

Betting on South Africa

Investor **Charles Banks** thinks there's money to be made in old-vine chenin blanc. **BY ELIN McCOY**

▶ **CHARLES BANKS** was poking around the small cellar at South Africa's Mulderbosch Vineyards in spring 2008 when its winemaker pulled out some old vintages of chenin blanc. Stunned by how delicious the 15- to 20-year-old whites tasted, Banks saw the future unfolding. Three years later, his company, Santa Barbara, California-based Terroir Capital LLC, has purchased two wineries in the Cape Winelands, including the well-known Mulderbosch brand.

Banks, 43, isn't your average winery investor. Back in 2006, while president of San Francisco's CSI Capital Management, he bought the Napa Valley's Screaming Eagle with real-estate mogul Stan Kroenke, who owns the National Football League's St. Louis Rams and other sports teams. That winery's smooth, rich, highly sought-after cult cabernet sells for \$750 per bottle on release.

Banks bowed out of the partnership in 2009, having founded Terroir, a small investment group of 25 friends that focuses on luxury resorts and wine estates. He had already become smitten with South Africa, thanks to Andre Shearer, Mulderbosch's U.S. importer, who suggested over lunch at The Modern restaurant in New York that Banks take a look at this flagship estate in the country's famous Stellenbosch region. In a complicated arrangement, Banks



Banks says his friends try to outdo each other in finding interesting wine bargains.

bought the name and stocks of Mulderbosch and the vineyards and much larger winery of nearby Kanu Vineyards. Ben Truter and his family trust, who had owned both properties, retained the Kanu brand and its sibling winery's vineyards and buildings.

Mulderbosch first grabbed international attention with its racy sauvignon blanc and its distinctive label inspired by a Cuban cigar band. Now, Banks is gambling that chenin blancs made from venerable bush vines will be the big stars.

The most widely planted grape in South Africa, chenin blanc had long been known more for cheap, neutral whites than for quality. On a warm, sunny January day during a weeklong country-wide trip, I discovered just how much things have changed here. After a quick tour of Mulderbosch, I headed to the Postcard Cafe at nearby Stark-Conde Wines with Annalie van Dyk, an assistant winemaker at Mulderbosch, for a Chenin Blanc Association tasting. "More than half the world's plantings of chenin blanc are here, double the amount in its home, the Loire Valley," says Bruwer Raats, the association's president.

I'm struck by the range of styles, from light, fresh and fruity to richer, riper and more complex. Some are slightly sweet and succulent, a match for Thai curry; the very sweet, late-harvest versions go with dessert. The best have deep layers of flavors and are made from decades-old, nontrellised vines that farmers once uprooted because of low yields and prices.

The Mulderbosch cheniens impress, but Banks has enlisted Andy Erickson, former winemaker at Screaming Eagle, to help push quality higher. That means buying more old-vine grapes from Swartland, an hour's drive north of Cape Town. Wilder than Stellenbosch, it's full of rebel winemakers and some of the oldest chenin blanc in South Africa. At a casual *braai* (barbecue) on a neighbor's deck, Paul Kretzel, co-owner of Lammershoek winery, smiles as he tells me how Banks turned up, tasted and signed on for 20 tons of fruit from his 40 hectares (99 acres) of old vines.

One winery turned out not to be enough. At Tulbagh



STELLENBOSCH AND SWARTLAND SELECTIONS

2009 Raats Original (\$13)
Very fresh and tangy, with flavors of white peaches and honeysuckle

2009 A.A. Badenhorst Family Wines Secateurs (\$15)
Bright and flavorful; a mix of melon and minerals

2010 Mulderbosch (\$14)
Exuberant and powerful; a combination of citrus, litchi, pineapple and spice flavors

2009 Raats Family (\$23)
Rich and layered, with the aroma of honey and tastes of pear, figs and minerals

2009 Ken Forrester The FMC (\$65)
Amazingly intense and complex, with exotic tropical-fruit flavors

2010 Mullineux Straw Wine (\$28, 375 ml)
Sweet and unctuous yet zingy, with tastes of dried apricots and orange marmalade

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Mountain Vineyards, nestled within a cup of mountains east of Swartland, Banks saw potential in the organic bush vines and "the vibe." He poured the 2008 vintage down the drain, bought new tanks and gave his second acquisition a more pronounceable name: Fable.

Banks says a deciding factor in going through with the purchases was securing political risk insurance from the World Bank's Multilateral Investment Guarantee Agency. He declined to reveal how much the two properties cost, citing confidentiality agreements, but the MIGA guarantees add up to \$12.9 million.

South Africa is only the beginning of Banks's plans for a global wine company. In the spring, he launched a California pinot noir project, and he says he's hunting for vineyards in Italy and Spain that "offer a good opportunity for return on investment."

The new wine-drinking trend, Banks insisted in a recent phone conversation, is finding value. Four years ago, at dinners with wealthy friends, the prize went to whoever put the expensive trophy wine on the table. Now, he says, "it goes to the person who brings the most interesting bargain."

Banks is convinced South Africa can make better white wine, especially chenin blanc, for less money than anywhere else in the world. "I love the wine business," he says. "But it's more fun if you're making money."

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