

2016

YEAR IN REVIEW



zachys

Welcome to the 2016 Year in Review!

What a year it's been for Zachys.

Before we get to the details, let's just say it: not only did we see significant growth this year (more on that later), if we look at sales totals in New York and Hong Kong, Zachys is Number One in the World.



As we look forward to 2017, we wanted to share with everyone some of our recent successes—and they're undeniable. We succeed on every metric: single owner sales? We've had some of the biggest and most successful. Multi-vendor sales? The sell-through rates are high, variety is unparalleled and the prices are significant. For our consignors, we return the highest prices, both in our live auctions in New York and Hong Kong and our monthly eAuctions. And for our bidders, we supply the finest and rarest wines from private collections and Domaine-direct that the market has to offer.



But let's not delay any further—we'll get right into the numbers.

First, Zachys sold an international total of \$65,698,954 in 2016.

That's an 18% growth from the US\$55.5m we sold last year.

And, since we're guessing you don't have last year's Year in Review handy, we'll tell you: 2014-2015 saw a 22% increase in auction sales. Two years of consecutive double-digit growth. To quote some of our competitors, that has to be a World Record.

How did we do it? In a word, strategy, and a focus on the long term. The first thing we've done is the most obvious and the hardest—that is, relationships with the world's greatest collectors. Zachys is proud to have offered quite a few single owner collections this year, from the collections of Tawfiq Khoury and Bob Dickinson, to the collection of Nath. Johnston & Fils, to the 4-auction single-cellar "The Vault," which realized over US\$12,000,000 and was sold half in NY, half in Hong Kong. We've already got some great single owners lined up for 2017, too, one of the most exciting being "part 2" of the collection of one of the world's great Burgundy collectors: Dr. Rob Caine, to be sold in our March auction over La Paulée weekend. Coche-Dury collectors: put this one on your calendar.



The second step is our global reach. We're a family owned business, based in New York, but we reach wine collectors at every corner of the globe. You may know that we've got a full office in Hong Kong, led by Danielle Cetani—who has well over a decade experience at Zachys. Throughout the year, her team is on call to fan out over all of Asia to meet the needs of our clients, frequently accompanied by our Principal Auctioneer Fritz Hatton, President Jeff Zacharia, Senior International Specialist Charles Antin, and of course Terrence Tang, our Senior Specialist based in Hong Kong. Senior Specialist Alex Cabbage has also recently moved to Hong Kong in response to the growing need in that department. In 2016 the team has been to Beijing, Shanghai, Seoul, Tokyo, Kyoto, Singapore, and Bangkok, just to name a few.

Zachys Managing Director Jamie Pollack, in addition to her busy schedule throughout the US, has expanded her territory to include Brazil and Canada, and travels to the Midwest, West Coast, Florida, Texas, and elsewhere regularly. And last but far from least, we're delighted to announce a new development this year, which is that we now have increased presence in Europe and Tokyo, with mainland China to come in 2017. From the wine regions of France and Italy to private collections in Paris and Tokyo, we've got you covered.

In sum, we bring the best collections to auction based on our long term relationships. And we sell those collections using our global footprint. Easy, right?

This document is a "snapshot" into 2016, and hopefully it will leave you wanting to join in on the fun in 2017.

All of our best,

Don and Jeff Zacharia, Jamie Pollack and the entire Zachys Team

Global presence

At Zachys, we have local roots, but a global reach. Yes, we began 70 years ago as a tiny shop in Scarsdale, but now we've got a presence on nearly every continent (Australia and Antarctica are in our sights for 2018). To that end here are a few things we've worked on in 2016.

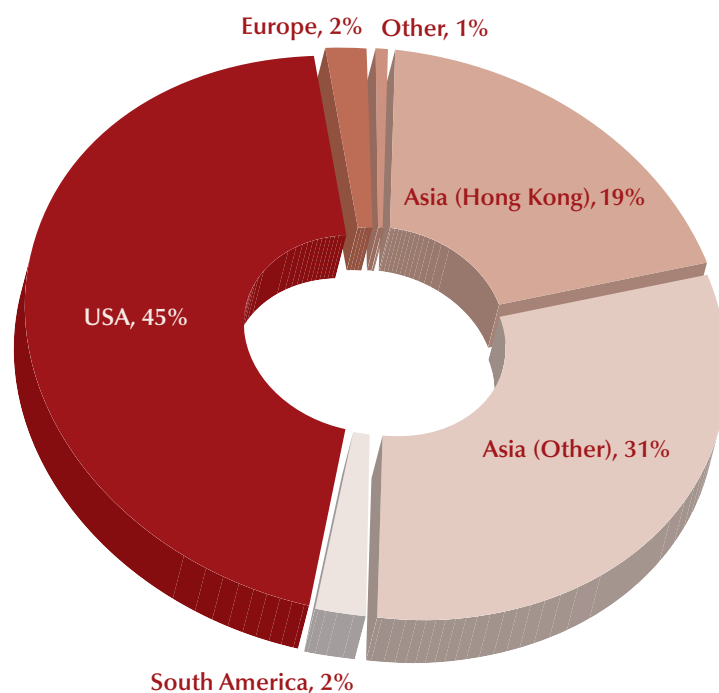
This year, we've been busy (as you can tell from our map). We've got people on the ground in Europe and in Tokyo, and we've got mainland China in our sights for 2017.

In addition to Europe, our Hong Kong-based team has been exceedingly active in 2016, both selling and sourcing. This year, 31% of our buyers by value were from "Other Asia," meaning other than Hong Kong.

What's more, Zachys has long understood the importance of South America and Canada to our auctions, but this year, with Jamie Pollack's frequent visits to Brazil, we've seen an uptick in participation from our neighbors to the north and south. No longer "just" Managing Director for the United States, Zachys is delighted to announce that Jamie is now MD for "the Americas."



Global Buying Base by Value

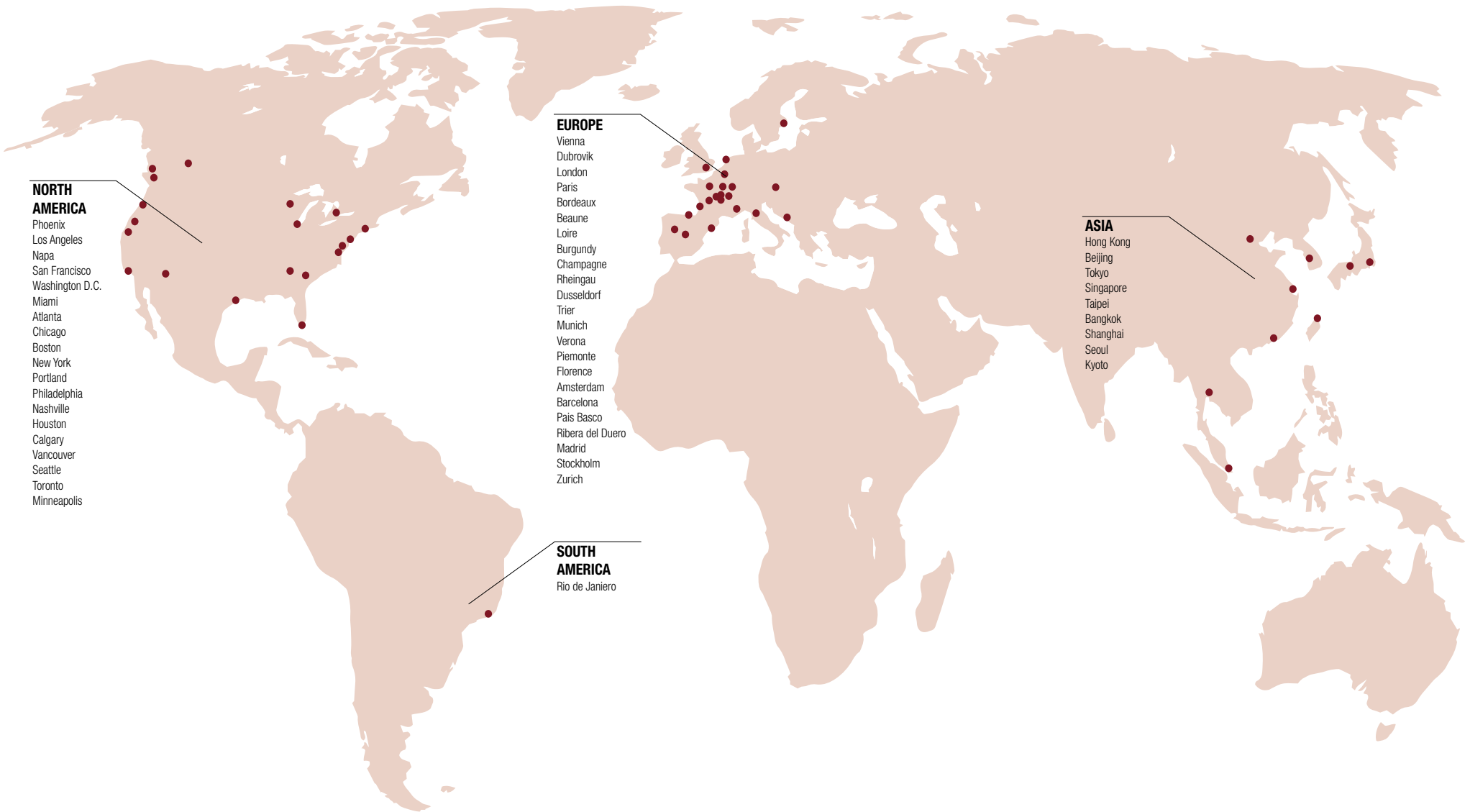


Top Lots of 2016

AUCTION	LOT	DESCRIPTION	PRICE REALIZED
The Hong Kong New Year Auction January 2016, Hong Kong	306	12 bottles of Romanée Conti Domaine de la Romanée Conti 1990	\$205,484
Fine Wines & Spirits September 2016, US	3258	12 bottles of Pétrus 1961	\$140,875
Fine and Rare Wines and Spirits May 2016, Hong Kong	99	1 methuselah of Romanée Conti Domaine de la Romanée Conti 1985	\$118,548
Fine and Rare Wines and Spirits May 2016, Hong Kong	449	1 700ml bottle of Karuizawa The Dragon 52 Year Old Cask #5627 Single Cask 1960	\$110,646
Fine and Rare Wines and Spirits May 2016, Hong Kong	1226	12 bottles of Le Pin 1982	\$110,646
The Vault Part II October 2016, US	853	1 imperial of Château Latour 1961	\$91,875
The Vault Part II October 2016, US	1337	6 magnums of Bonnes Mares Vieilles Vignes Georges Roumier 1988	\$91,875
Fine and Rare Wines at La Paulée de San Francisco March 2016, US	343	12 bottles of Vosne Romanée Cros Parantoux Reserve Henri Jayer 1999	\$85,750
Fine and Rare Wines and Spirits May 2016, Hong Kong	100	1 methuselah of Romanée Conti Domaine de la Romanée Conti 2001	\$75,870

Zachys Around the World

In 2016, Zachys Specialists visited over 50 cities all over the world. We're dedicated to visiting our clients wherever they may be—and bringing wine to enjoy together. We have plans for even more travel in 2017, so wherever you are, we hope to see you in your home town!



Live Auctions: Zachys is Number One

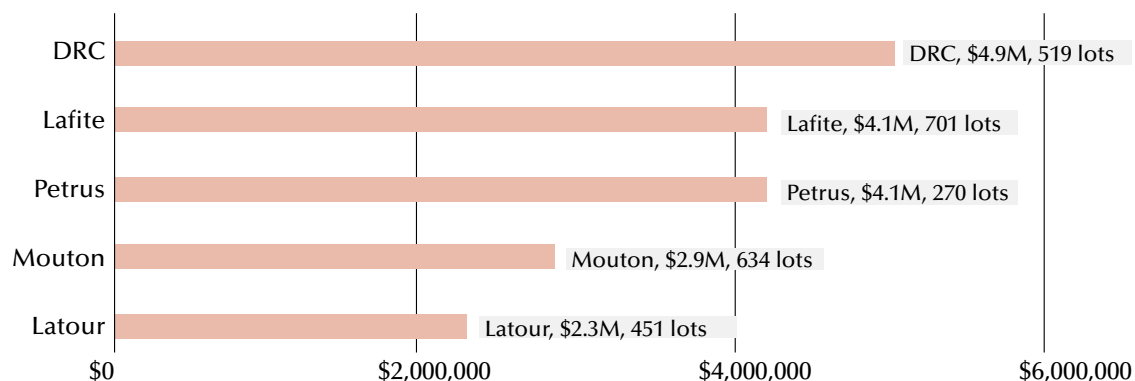
Zachys live auctions realized \$34.8m in the US, and \$21.9m in Hong Kong. These values represent a 12% and 18% growth, respectively, in the two regions. If we compare oranges to oranges—that is, Zachys versus all of our major competitors, in combined sales totals (in Hong Kong and New York), we are number one in the world.

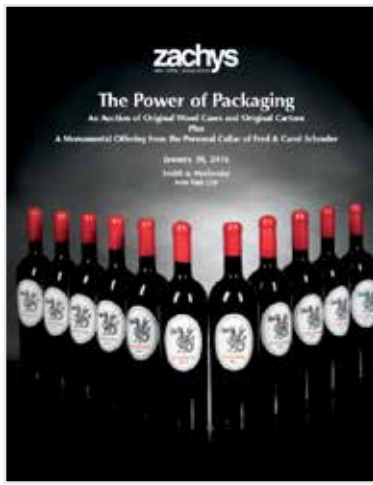


As far as single producers, the “top 5” for Zachys were the same, and in the same order, as they were in 2015 (see chart below). What’s more telling is how they were spread out. Quite a bit more Lafite, Pétrus and Latour were sold, and quite a bit less DRC, both by dollar and by quantity. This isn’t to say DRC suffered—in fact quite the opposite. Thanks to several pristine collections, the average lot value of DRC actually increased. As far as trends going into 2017, what we know anecdotally as well as empirically is that thanks to a renewed interest, collectors are beginning to sell more of their mature Bordeaux.

All of Zachys live sales saw excellent sell-thru rates (an average of 99% globally), and strong prices, but there are three we’d like to highlight here. Zachys is also delighted to announce a 30% increase in the number of registered bidders to over 12,000.

Top Producers of 2016





The Power of Packaging

January 2016, New York

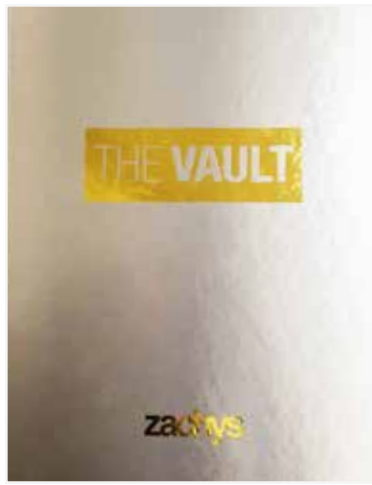
Estimates:

\$2,020,900 – 3,072,300

Price Realized:

US\$3,527,388

This auction was the first ever of its kind: a sale dedicated entirely to wines in their original packaging—OC or OWC. You spoke, and we listened. We know our buyers want these wines, so we dedicated a sale to them. The second half of this auction was dedicated to wines direct from the cellar of Fred and Carol Schrader. We’ve done this consignment for several years now, and it’s the reason that the wines of Schrader are now in the “top ten” of producers we’ve sold globally.



The Vault Parts 1 & 2

September 2016, Hong Kong

October 2016, New York

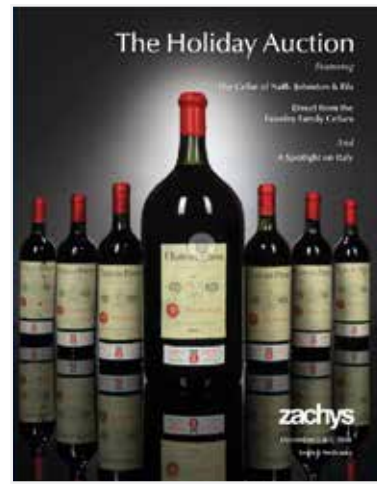
Pre-auction estimate:

US\$7,430,221 – 11,404,171

Price Realized:

US\$11,413,516

The Vault was a two-part, single owner cellar. Just under half was sold in NY, at Le Bernardin, and just under half was sold in Hong Kong—and the balance was sold in two eAuctions in New York. Cumulatively, the live auctions were 100% sold at over US\$ 11,000,000 (over \$12,000,000 counting eAuctions). This auction highlights Zachys ability to promote and auction and 8-figure collection over multiple sale sites and formats. See our “case study” for complete details on this auction.



The Holiday Auction

December 2016, New York

Pre-auction estimate:

\$4,715,200 – 7,172,300

Price Realized:

US\$7,121,293

It was a delight to close out the year on such a high note. Several consignments led the way in this auction. First, the collection of Nath. Johnston & Fils, an 18th-century Bordeaux negociant. All the wines in this collection, including the 4.5L of 1924 Pétrus, were bought on release, and hadn’t left Bordeaux prior to this auction. In addition, a collection of wines from Domaine Faiveley well exceeded its pre-sale estimates, as did a “Spotlight on Italy,” with one of the largest collections of Masse- to ever to come to auction. Both of these collections warranted visits and pre-auction events with Erwan Faiveley and Axel Heinz, winemaker for Masseto.

Domaine Direct

Zachys is always sourcing wines with the best provenance in the industry. And, of course, there's no better provenance than direct from the Château, Domaine, Estate, or Winery. Zachys is honored to have offered the following consignments direct from the Domaines, and we look forward to more exciting consignments like this in 2017.



Fred & Carol Shrader, January 2016, New York

Pre-auction estimate: \$568,200 - \$864,450

Price Realized: \$1,550,666

PERCENT SOLD: 100%

Domaine Fourrier, March 2016, San Francisco

Pre-auction estimate: \$237,050 - \$366,500

Price Realized: \$383,915

PERCENT SOLD: 100%

Domaine Hudelot-Noellat, March 2016, San Francisco

Pre-auction estimate: \$87,200 - \$135,800

Price Realized: \$186,935

PERCENT SOLD: 100%

Giuseppe Mascarello, September 2016, New York

Pre-auction estimate: \$10,950 - \$18,200

Price Realized: \$26,644

PERCENT SOLD: 100%

Domaine Faveley, December 2016, New York

Pre-auction estimate: \$89,500 - \$135,100

Price Realized: \$223,073

PERCENT SOLD: 100%

Nath. Johnston & Fils, December 2016, New York*

Pre-auction estimate: \$814,400 - \$1,257,770

Price Realized: \$1,258,075

PERCENT SOLD: 100%

**While not technically "domaine direct" the wines in this collection were lying in Bordeaux since purchase on release.*



DOMAINE
FAIVELEY

À NUITS-SAINT-GEORGES
DEPUIS 1825

Monday, December 5th 2016

Jeff Zacharia
Zachys Fine Wine

39 Westmoreland Avenue

White Plains, NY 10606

United States of America

Dear Jeff, dear Christine,

Back to Nuits St Georges, I wanted to thank you again for the incredible job you did this week-end.

The dinner on Friday, the auction on Saturday: every minute detail was just right.

Beyond the spectacular financial outcome, I am very happy to see that Domaine Faiveley is back in collectors' minds.

That was my goal for this week-end, and you managed to exceed all my expectations.

Thank you again for your support, and I do hope I'll get the opportunity to see you soon, in NYC or in Burgundy.

And till then, I wish you a warm and lovely winter in the Big Apple.

Warmest Regards

See you soon in Burgundy!
Julien
Julien Faiveley

A Case Study: The Vault

The Vault was a single-owner cellar featuring nearly 3000 lots sold over four auctions: two live auctions, one each in New York and Hong Kong, and two US-based eAuctions. In total, the auction realized US\$12,393,994. The two live auctions accounted for 1663 lots and US\$11.413 of this total (above pre-sale high estimate of US\$11.404), and were 100% sold. Over 1000 lots realized at or above their pre-sale high estimate.



Château Lafite Rothschild 1959
(one 6L) Lot 48
Pre-Sale Estimates:
US\$30,968–\$49,032
Price Realized: US\$63,226

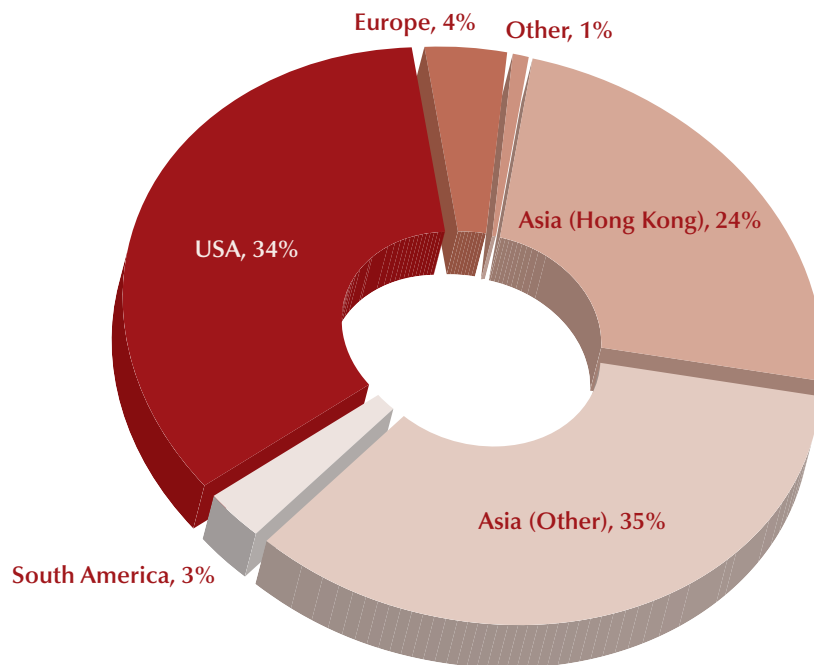


Romanée Conti
Domaine de la Romanée Conti
1996 (five 750MLs) Lot 258
Pre-Sale Estimates:
US\$41,290–\$59,355
Price Realized: US\$63,226



Château Latour 1961 (one 6L)
Lot 853
Pre-Sale Estimates:
US\$70,000–\$110,000
Price Realized: \$91,875

The Vault: International Buyers by Value



Zachys eAuctions Realize \$8,867,818 – 43% Growth From 2015!

Zachys is constantly striving to stay at the forefront of what our clients want. As such, we introduced Flash Auctions and Single-Owner eAuctions in 2015. In 2016, we've grown both of those themes. As



previously mentioned, Zachys held two eAuctions dedicated to The Vault, in addition to a Thanksgiving weekend eAuction, and several Flash Auctions, including our first-ever Spirits-Only flash auction.



Most importantly, the past year has seen significant growth in this category, regardless of how you slice it. We saw a \$1.5m increase in multi-vendor auctions, and a \$1.02m increase in single-owner auctions. On average, each multi-vendor auction we did was \$50,000 bigger. The buyer base for these eAuctions is diverse, with about 75% of the buyers in the US, 11% "other Asia" and 9% Hong Kong.



What this means for our buyers is that we simply have more, and a more diverse (both by region and by price) set of wines for your bidding pleasure. For our consignors, we strive to be a "one stop shop" and can aid in liquidating any manner of collection—assuming perfect provenance.

Most impressively, Zachys saw a 39% increase in the number of registered bidders in our eAuctions, to over 7,000.

Conclusions

In summary, we took the successes of 2015 and built on them in 2016. Of course, the results are proof of what we were able to do: **an amazing 18% increase in sales globally**. And, for auction houses' New York and Hong Kong sales, we're #1 in the world.

We set ourselves several goals going into 2016, and we believe we met them all.

First, we wanted to provide our clients with unparalleled collections. We believe we've done that, for all the reasons outlined in this document. From Domaine direct, to the best private collections in the world, to our varied eAuctions (not to mention our retail wing) Zachys does it all.

Second, customer service. As a 70 year-old family business, we pride ourselves on our personal touch, and everyone at Zachys, from Don and Jeff, to Jamie on down the line, is available to discuss any issue you may be having with a Zachys auction. We are happy to hear what we can do better in 2017, but of course we love the compliments too.

Thirdly, the personal touch. At Zachys, we believe that wine is meant to be enjoyed with friends, and to that end we've spent the year globetrotting. We've drunk many bottles and had many great meals with you, and we're redoubling our efforts for 2017. We've hit dozens of cities in 2016, and if we left yours off the list, we're sorry! Hit us up, and we'll be sure to visit you in 2017... and we'll bring the wine.

Finally, a sign off from our fearless President, Jeff Zacharia, who comments, "I couldn't be more pleased with 2016. We saw growth across the board—in our live auctions in both HK and the US, and in our eAuctions. We sent a specialist semi-permanently to Europe, to tackle that market—with more international growth to be announced in 2017. We continued our partnership with Daniel Johnnes's La Paulée and will do so again in 2017—as well as new partnerships with La Fête du Champagne and Burdigala. And we did it all while honoring our core values of customer service and above all, a deep passion for fine wine. I want to thank my entire team for their contributions in 2016 and of course, you, our consignors, bidders, and friends. Here's to a happy and successful 2017!"



1988

Bonnes-Mares
GRAND CRU
"Vieilles Vignes"
Domaine C. R. Amiot
CHAMPAGNE & CHABOLLE MAISON FONDÉE EN 1820
1,50 l

1988

Bonnes-Mares
GRAND CRU
"Vieilles Vignes"
Domaine C. R. Amiot
CHAMPAGNE & CHABOLLE MAISON FONDÉE EN 1820
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