified Oregon and Washington to IWA as areas where they may prefer to make an acquisition. Most are still focused on California and Napa Valley, particularly. And Washington is still less known to overseas buyers, however, some prominent French wine estates have talked to us about their preference for Washington, particularly because of the opportunity for Cabernet Sauvignon.

WBM: How do you value wineries and vineyards? What makes them different than other assets?

Robert Nicholson: There are three ways we value businesses in the wine industry. The first is based on the value of the Assets. This is most frequently the way we sell wine businesses, based on their asset value. The value of the Assets includes the value of the inventory, the value of the winery and vineyards, the winery site and permit and the good will value of the brand IP.

The second way that we value businesses is based on the Discounted Cash Flow (the DCF) of the company, i.e. the present day value of the future cash flows that the company will generate. We spend a lot of time analyzing our clients' business. While some of the businesses that we sell are not necessarily cash-flow positive, some certainly are. Doing a cash flow analysis is valuable for IWA in our subsequent negotiations with a buyer, to help us defend the value that a seller is expecting from a transaction. It can provide useful leverage in negotiations. Doing a DCF requires that the company we are selling to has done some pre-planning about where their business is going in the next ten to fifteen years. Typically, we take our DCF analysis out 25 years. Not many businesses we work with have done that kind of long-term planning.

The third valuation method we use is a Multiple of Earnings and probably delivers the least specific valuation of a business. However, it does offer the industry a way to say, for example, that a winery transacted at a 10 times multiple, or 12 times a multiple, of earnings. That can then be used to compare one transaction to another based on the multiples derived from the transaction. The more profitable the business, the more recognition the name has, the stronger the distribution, then the higher the multiple of earnings will be.

Josh Grace: The wine business is unique in that some buyers are willing to make a return on their investment that they would not accept from commercial office buildings, or row crops or something with less romance to it than the wine business. You see people paying prices in Napa and also in other premium regions like Sonoma, Willamette Valley and Red Mountain Washington, where the economics don't really make sense. The return on invested capital seems unattractive from a purely financial perspective but you have a steady influx of buyers willing to pay what it takes to have their own winery or vineyard. However, much of that same appeal is what makes the wine industry so enjoyable to work in for the rest of us too.

When we talk with buyers from outside the wine business, they look at the values we have been able to achieve for some assets in transactions and they are incredulous. We might have a \$50 million transaction that makes a comparably nominal return of a few million dollars a year and they look at that and say, "Well, we are not going to invest that type of capital to get that type of return." Yet we are able to find multiple buyers interested in these type of transactions, particularly in Napa, largely because great winery and vineyard assets are scarce and rarely come up for sale. Earlier this year IWA sold the Komes Estate in Rutherford (former home to Flora Springs) because it was one of the largest estates in Rutherford and the only one of any significant size for sale.

On that level, it is a supply and demand problem. Whether or not the property is worth what was paid on a cash-flow basis is not the issue to the right buyer. That is something we encourage our prospective clients to consider before they sell - they may think they don't make enough money in their business to generate the price they want but often our transactions are based on the value of the assets and are not based on the value derived from financial returns and cash flow.

WBM: What is the effect of Covid-19 Been on M&A?

Josh Grace: As we entered COVID-19 in March, we had three transactions under contract. We were a little concerned about how things were going to play out. In each deal and for different reasons, all ended up closing at the contract price without any re-trading of the deal. COVID has put a damper on transactions with international buyers, because travel is at a virtual standstill, but that will come back. That is the biggest change we have seen, the international buyers we have been seeing regularly have not been able to visit for some months now. Locally, West Coast buyers still seem to be active, however, since money is still quite cheap.

Robert Nicholson: There are going to be transactions in this odd period that will take place because the buyer really wants to acquire the opportunity that is being offered.

WBM: Covid-19 is causing financial pain for many wineries. Will it lead to more consolidation?

Josh Grace: M&A goes through cycles. Coming out of 2008 things were relatively quiet. We went through a peak in 2015, 2016 and 2017 where there were a record number of transactions. Things are quieter now than they have been in recent years but a combination of Covid-19 and fires and economic conditions are probably going to bring some transactions in the next eighteen to twenty-four months. A number of wineries will either look to sell or pass on to their heirs and that is going to generate some activity. The amount of consolidation we have seen in the twenty years I have been doing this is starting to show itself. Years ago, you had more corporate buyers, more big public wine and spirits companies. Now most of those have either been split up or consolidated themselves.

We are seeing the buyer pool change: you still have large players like public companies but there's fewer of those. There has been more investment by private equity in the wine space but it is fairly limited in the number of transactions. We continue to have families who are active buyers, in California, Washington, and Oregon, and then there are the overseas buyers. The activity between those four categories will continue to shift year-to-year.

This is the largest wine market in the world by volume and revenue. Acquisitions will come with that as long as Americans continue to drink wine. We will continue to see more generational change. While we seem to see fewer wineries being founded by young entrepreneurs, we do see wineries being passed on to the second, third or fourth generation, or sometimes one of those generations saying that it is time to move on. Generational change has always created activity for IWA. WBM



IWA Notable Transactions 1993 to 2020

Year	Seller / Transaction	County/Region	Buyer
2020	Burgess Cellars	Napa	Heitz Cellar / Demeine
2020	Wallula Gap Vineyard	Washington	Prudential
2020	Diamond Creek Vineyard *	Napa	Louis Roederer Champagne
2020	Flora Springs Komes Ranch	Napa	Cathiard Family /Smith-Haute-Lafitte
2019	TREASURY / Wildwood Vineyard, Rutherford	Napa	Heitz Cellars
2019	Merry Edwards Winery	Sonoma	Louis Roederer Champagne
2018	Seven Deadly Zins	California	The Wine Group
2018	Stony Hill Vineyard	Napa	Long Meadow Ranch
2018	Sierra Madre Vineyard	Santa Barbara	E. & J. Gallo
2017	Calera Wine Company	Central Coast	TSG / Duckhorn Wine Co.
2017	Germain Robin Brandy	California	E. & J. Gallo
2017	Klipsun Vineyards Red Mountain	Washington	Terlato Wine Group
2017	Beaux Freres Vineyards	Oregon	Maisons & Domaines Henriot
2016	TREASURY / St. Clement Winery	Napa	Huneus Vineyards
2016	Ladera Estate (winery & vineyards only)	Napa	PlumpJack Group
2016	Fieldstone Winery	Sonoma	Jackson Family Wines
2016	Hop Kiln Winery	Sonoma	The Wonderful Company
2016	DIAGEO / Chalone Vineyards	Central Coast	Foley Family Wines
2016	DIAGEO / Acacia Winery (winery /vineyards only)	Napa	Peju
2015	TREASURY / Asti Winery & Souverain brand	Sonoma	E. & J. Gallo
2015	Talbott Vineyards	Central Coast	E. & J. Gallo
2014	Sagemoor Vineyard	Washington	Allen Brothers
2014	The Four Graces	Oregon	Foley Family Wines
2013	Resonance Vineyard & Gehrts Vineyard	Oregon	Louis Jadot
2013	Mayacamas Vineyards	Napa	Schottenstein Family
2012	Sausal Winery & Vineyards	Sonoma	Silver Oak Cellars
2012	Lancaster Estate	Sonoma	Foley Family Wines
2011	DIAGEO / Edna Valley Vineyards	Central Coast	E. & J. Gallo
2011	Laurel Glen Vineyard	Sonoma	Private Investors
2010	Bonny Doon / Pacific Rim Vintners	Washington	Banfi Vintners
2010	Hangar One Vodka	California	Jose Cuervo / Beckmann Family
2008	CONSTELLATION (4 wineries & 571 acres vineyard)	Sonoma, Napa, WA	Entertainment Properties Trust
2008	CONSTELLATION (Geyser Peak, Buena Vista & brands)	Sonoma, Napa, WA	Ascentia Wine Estates
2008	Davis Bynum Winery	Sonoma	Klein Family Vintners
2007	Chateau Potelle	Napa	Jackson Family Wines
2006	Bonny Doon / Big House and Cardinal Zin brands	California	The Wine Group
2005	Cline Cellars / Red Truck brand	Sonoma	585 Partners
2003	Wildhorse Winery & Vineyards	Central Coast	Jim Bream Brands
2002	Carmenet Vintners	Sonoma	Beringer Vineyards
2001	Hogue Cellars	Washington	Vincor International
2000	Hewitt Vineyard Rutherford	Napa	Chalone Wine Group
1999	Sonoma -Cutrer (IWA provided Fairness Opinion)	Sonoma	Brown-Forman
1998	Geyser Peak Winery *	Sonoma	Jim Bream Brands
1997	Santa Carolina (joint venture)	Chile	Mildara Blass joint venture partner
1996	Paragon Vineyard (Seven Peaks joint venture)	Central Coast	Southcorp Wines joint venture partner
1995	Vina Errazuriz / Caliterra joint venture	Chile	Robert Mondavi joint venture partner
1993	HEUBLEIN / The Oakville Winery	Napa	Andy Hoxsey (Napa Wine Company)
1993	HEUBLEIN / The Greystone Building	Napa	The Culinary Institute of America

*In all the above transactions IWA represented the seller with the exception of the two marked with an asterisk * where IWA represented the buyer*

A CONVERSATION WITH

Robert Nicholson

A prominent deal-maker discusses the mergers and acquisitions climate

By Laurie Daniel

Robert Nicholson is a longtime player in the world of wine industry mergers and acquisitions, but he considers himself “first and foremost, a wine guy.” Nicholson, who grew up southwestern England and studied enology at the University of Bordeaux, got his first wine job in 1972 as assistant to the export director of Louis Eschenauer in Bordeaux, where the company owned Chateau Rauzan-Segla and Chateau Smith Haut Lafitte, among others. From there, he went to work for Seagram’s, then became vice president of Christian Brothers in the Napa Valley. After the winery was sold to Heublein in 1989, Nicholson decided to set up his own business.

Nicholson founded International Wine Associates in 1990 as a wine industry consulting firm. Heublein asked Nicholson to help the company sell some assets in the Napa Valley, including the Greystone building that had been home to Christian Brothers (sold to the Culinary Institute of America) and the Oakville winery that’s now Napa Wine Co. “That’s how we started in M&A,” Nicholson says.

International Wine Associates (IWA) has completed more than \$1.5 billion in transactions to date (more than 60 separate deals, including prominent wine estates and more than 5,000 acres of vineyards) in California, Washington and Oregon. Recently IWA completed the sale of Calera Wine Co. to TSG/Duckhorn and the sale of Germain-Robin luxury California brandy to E. & J. Gallo.

Q International Wine Associates mostly represents sellers. Why?

Robert Nicholson: That’s simply our preference. This allows our company to work with our clients from the beginning to the end of the transaction process. We take the time to get to know the sellers personally and to understand their businesses and what they want to achieve in a transaction. Our transaction process at IWA is highly personalized and confidential. Some steps we take with all our clients are the same; however, each project is very different.

Generally, this personalized transaction process includes first understanding the business thoroughly, valuing the different components of the business in order to help the sellers with realistic value expectations and help the seller to understand what the buyers are looking for in a transaction and how the process works. We assist our clients and their counsel throughout the process.

Winery valuations are based on brand scale, cash flow and margins, future volume potential, synergies for the buyer in their sales, marketing and production, and product types and origin. Brand strength is a combination of current margins, volume and the potential of the business for the buyer. Synergies are the savings that will accrue to the buyer post-close, giving buyers the option to use their own current resources more effectively in the acquisition of a business.

Q What are the reasons individuals or companies decide to sell?

Nicholson: As you can imagine, there are lots of different reasons why people and companies decide to sell their businesses.

Take family businesses: Sometimes a founder has developed a business, and then when the founder wants to retire, and other family members are not in a position to or don’t want to continue managing the business. This can be a difficult decision for a small business. It is IWA’s role to understand their objectives and to advise them accordingly. It can be challenging for the owners, as IWA makes them aware of the different steps required to accomplish a smooth transaction at an acceptable market value. Over the years, IWA has represented a number of prestigious family-owned wine estates for sale, including the Ladera Vineyards sale by the Stotesbery family to PlumpJack in 2016, the Talbott Vineyards sale to Gallo for Robb Talbott and his children in 2015, the Klipsun Vineyards sale on Red Mountain in Washington to Terlato in 2017, and the Hogue Cellars sale by Mike Hogue and his family to Canada’s Vincor Group in 2001.

With partnerships, sometimes the partners in a business decide for their own reasons that they want to sell.

This requires sensitive handling of the situation by IWA to achieve the different objectives of all the stakeholders. IWA has worked with a number of partnerships in the sale of their businesses, such as Beaux Freres Vineyard in Oregon, which was owned by Robert Parker and his partners. Beaux Freres was sold to the French group Maisons & Domaines Henriot earlier this year. One of the original partners wanted to stay on with Beaux Freres to manage the business and as a shareholder with Henriot. This worked out well, because Henriot was pleased to have him continue with Beaux Freres.

IWA has also represented a number of the world’s largest listed wine companies in selling various brands, assets and businesses.



These projects typically include assisting the company in the process of how to achieve their objectives at the proposed valuations in the sale of a group of assets. For example, will a sale of the assets bundled together be more interesting to buyers (and to which buyer groups) than selling the assets individually? IWA represented Diageo in the sale of the Greystone Building in St. Helena (Calif.) to the Culinary Institute of America in 1993, the sale of Chalone Vineyards to Foley in 2016, and the sale of Edna Valley Vineyards to Gallo in 2011. We worked with Constellation to sell a group of wineries, brands and vineyards that included Geyser Peak, Buena Vista, Gary Farrell, Atlas Peak, Columbia Winery, Covey Run and Ste. Chapelle to a private equity group in 2008. More recently, we represented Treasury Wine Estates in the sale of the Blossom Hill Winery in San Benito County (Calif.) to Delicato this year.

Sometimes IWA works with privately owned or closely held wine companies in the sale of vineyards, brands and other assets. One example of this was Randall Graham of Bonny Doon Vineyard's sale of the Big House brand to The Wine Group in 2006 and his sale of Pacific Rim Winemakers in Washington state to Banfi in 2010.

Q Walk us through the advice and guidance you give to sellers.

Nicholson: All transactions are complicated and require integrity, teamwork and planning, finesse, forethought, patience and commitment from all stakeholders.

The process of selling a family-owned or private business can be an emotional and stressful time for the owners. IWA's job is to stand with them throughout the transaction, from start to finish, and where possible to simplify what is a complicated process that inevitably has a number of twists and turns.

At the start, we help our client put together the "deal team." This includes IWA as the "quarterback" to manage the process for the seller. We often suggest that the seller identify someone in senior management who can be brought into the process. We work with that person on the in-house data collection, so we can understand the business. We recommend that the seller engage a transaction lawyer who has experience in the legal aspects of completing the sale of a business. The winery may have worked with a lawyer on regulatory issues, but that person often doesn't have experience with transactions. Generally, our initial preparation work with the seller includes improvement of the data collection, cleaning up the balance sheet, working with the company's CPA on financial statements, dealing with unsalable inventory, making sure all key agreements are in writing, reviewing and confirming trademarks and permits, guiding the seller to an appropriate estate- and tax-planning adviser to manage the proceeds from a transaction,

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reviewing and identifying assets that are to be retained by the seller and discussing the post-close plans for the seller. For example, do they want to remain with the business? The valuation or analysis of the brand and business is one of the first steps we take with our clients, followed by development of the information memorandum and offering documents.

Once IWA has completed the pre-planning, we finalize the target list and initiate blind approaches. IWA is very selective about the number and quality of targets we approach on behalf of our clients in order to maintain confidentiality, which preserves value for our clients. Following receipt of signed non-disclosure agreements from each target buyer, we send out the offering information memorandum. We then work with interested buyers as they develop their non-binding indications of interest, which summarize the details of their offers. We work with the seller to select the target (or targets), and with their legal counsel we work on drafting a letter of intent that commits the seller and the buyer to one another to complete the transaction. IWA manages the due diligence process, and we work with both sides to draft the sale agreement.

IWA works with the seller on preparing for the close of the transaction. This includes, among other things, managing the final

inventory count with the buyer, working with the seller, their employees and the buyer on the transition to new ownership—and all other outstanding items to ensure a smooth transition. Typically, the whole process takes six to 18 months, depending on the complexity of the circumstances.

Teamwork throughout the process is critical to maintaining momentum and avoiding delays, because all deals have a life of their own. It is important to control the issues as they come up and, where possible, to pre-plan the different steps rather than reacting to issues as they come up.

The most fundamental requirement to complete a deal successfully is to maintain integrity and trust with all the stakeholders. Confidentiality is of critical importance to avoid erosion of value for our sellers.

Q What's the general state of mergers and acquisitions in the wine industry these days?

Nicholson: Generally, the U.S. wine market is strong. Valuations are firm and increasing in certain areas for some assets. Some super- and ultra-premium sub-segments of the market are stronger than other sub-segments, but wine consumption is generally increasing.

Wine companies are investing in vineyards to protect their supply and to maintain margins in a tight grape market. Financial groups are investing in vineyards

ON THE HORIZON

Robert Nicholson of International Wine Associates can't get into too many specifics about deals he has in the works, but he will say that he's representing "a variety of sellers" along the West Coast.

"We have a number of high-quality, ultra-premium wine estates in the Napa Valley, Sonoma County, Central Coast and Oregon," Nicholson says. He's also representing entities who want to sell vineyards in the Napa Valley, Sonoma County, the Central Coast and Washington, and he's working to sell "some substantial winery assets."

As for vineyards, Nicholson says buyers are particularly interested in Pinot Noir and Cabernet Sauvignon from prestigious AVAs—Russian River, Sonoma Coast, Santa Barbara, Santa Lucia Highlands and Oregon for Pinot; Napa Valley, Alexander Valley and Washington's Red Mountain for Cabernet. They also are looking for Chardonnay from "certain parts of Sonoma and the Central Coast."

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As for wineries, many wine companies are looking to acquire wineries to expand their portfolios and compete more effectively in the market. In order to broaden

values firm and increasing for most assets. For U.S. buyers, acquisitions improve their market leverage and are an opportunity for portfolio expansion into new categories. For international buyers, acquisitions improve their access to U.S. distribution and their asset diversification. All buyer groups are active now.

Q Who are the buyers?
Nicholson: IWA represents sellers. However, in order to manage the sale process in a confidential manner for our clients and make highly targeted approaches to select buyers on behalf of our

We see that public wine companies often prefer to buy brands only and to remain ‘asset light,’ keeping their assets off their balance sheet to improve ratios.

their offerings to the market and to improve their leverage with both wholesalers and retailers, many wine companies are now looking to make acquisitions that complement their current offerings.

A shortage of winery production capacity in California's North Coast has resulted in some sizable transactions, such as the Jackson Family 2012 acquisition of Sonoma County's Carneros Hills (formerly Buena Vista Winery) as well as Gallo's acquisition of both Napa County's The Ranch Winery in 2016 and Sonoma County's Asti Winery in 2015. A smaller example is the Huneeus Vintners' acquisition of Sonoma County's VML Winery in 2016.

We see that public wine companies often prefer to buy brands only and to remain “asset light,” keeping their assets off their balance sheet to improve ratios. Recent examples would be Constellation's 2016 acquisition of The Prisoner and Treasury's 2016 acquisition of the Diageo wine business, where they inherited a lease with a REIT (real estate investment trust) on most of the assets.

There are few distressed sales now. Since the Great Recession, the real market has returned, with

clients, IWA is continuously in direct contact with all the different buyers to know what they want to acquire (and what they don't want to acquire) and why.

Owners of prominent wine companies and estates in the U.S. constitute one group of buyers. Multi-national companies like Constellation and Treasury are also buying.

There are also financial buyers and equity funds. For example, Farmland is a real estate investment trust that acquired Olsen Agriculture in Oregon. Other recent transactions involving this type of buyer include TSG's acquisition of Duckhorn and GI Partners' purchase of Far Niente.

Luxury goods companies are also buying. Chanel, for example, bought St. Supéry.

Finally, there are the owners of prominent overseas wine estates like Henriot in the Beaux Freres deal. IWA also sold two prominent Oregon vineyards to Louis Jadot, the Burgundy producer. 🍷

A resident of the Santa Cruz Mountains, Laurie Daniel has been a journalist for more than 35 years. She has been writing about wine for publications for more than 21 years and has been a *Wines & Vines* contributor since 2006.

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