

Presentation to
Business Technical Advisory Panel

Presented by

Mr. John Clerides

On Behalf of

Independent Wine Retail Stores of
British Columbia

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Terminal City Club

Introduction

My name is John Clerides and I appear before you today as the spokesperson for the Independent Wine Retailers of BC (IWRBC). Thank you for permitting me to make a presentation to you today.

My family has been a dedicated member of the hospitality industry for the past 60 years, first with two family restaurants and now as the owner operator of Marquis Wine Cellars.

The purpose of this presentation is to provide the committee with a brief history of the private wine stores, a description of our sector, market overview, competitive factors and situational analysis facing the independent wine retailers in the province of British Columbia.

It is IWR's goal is to demonstrate that we are capable of finding solutions for all parties by taking a proactive '*open for business*' approach that will enhance government, industry, revenue and profitability.

Background

In 1986 a provincial government decision permitted Mission Hill to establish and operate off-site winery stores for sale of their products.

Upon receiving ministerial approval, The Mark Anthony Group contracted with individuals through a franchise agreement (e.g. Mark Anthony Wine Marts) to operate these stores. With the cost of establishing, operating & maintaining these stores resting with each individual operator.

Store operators were limited to selling Mission Hill, California Cooler and Okanagan Cider products by way of their franchise agreement. Operators were given a 23.33% wine shop discount and were expected to contribute 3.33% of their shop discount (14% of gross discount) back to the franchisor for the purpose of promotions and advertising. The stores also operated on consignment and they had to wait 30-45 days after month end for their cheques. It became quickly apparent that the store models were not profitable.

A Liquor policy review as undertaken in 1987 (The Jansen Commission) recommended import wines should be made available in licensee retail stores and private free standing wine shops. The stores were also lobbying for additional products as this would make their stores profitable.

The recommendation on import wines was accepted in principle by the government, but implementation was subject to international trade consideration related primarily to pending GATT & NAFTA negotiations.

With the pending changes in the allowable product mix, the Ministry of Labour and Consumer Services determined a more effective wine store model was required and made policy changes to allow for the appointment of the operators of existing wine stores as agents under ss. 8 (5) f the *Liquor Distribution Act* which came into effect October 1988. The wine stores received a five year agency appointment.

In September 1987 my father, Andrew Clerides, participated presented in the BC government's liquor policy review and presented wine stores position, which saw the birth of the private wine retailers we know today. At the time, we advocated for the expansion of the single-producer wine stores to specialty shops selling a variety of wine. A cornerstone of these new wine stores was the ability to place special orders to bring in unique products into their stores not available in the LDB. Additionally, we set out the business case for operating with a 30% discount for retail counter sales. The government at the time agreed with the business case and granted that level of discount. This discount became the second cornerstone of the Independent Wine Store business. A copy of the letter to the BC government responding to the 1987 policy review is attached to this letter as, **Schedule A.**

Using these negotiated terms and conditions to their new license class, the wine stores set out to build their business by travelling the world to source unique wines to import into the province and sell in their stores. Over this 30-year period, the wine stores have invested countless hours and money looking for new wines. Marquis Wine Cellars alone has invested well over a million dollars and thousands of hours of time travelling and sourcing new products internationally.

The wine stores also built a market for these wines domestically through events, dinners, tastings and numerous other marketing efforts. Today many of these wines are recognized as the very best wines in the world, though at the time they were often not well known. These efforts were instrumental in growing British Columbia and Vancouver into the sophisticated wine and hospitality destination it is today. Please see attached a partial list of wines Marquis Wine Cellars & Liberty Wine Merchants have introduced to the market, **Schedule B.**

Over the past 30 years the wine stores have built a reputation as the premier wine shop's in Vancouver among wine loving consumers for boutique, small production wines. They serve a community of wine lovers across the province through its store and its e-commerce platform, regularly sponsoring and donating to variety charity fundraisers, regularly participates and encourages industry education and community development. The stores have helped raise over 1.5 million dollars for their respective communities. Despite this history and dedication, today the wine stores business and longevity are at risk.

Negative Impact of the 2014-2015 Liquor Policy Review

In 2015, the government of British Columbia completed its most recent liquor policy review and implemented significant changes to the regulatory environment governing the independent wine stores. In particular, the government eliminated the wine stores 30% discount we negotiated in 1987 and relied on for nearly 30 years, and reduced it to 16%. The impact of this change has been devastating to the independent wine stores business, resulting in a significant reduction of profits and a very large increase in prices for consumers. Comparative pricing of two of Marquis Wine Cellars direct imports; *Domaine Guillemot Michel 2012 Vire-Clesse - \$38.90 (old system)*, *Domaine Guillemot Michel 2014 Vire-Clesse - \$54.90 (new system)*

Schedule C for comparative increase in prices

The government of the day met with the wine stores and told us that its solution was to sell its license to a grocery operator and that the government would permit the Independent Wine Store license class to do so.

This 'suggestion' was an insult to the wine stores and its decades of service to the community. It is not a viable, rational, or fair regulatory change to eliminate a licensee's profit margin to encourage them to close their business and sell their license to a different operator. This new term and condition on the wine stores license is offensive to the very nature of its business, its very large community of customers and supporters, and the decades of hard work put into the business by both the owners and staff.

At the same time, grocery operators were permitted on a provincial level to open wine stores within the grocery stores and to sell wine on grocery store shelves in direct competition with small private liquor retailers. These operators were simply granted this privilege without any history of servicing or dedicating themselves to the hospitality industry in the way that the independent operators have.

The Liquor Distribution Branch (“LDB”) stores were also reformed following the 2014-2015 liquor policy review. Today, retail and wholesale operations are ‘distinct’; however, LDB retail operations function on a gross mark-up of around 20% -25% gross mark up that is simply not sustainable for any liquor retail business.

We cannot understand how the LDB stores can possibly sustain their profitability on wine with such a low margin without the aid of the wholesale division markup. This has created unfair competition and, following the revocation of the wine stores 30% discount, has made it impossible for the wine stores to compete on price with the government LDB stores and to turn a profit. This has obviously undermined the wine stores ability to compete fairly in the marketplace.

LDB CHALLENGES

1. Delivery of Speculative Wines (Third Party Warehouse Stocked Product)

Speculative wines (spec) take 2-3 weeks to arrive. If a spec is not delivered within two weeks it is ‘timed out’ by the LDB, this means it fall off their back order sheet and the wine will simply not get delivered. Most often this is due to some type of labelling or breakage issue. There is no reason why a wine that is a 30 minute drive away should takes weeks or months to be delivered.

Solution

Keep The product is on back order until it is delivered to the customer.

2. Pricing

Prices have gone up by 30% at the wholesale level and the LDB is not taking full retail margins. This has pushed the wine stores out of selling popular wines, unless we want to sell them at a loss, which had brought customers into our stores, in fact we lost many of them.

Undurraga 2015 Sibaris Carmenere (listed)	\$13.01 WS	\$15.99 LDB hospitality	18.70% GM
J.Lohr 2015 Cabernet Sauvignon (listed)	\$19.53 WS	\$23.99 LDB hospitality	18.63% GM
Jean Bourdy 2013 Cotes de Jura Rouge (spec)	\$26.57 WS	\$30.99 LDB hospitality	14.26% GM
Terres Dorees 2015 Beaujolais Blanc Fut (spec)	\$26.28 WS	\$30.49 LDB hospitality	13.74% GM

With the cost of operating a store in Vancouver it is virtually impossible to bring wines of this quality at under \$20.00 a bottle. Depending on the state of our dollar, historically the wine stores would be able to find a wine at 3 Euros ex-cellars and the wine would hover around \$20.00 taxes in. Today that same wine is \$25.56 taxes in a 30% increase in price.

Since the late 1990's the private wine stores have been dealing with preferential pricing & lower mark-ups, by the BCLDB on Bordeaux, highly sought after wines and value wines. In June of 1993, I personally sent a letter to the BCLDB detailing price discrepancies on Bordeaux futures; 1990 L'Arrosse Marquis Retail \$50.90 BCLDB \$44.95, 1990 Cos d' Estrounel Marquis price \$62.05 BCLDB \$53.90.

Schedule D

It is evident with the new pricing structure the LDB took away the private wine store discount and placed it in the wholesale mark up.

The wine stores also do not have the luxury of selling spirits, which have higher margins, beer, which is a volume generator to off set the lower margins on wine or grocery items.

Solution

Allow the wine stores an additional discount should they remain wine only stores. Mark-up lowered to reflect the previous ad valorem tax or a lower wholesale price. The BCLDB stop using their position of dominance to gain market share.

3. Reporting

Historically we paid for a variety of reports which were very useful to monitor trends etc. One of which was an entire price list of product's in an Excel format. It had every single product available in BC; price, stock code and who the agent was. This proved to be exceedingly useful. When a client called and inquired about a wine not carried in our stores having this file on hand allowed us to quickly find out the stock number, call the importer to see if they had any stock and get back to our client in a timely efficient manner. This was taken away from us by our regulator, importer and competitor, yet they have access to these reports.

Solution

Reinstate all reports

4. Streamlining Special Order Process

Special Orders has been the backbone of our member's stores since their inception. This allows us to source, discover and bring in wines from small independent growers and has helped develop the stores into the specialty destination stores they were intended to be. Marquis Wine Cellars in particular sources 65% of their wines directly from source.

All orders must be placed through the BCLDB and in most cases the supplier demands 100% pre-payment. The process from ordering a wine to its arrival in our shops can take 3-4 months. These ties up an immense amount of cash flow, one of our members has had up to \$400,000 in pre-payment; anything we can do to streamline the process would be of great benefit. The system works as such

1. We confirm our order with the supplier and pre-pay for the wines via wire transfer when necessary.
2. We submit our order to Special Order desk at the BCLDB.
3. BCLDB issues the purchase order.
4. The Purchase order is sent to the supplier and our transporter.
5. The Supplier ships the wine to Vancouver.
6. The BCLDB clears the wine through Customs and it is delivered to the bonded warehouse.
7. We are notified of its arrival at the bonded warehouse
8. We schedule the delivery to the BCLDB warehouse.
9. Wine is received by the BCLDB and is then costed & wholesale price is set.
10. The order is processed and included on our next weekly invoice.
11. Wine is delivered to us.
 - It takes roughly 2-3 weeks to get the purchase order (PO) issued.
 - Depending on where the wine is being shipped from and time of year it takes 4-8 weeks for the wine to arrive in Vancouver
 - Once an order arrives at the BCLDB it takes roughly 2 weeks to get costed, activate the SKUs, processed and delivered to the store.

Solution:

1. Allow wine stores to issue their own PO
2. Wine stores send PO to the LDB
3. Wine is shipped right away from supplier
4. Wine delivered from bonded warehouse straight to MWC
5. This would eliminate two trucks, multiple handlings, the carbon impact and time.

5. Transfer of Inventory

Now that there is one wholesale price for all store models inventory should be able to be transferred between store models under common ownership. Some of our members have multiple stores; this would improve customer service and help move slow moving product form one store to another

Solution

Allow transfer of product between same store ownership.

6. Window to LDB Warehouse

Currently our stores can see their inventory in Hillenbrand's' warehouse. Once it arrives in the government's warehouse we lose sight of it. Therefore we have no control over our orders; what is coming, when or how many cases. One of our stores did not receive an order for 3 weeks and when they did receive their order they received 11 palates of wine. We used to be able to do this by fax transmissions 10 years ago.

Solution

We need to be able to see the flow of or our orders, how many cases, the value and where they are in the pipeline. This would help our cash flow and scheduling.

7. Sale of Wine to Restaurants

Currently, all private liquor retailers are prohibited from selling directly to restaurants. As outlined above, the independent wines stores business model was founded on and relies on sourcing unique wines and directly importing them through the LDB's special order system. These are wines that are not carried by the LDB or by liquor import agents. Due to policy all of our wine imports cannot be sold to restaurants. Over the years wine stores have experienced the negative trend of having producers that it sourced and imported for years moving from its store to an import agent because we cannot sell to restaurants. **Schedule "B"**

Solution

Allow all private stores to sell to wine restaurants.

8. Special Order's & Agent of Record

As previously discussed the independent wine stores have been on the forefront of discovering wine and introducing them to the market. The Special Order process has been the critical tool used to achieve this

Solution

Continue to allow private wine stores to special order wine, it's the only thing we have left. Additionally allow the independent wine stores to be agent of record status and the ability to sell to restaurants. This will help ensure their long term business success.

9. Wine Auctions

Currently wine auctions are not allowed In British Columbia.

There are many superb private wine cellars in British Columbia, however, unlike automobiles, art, antique furniture or another other collectable consumer good wine cannot be sold at auction. This is a lost revenue opportunity.

In Ontario for example, Waddington's has been granted permission by the LCBO to hold online wine auctions with the LCBO taking a small percentage. This has proved to be massively successful.

While it is against the law to ship wine from province to province, it is not against the law to ship wine to the United States for sale at auction. I personally know of two cellars shipped to New York for auction one of which raised approximately \$1.3 million dollars. I also personally know the fellow employed a famous auction house to source cellars in B.C. which are in turn shipped to the Unites States.

Solution

Review of how to allow auctions legally in British Columbia and to include allowing private retailers to participate in that market.

10. Educational & Consumer Tastings

Currently the policy is all wines for educational tastings & events must be purchased from LDB stores. This policy prohibits students and consumer from learning and tasting benchmark wines, which are more often than not only available in the private retail channel. This policy also raises the cost of holding tastings. One educator I spoke to told me the cost of this policy raises their wine cost by 150%. Additionally consumers are only permitted to sample 75ml of wine (2.63 ounces total) at in store tastings.

Solution

Allow educators, importers, and event organizers to purchase wine from all private stores. Change the sample sizes to help us develop a wine culture in a responsible manner.

11. Beer & Spirits

There has been tremendous growth in the craft brewery, and spirit business, the wine stores have not been able to participate in the growth

In a letter dated February 13th 2015, **Schedule E** the independent wine stores were granted the right to carry beer and spirits within a 5 year time frame however, we would have to respect the 1 kilometer rule. Many of our stores have been in the same location and have served the community for decades; some have long term leases, and in my case own their own property.

Solution

Keep the current rule in that wine stores can move anywhere in British Columbia with no proximity restrictions as long as they sell wine only.

Lift the 1 kilometer rule and grandfather the existing wine stores in their current location to carry beer & spirits since, the wine stores pre-date many of our competitors and the 1k rule. Should any of the wine stores chose to move and sell beer and spirits then the 1k rule would then apply.

12. Wine in Grocery Stores

Grocery stores selling wine is a reality, current trade talks with the USA & European Union there is no question within a short period of time imported wine and beer grocery will be allowed in grocery stores. This will certainly have a disastrous consequence if the wine stores are not able to grow their business.

In Australia two stores, Woolworths and Dan Murphy's have 75% of the retail wine market. In the UK grocery store giants such as Tesco's, Sainsbury's, and Lidl have a significant part of the wine business. The small independent stores that remain do so because they specialize and can sell to restaurants.

On March 2nd 2018 Anthony Gismondi the wine writer for the Vancouver Sun wrote an interesting article about Save on Foods and their wine program

Prices are more than fair when you consider what the winery price is, and what government and stand-alone private wine shops are charging. When you add in the available discounts and weekly specials there are real deals to be had. Buying any six wines will get you a 10 per cent discount, and if you buy a case they will take another \$10 off the cost.

Here's an example of what you could save recently at the Save-On-Foods Marine Drive store in North Vancouver. C.C. Jentsch The Chase, a good red blend, sells on average for \$20 bottle, or \$240 a case, around the province. It's marked down \$3 a bottle until March 5, and if you buy six or more you get 10 per cent off; if you buy a case you get another \$10 off, making the total price before sales tax \$173.49. All taxes in, that's \$16.62 a bottle, or \$6.38 cheaper than the regular tax-in price.

The challenge for the moment is Save-On-Foods has only 16 of their more than 100 stores that sell wine, although in my experience wine drinkers usually have little problem finding any store that boasts a significant selection.

If the aforementioned information is correct this special essentially equates to Save on Foods selling the wine at virtually cost.

The independent wine shops do not have the ability to amortize lost margins with other revenue streams such; listing or end aisle display fees, late delivery charges, co-op advertising or packaged meals. Additionally Save on Foods does not pay market rents. Wine is used as a lost leader to fill grocery baskets.

Solution

None we can think of other than allowing wine stores the tools they need to compete and survive.

13. Split Orders from Bonded Warehouse

Under the current system wine stores are obligated to take their entire pre-paid special order from the bonded warehouse. This is an impediment in being able to take a position on large buys of good value wines and monitor cash flow.

Solution

Allow wine stores to draw off product from their direct imports as needed and also allow direct pick up from the bonded warehouse. This would allow us to place larger orders with suppliers in order to take advantage of volume buys.

I conclude by thanking you once again for allowing me to present the independent wine stores position. Should you have any further questions I would be happy to answer them for you.

Schedule A

A RESPONSE TO
THE PROPOSED
LIQUOR POLICY REVIEW RECOMMENDATIONS

CONCERNING

WINE SHOPS

PRESENTED BY
MR. ANDREW CLERIDES

ON BEHALF OF

THE COMMITTEE OF
INDIVIDUAL WINEMART
OWNER/OPERATORS

SEPTEMBER 1987

Schedule A cont

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My name is Andrew Clerides and I appear before you today as the spokesman for The Committee of Individual Owner/Operators of Mark Anthony Winemarts.

As a point of reference I would like to begin by telling you a bit about my personal history. I have been a dedicated and relatively successful member of the Hospitality Industry for the past thirty years. For many years I was owner/operator of the Black Angus Restaurants in the Lower Mainland. Currently I am involved as the owner/operator of Andy's Diner in Downtown Vancouver. In addition, through my company Kolosi Investments, I presently own and operate a Mark Anthony Winemart in Vancouver.

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First of all, allow me to thank the Liquor Policy Review Panel and in particular The Honourable Lyall Hanson M.L.A. and Minister of Labour and Consumer Services for this opportunity to provide input to the Review process.

The consultation portion of this process is of great significance to the people of British Columbia because it allows for greater understanding between all concerned parties. Hopefully this heightened awareness will result in Governmental Policies and Laws which will be fair and equitable for all thereby improving the retail environment for the benefit of both consumers and retailers.

Schedule A cont

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The purpose of our presentation today is to address the ramifications of the recommendations contained in the Liquor Policy Review Report with respect to Wine Shops.

The recommendations as they stand now contain some progressive concepts which with careful thought and implementation should be a boon to all - particularly the consumer.

Mixed in, however, with these positive new directives are some potentially disastrous measures which could ironically lead to the ruin of Wine Shops.

We, the Owner/Operators of Mark Anthony Winemarts believe it is our duty to aid with the specifics of implementation with respect to all positive designs. At the same time we must offer viable alternatives to non-viable recommendations with the belief that these constructive suggestions will ensure the continued growth and well-being of the Wine Industry in British Columbia.

To these ends we will now elaborate with respect to several key points which can be found on page 39 of the Liquor Policy Review Paper.

Schedule A cont

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Liquor Policy Review Recommendation: " A new model for privately owned freestanding wine shops should be designed. It should replace the existing producer-operated model and provide an opportunity for new operators to get into the wine retail business " and " existing freestanding stores should be converted to the new model " .

The notion of a new model for Wine Shops is an exciting and attractive one for some of the current operators. This new model could be referred to as a " wine boutique " or a " premium wine shop ". We believe that an improvement in selection, an improved sense of atmosphere and quality, and an improvement in service would be extremely beneficial to the consumer and to some in the retail industry.

The recommendation that this new model should simply, " replace the existing producer-operated model " and " existing freestanding stores should be converted to the new model " we must object to however.

The current Owner/Operated Winemarts are by and large family run small businesses. In many cases these entrepreneurs have invested their life savings into their operations with the belief that their form of operation would continue to exist for the foreseeable future.

Apart from the direct investment involved many retailers have signed long term leases for their premises and equipment, thereby solidifying their business future. In effect many operators

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are locked in to their current committments thereby restricting their ability to adapt to the new model.

In short, to deny them the privilege to operate as they do now could potentially ruin them financially for life.

At the same time there are operators on our Committee who have the resources to seriously and immediately consider opting for the new model. Not only do they have more freedom to expand financially but they also have the ability to expand their outlets in the physical sense, meaning that additional space is readily available to them.

Therefore, because of the diversified nature of our Owner/Operator's current operating circumstances and their freedom or lack of to adapt to the new model, we respectfully suggest that existing Winemart Owner/Operators be allowed the option of remaining in business as they are now or if they are capable be given the option of adapting their operation to the new model.

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Liquor Policy Review Recommendation: " The shops should sell domestic wines and may also offer import wines and be permitted and encouraged to sell products not presently available at LDB stores. The appropriate discount rate should be 15 percent. "

We are pleased by the recommendation to introduce import wines to the Wine Shop concept. As you are aware, the consuming public have been requesting a broader selection in Wine Shops for quite some time. We are particularly interested in offering products which are of a " specialty " nature, items that are not currently listed. This recommendation will enable the " wine boutique " concept to be a viable one.

Unfortunately the recommended appropriate discount rate of 15 percent presents us with an almost insurmountable problem. To put it bluntly, Winemart Operators unanimously agree that if a 15 percent commission is introduced all of the operators will go out of business.

When we examine current business conditions it becomes apparent that many operators are barely making a profit at the current rates of 20 percent on counter sales and 10 percent on licensee sales.

Without going into great detail here are some operational facts which illustrate the costs that Winemart retailers face. Business premises cost between 30 and 55 dollars per square foot. This does not include labour costs, allowances for depreciation of equipment

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value or the value of leasehold improvements. Nor does it include accountancy, legal, or consulting fees and the cost per square foot certainly does not include retirement of investment or indeed profits.

To further illustrate, if a Wine Shop is experiencing \$40,000.00 sales per month under the current scenario that same shop would have to achieve a 55 percent increase in sales to produce the same profit at the proposed 15 percent discount rate.

It should also be stated that the costs of operating a Wine Shop do not correlate in the least with the costs of operating an LDB outlet or any other kind of outlet. This holds true particularly when comparative sales volumes are factored in. In fact from our studies of all other forms of retail outlets and the costs they incur we have found that Wine Shops are one of if not the most expensive outlets to operate.

Even if free pricing of products is allowed it would not alleviate the problems associated with a 15 percent discount rate. The marketplace is extremely price sensitive particularly with respect to wines and wine products. At 15 percent we would have to price ourselves out of existence.

Therefore we would like to submit these suggestions. The introduction of import and specialty wines is a positive step which we wholeheartedly agree with. However we do not and cannot accept a reduction in the discount rate to 15 percent from the current 20 and 10 percents respectively.

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In fact we request the new rates be 30 percent for counter sales and 10 percent for licensee sales. These new rates would be for the benefit of all those concerned in the Wine Industry. They would ensure the economic viability of Wine Shops, they would ensure the continued success of the British Columbia Wine Industry through our ability to flourish as a valuable marketing resource for the Industry, and these new rates would also ensure the continuence of minimal mark-ups which are passed on to the consumer.

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Liquor Policy Review Recommendation: " the wine shop operators would place special orders through the facilities of the Liquor Distribution Branch's Purchasing Department and take delivery immediately upon the Branch's receipt of merchandise from the supplier. " and " LDB-listed product would be obtained from a designated LDB store. "

Delivery of products in an efficient and inexpensive manner is of the utmost importance to Winemart operators. Currently we are extremely pleased with the system as it now stands. We order directly from Mark Anthony and we have almost immediate selection information accompanied by fast inexpensive delivery of required products. This is done through the facilities of Pac West which is a distribution system set-up by the domestic wineries (similar to Pacific Brewers Distributors formed by the breweries). Throughout this process the LDB maintains control over all our transactions.

We have no objection to placing orders for listed and " specialty " import wines through the LDB. We would however like to suggest a simplification of your recommendation. We would like to be able to pick-up Import Wine orders (listed and non-listed) from one source, for example LDB Store Number 100. A centralized pick-up point would help keep delivery costs to a minimum.

In conjunction with our comments on the current delivery system we would like to stress the importance of consignment sales. For the most part, we as operators do not have the cash flow

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to operate in any other way except by consignment. We strongly urge that this system be continued particularly if we are to begin stocking import wines as well.

By maintaining the status quo with respect to the delivery of our current product lines and by centralizing import product pick-up through elimination of the " designated LDB store " recommendation, we will be able to continue to provide excellent selection and service to our customers without having to deal with increased delivery costs.

Schedule A cont

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Two points that did not arise in the Liquor Policy Review paper, the issues of transfer of Ownership and current Agreements, should be brought forward.

Some Owner/Operators may wish to divest themselves of their interest in the retail wine business for various reasons in the future. Experienced retailers and/or entrepreneurs who fulfill the criteria for responsible ownership may wish to acquire an existing Wine Shop location.

We request a suitable free flowing license transition procedure be enacted to ensure an orderly and expedient conduct of business in regard to the sale of Wine Shops in British Columbia.

Future transactions notwithstanding, we as operators believe that the existing Master Agreement between The Mark Anthony Group and the LDB should be maintained. We also believe that the existing Agreements between The Mark Anthony Group and each individual Owner/Operator should be maintained.

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In summary, we the Committee of Individual Owner/Operators of Mark Anthony Winemart Stores believe in the principal of balance with respect to the key Liquor Policy issues of economics, health, control, and access.

The economics of the issue are that Winemart owners must provide good service to both over the counter customers and licensees alike. We must provide quality products while trying to improve our selection at the same time. We must strive to continually upgrade our stores in an effort to satisfy the consumer's sophisticated and demanding tastes. We must do all of these things and more while trying to provide for a fair return on our investment.

As far as the health issue is concerned, we believe that Winemarts exemplify the principles of moderation and responsible consumption of alcoholic beverages in British Columbia. We will always attempt to refine these principles and to assist the Government in any way we can to continue the trend toward healthier consumption habits.

With respect to control, we believe in controls which are thorough yet flexible enough so as not to compromise our abilities to provide excellent service to our customers without passing along increased costs.

We firmly believe in improving the quality and in some cases the quantity of consumer selections - improving the consumer's access without compromising our responsibilities to society.

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We conclude by thanking you once again for our access to you and we trust that our presentation will be of use to you in your task.

Thank You.

If you have any questions I'd be happy to answer them for you.

Schedule B

Wines lost to agents

Abreu
Alex Gambal
Andrew Will
Antech
Badenhurst
Baron de Ley
Bond
Borsao
Casa Santos Lima
Castello di Ama
Castello di Ama
Champagne Guy Charlemagne
Champagne Nicolas Maillart
Chateau de la Maltroye
Chateau Grillet
Chateau La Nerthe
Chateau Montelena – **used to get a good allocation through an agent, now have lost it**
Chave
Chevillon
Cline Cellars
Comte Armand
Cristom
DeLille
Dino Illuminati
Domaine Anne Gros - Jean Paul Tollot
Domaine D'Eugenie
Domaine Janasse
Domaine Wachau
Domaine Weinbach
Doubleback
Finca Allende
Fontodi
Francois Villard
Frogs Leap
Giacomo Fenocchio
Giuseppe Cortese
Grosset
Harlan
Heitz
Hendry

Henschke
Isole e Olena
J. Christopher
Jim Barry
Joel Gott
Kistler
L'Ecole 41
L'Hortus
La Rioja ALta
Lagar de Benzana
Leroy
Luis Felipe Edwards
Martinez Bujanda
Mondavi Reserve – **through the agent but now it all goes to the board**
Neyers
Niepoort
Oliver Bernstein
Orneilla
Ostertag
Paul Autard
Rockford
Roda
Sandrone
Seresin
Silver Oak - **used to get a good allocation, now have lost it due**
Soter
Spottswoode
Staglin
Torbreck
T-Vine
Two Hands
Umani Rochi
Vajra
Vina Mayor
Von Siebenthal
Wirra Wirra
Woodward Canyon

Woodward Canyon
Andrew will

Ken Wright
Soter
Ridge
Hendry
Niepoort
Umani ronchi
Henschke
Torbreck
Alessandria
Montenidoli
Fenocchio
Giuseppe Cortese
Vajra
Fontodi
Harlan
Colgin
Spottswoode
Chave
Zind Humbrecht
Chateau Grillet
Dom Degunie
Torbreck
Peter Lehman
Matanzas Creek
Peter Michael
Delille

Xavier Vins
Yves Cuilleron
Zind Humbrecht

LIBERTY WINE MERCHANTS

*DRC
Domaine de la Morderee
Zind Humbrecht
Deakin estates
Paco and Iolo
Viila Conchi
Bellvue La Foret
Domaine Nuges
Aresti*

Schedule C

Comparative Pricing

Whites

Domaine Guillemot Michel 2012 Vire-Clesse - \$38.90 (old system)

Domaine Guillemot Michel 2014 Vire-Clesse - \$54.90 (new system)

41.13% increase in price

Palacio de Fefinanes 2012 Albarino - \$31.90 (old system)

Palacio de Fefinanes 2016 Albarino - \$41.90 (new system)

31.34% increase in price

Lafon 2012 Montrachet - \$1499.90 (old system)

Lafon 2014 Montrachet - \$1999.90 (new system)

33.33% increase in price

Champagne Jacquesson Cuvee No. 736 - \$64.90 (old system)

Champagne Jacquesson Cuvee No. 740 - \$99.90 (new system)

53.92% increase in price

Domaine Albert Mann 2010 Riesling Schlossberg Grand Cru - \$54.90 (old system)

Domaine Albert Mann 2013 Riesling Schlossberg Grand Cru - \$84.90 (new system)

54.64% increase in price

Reds

Abel Mendoza 2009 Rioja Jarrarte - \$35.90 (old system)

Abel Mendoza 2014 Rioja Jarrarte - \$48.90 (new system)

36.21% increase in price

Turley 2012 Juvenile Zinfandel - \$37.90 (old system)

Turley 2015 Juvenile Zinfandel - \$57.90 (new system)

52.77% increase in price

Rockford 2006 Basket Press Shiraz - \$84.90 (old system)

Rockford 2012 Basket Press Shiraz - \$129.90 (new system)

53.00% increase in price

Vieux Telegraphe 2011 Chateauneuf-du-Pape Rouge - \$84.90 (old system)

Vieux Telegraphe 2012 Chateauneuf-du-Pape Rouge \$119.90 (new system)

41.22% increase in price

Domaine des Lambrays 2011 Clos de Lambrays Grand Cru - \$224.90 (old system)

Domaine des Lambrays 2014 Clos de Lambrays Grand Cru - \$371.90 (new system)

65.36% increase in price

Schedule D

Jim Neumeyer
Manager Cost Accounting
Liquor Distribution Board
3200 East Broadway
Vancouver, B.,C.
V5M 1Z6

June 23, 1993

Re: 1990 Bordeaux Futures World Pricing:

Dear Mr. Neumeyer:

I have compiled a list of 1990 Bordeaux futures I ordered that were not priced at world pricing. Consequently, I was overcharged \$625.80. As discussed, I am entitled to a reimbursement for the above amount. I have also included a list of futures I purchased that have not arrived that need to be priced adjusted accordingly.

ARRIVED					
WINE	QUANTITY	MARQUIS \$	LDB \$	DIFF	TOTAL
L'Arrosse	12	50.90	44.95	5.95	71.40
Phelan Seguar	12	31.20	24.95	6.25	75.00
Phelan Seguar	12	33.10	24.95	8.15	97.80
Montrose	12	54.35	42.95	11.40	136.80
Moulin Rouge	24	24.95	19.95	5.00	60.00
Conseillante	12	87.25	79.95	7.30	87.60
Cos Estrounel	12	62.05	53.95	8.10	97.20

					TOTAL 625.80

Schedule D cont

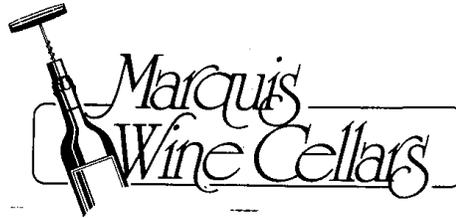
NOT ARRIVED/PRICED

Les Forts De Tour	12	N/A	44.95
L'Angelus	12	N/A	47.50
Mouton	24	N/A	109.95
D'Armailhac	24	N/A	33.95
Clerc Milon	24	N/A	36.95
Palmer	12	N/A	64.95

If you have any questions please do not hesitate to call me. I look forward to your reply.

Sincerely,

John Clerides



Doug Browne
Liquor Distribution Branch
2625 Rupert Street
Vancouver, B.C.
V5M 3T5

May 30, 1994

Dear Mr. Browne:

Further to our conversation on arbitrary markup on selected products.

Enclosed is a copy of a special order I placed with International Cellars. Please note products three and six on the special order form. My prices are \$34.15 and \$34.65. The products the liquor board ordered are \$29.95 each, a difference of \$4.20 and \$4.70.

I believe this policy is detrimental to our business. If an arbitrary markup is to be applied to selected products it should be offered to the wine shops or not at all. Please see that our prices are adjusted to meet the ones with the liquor board. I look forward in discussing the matter with you in the future.

Sincerely

John Clerides

Schedule D cont

John Clerides

To: Doug.browne@bcliquorstores.com
Subject: Marquis Wine Cellars

My company and the Liquor Board purchased both placed an order with Southcorp for several of the same wines. I have just been informed the Liquor Board has once again preferentially priced their order while the full liquor board markup was applied to mine. The products are.

WINE	BTLS	LDB	MARQUIS	DIFFERENCE	EXTENSION
1998 Penfolds Bin 128	96	30.00	32.80	2.80	268.80
1998 Penfolds Bin 28	120	33.00	34.25	1.25	150.00
1998 Penfolds Bin 389	120	35.00	37.10	2.10	252.00
1998 Penfolds Bin 407	96	33.00	34.25	1.25	120.00
1997 St. Henri Claret	36	45.00	47.00	2.00	72.00
1998 RWT Barossa Shiraz	30	100.00	101.35	1.35	40.50
1998 Bin 707	36	88.00	101.35	13.35	480.60
DIFFERENCE					\$1383.90
LESS DISCOUNT					\$497.97
TOTAL DIFFERENCE OWING					\$885.93

I trust you will be able to accommodate my refund in an expeditious manner. Please feel free to call me if you have any further questions.

Sincerely

John Clerides

Province of
British Columbia

571-01

LIQUOR DISTRIBUTION BRANCH
SPECIAL ORDER INVOICE

G.S.T. # R124542945

ISSUE DATE 09/25/2001
MM DD YY

STORE RECEIVING DATE
MM DD YY

SELLING DATE
MM DD YY

849

0.00

110 74515
SPECIAL ORDER NUMBER

P.O. REF. 45441

NO DEPOSIT. - DIRECT DEBIT.

STORE 100	ASSEMBLE FOR STORE	CUSTOMER NAME MARQUIS WINE CELLARS	CUSTOMER/LICENCE NO. A 571
# 571		ADDRESS 1034 DAVIE STREET	
		CITY VANCOUVER, B.C. V6E 1M3	
SUPPLIER SOUTHCORP HOLDINGS INC.		CONTACT PERSON JOHN CLERIDES /KEVIN	
		RESIDENCE PHONE 684-0445	SCHEDULED DELIVERY DATE THURS SEPT 27/01

QUANTITY CASES	BOTTLES	DESCRIPTION OF GOODS	STOCK NO.	BOTTLES SIZE (LITRES)	BOTTLES PER CASE	QUANTITY	UNIT SELLING PRICE	VALUE
8	0	SHIRAZ 1998 BIN 128 - SOUTHCORP ^{LOB} 30.00	45441-A	0.750	12	96	32.80	3148.80
10	0	SHIRAZ 1998 BIN 28 - SOUTHCORP	45441-B	0.750	12	120	34.25	4110.00
10	0	SHIRAZ 1998 BIN 389 - SOUTHCORP ^{CB SHIRAZ} 35.00	45441-C	0.750	12	120	37.10	4452.00
8	0	1998 BIN 407 - SOUTHCORP	45441-D	0.750	12	96	34.25	3288.00
5	0	1998 RWT BAROSSA SHIRAZ ^{60.00}	45441-F	0.750	6	30	101.35	3040.50
6	0	1998 BIN 707 - SOUTHCORP	45441-G	0.750	6	36	101.35	3648.60
4	0	1996 GRANGE - SOUTHCORP ^{215.00}	45441-H	0.750	6	24	212.00	5088.00
3	0	SEPPELT TOKAY DP57 - SOUTHCORP	45441-J	0.375	12	36	28.65	1031.40
3	0	SEPPELT MUSCAT DP63 - S.CORP	45441-K	0.375	12	36	28.65	1031.40
57 cases								
WT								

NOTE: Please notify Special Orders department at
(604) 252-3187 if goods not picked up within 21 days.

GST INCLUDED IN THIS ORDER 1207.76

Customer signature as to payment made and received
the above liquor in good condition.

PRODUCT SUB-TOTAL	28838.00
LICENCEE/ AGENCY FACTOR	10377.00
LITTER DEPOSIT	59.00
LESS CUSTOMER DEPOSIT	0.00
AMOUNT DUE	18521.00

L08 AS061 (OPC 7530947502)

1 CUSTOMER

Schedule D cont

WINE	MWC PRICE	LDB PRICE	DIFFERENCE	BOTTLES	TOTAL
1998 Bel Air -St. Emilion	\$ 41.00	\$ 39.00	\$ 2.00	12	\$ 24.00
1998 Bel Air - Pomerol	\$ 92.00	\$ 87.00	\$ 5.00	12	\$ 60.00
1998 Haut Brion	\$ 330.60	\$ 300.00	\$ 30.60	12	\$ 367.20
1998 La Fleur Gazin	\$ 43.00	\$ 42.00	\$ 1.00	12	\$ 12.00
1998 Palmer	\$ 140.10	\$ 135.00	\$ 5.10	60	\$ 306.00
Sub Total					\$ 769.20
Less Discount					\$ 788.44
Grand Total					\$ 1,404.55

Schedule D cont

British Columbia

#451

SPECIAL ORDER INVOICE

G.S.T. # R124542945

ISSUE DATE 07/25/01

STORE RECEIVING DATE 07/21/01

SELLING DATE

2080494

110 75100
SPECIAL ORDER NUMBER

P.O. REF. 30444

PAGE 1/2

ALL LIQUOR'S PRICES 100% PRE-PAID BY THE CUSTOMER - DIRECT DEBIT.

ORDER NO. 100	ASSEMBLE FOR STORE	CUSTOMER NAME MARQUIS WINE CELLARS	CUSTOMER/LICENCE NO. A1571
571		ADDRESS 1034 DAVIE STREET	
		CITY VANCOUVER, B.C. V6E 1M3	
BUYER PROVIN		CONTACT PERSON JOHN CLERIDES / KEVIN	
		RESIDENCE PHONE	BUSINESS PHONE 684-0445
			SCHEDULED DELIVERY DATE 07/25/01

QUANTITY	DESCRIPTION OF GOODS	STOCK NO.	BOTTLES SIZE (LITRES)	BOTTLES PER CASE	QUANTITY	UNIT SELLING PRICE	VALUE
10	1998 CHATEAU COUTET - EUROPVIN	30444-A	0.375	24	24	34.75	834.00
20	1998 CHATEAU RIEUSSEC - EUROP.	30444-B	0.750	12	24	69.40	1665.60
10	1998 CARRUADES DE LAFITE	30444-C	0.750	12	12	53.05	636.60
10	1998 CHATEAU BRANAIRE DUCRU	30444-D	0.750	12	12	55.10	661.20
10	1998 CHATEAU CHASSE SPLEEN	30444-E	0.750	12	12	41.30	495.60
10	1998 CHATEAU CHEVAL BLANC	30444-F	0.750	12	12	353.90	4246.80
10	1998 CHATEAU GISCOURS - EUROPV	30444-G	0.750	12	12	48.20	578.40
10	1998 CHATEAU GLORIA - EUROPVIN	30444-H	0.750	12	12	45.35	544.20
30	1998 CHATEAU GRUAUD LAROSE	30444-I	0.750	12	36	83.55	3007.80
10	1998 CHATEAU HAUT BATAILLEY	30444-J	0.750	12	12	46.60	559.20
10	1998 CHATEAU HAUT BRION *	30444-K	0.750	12	12	333.60	4003.20
20	1998 CHATEAU LAFITE ROTHSCHILD	30444-L	0.750	12	24	219.75	5274.00
10	1998 CHATEAU LATOUR - EUROPVIN	30444-M	0.750	12	12	211.60	2539.20
20	1998 CHATEAU LEOVILLE LAS CASE	30444-N	0.750	12	24	181.15	4347.60

NOTE: Please notify Special Orders department at (604) 252-3187 if goods not picked up within 21 days.

[Handwritten signature]

Customer signature as to payment made and received the above liquor in good condition.

PRODUCT SUB-TOTAL	30176.40
LICENCEE/ AGENCY FACTOR	
LITTER DEPOSIT	
LESS CUSTOMER DEPOSIT	
AMOUNT DUE	

FORM 7530847502

1 CUSTOMER

Schedule D cont

Doug Browne
Liquor Distribution Branch
2626 Rupert Street
Vancouver, BC
V5M 3T5

September 21, 2000

Dear Mr. Browne;

I would like to draw your attention to the most recent matter pertaining to the Liquor Board's preferential markup of specific products.

My company and the Liquor Distribution Branch purchased 1997 Bordeaux futures between April 1998 and June 1998. On September 21st, 2000 I received a facsimile from Jeanette Davies, see enclosed copy, offering the and private wine shops a limited selection of 1997 Bordeaux.

It is evident from the information enclosed the full liquor board mark up was not applied to the wines the liquor board ordered. Yet, the full markup was applied to exact same wines I ordered.

Based on past precedents, Ridge and Jadot, I request a full reimbursement for the difference between the retail prices of the wines the LDB ordered and the wines I ordered. I will call you early next week to discuss this matter in further detail.

Sincerely

John Clerides
President

A		B		C		D		E		F	
1	WINE	LDB RETAIL	MARQUIS RETAIL	DIFFERENCE	BTLs	TOTAL					
2	1997 Bel Air	\$ 30.00	\$ 41.80	\$ (11.80)	24	\$ (283.20)					
3	1997 Bourgneuf	\$ 38.00	\$ 54.90	\$ (16.90)	24	\$ (405.60)					
4	1997 Canon de Brem	\$ 25.00	\$ 30.75	\$ (5.75)	60	\$ (345.00)					
5	1997 Chasse Spleen	\$ 45.00	\$ 50.65	\$ (5.65)	24	\$ (135.60)					
6	1997 Faizeau Vieilles Vignes	\$ 25.00	\$ 28.25	\$ (3.25)	24	\$ (78.00)					
7	1997 Grand Mayne	\$ 85.00	\$ 100.35	\$ (15.35)	24	\$ (368.40)					
8	1997 Gruard Larose	\$ 95.00	\$ 121.95	\$ (26.95)	24	\$ (646.80)					
9	1997 Haut Brion	\$ 250.00	\$ 307.35	\$ (57.35)	12	\$ (688.20)					
10	1997 La Fleur Petrus	\$ 85.00	\$ 106.70	\$ (21.70)	12	\$ (260.40)					
11	1997 Latour	\$ 250.00	\$ 307.35	\$ (57.35)	24	\$ (1,376.40)					
12	1997 Lynch Bages	\$ 100.00	\$ 115.80	\$ (15.80)	24	\$ (379.20)					
13	1997 Margaux	\$ 250.00	\$ 365.00	\$ (115.00)	24	\$ (2,760.00)					
14	1997 Maucailiou	\$ 37.00	\$ 43.95	\$ (6.95)	36	\$ (250.20)					
15	1997 Mouton Rothschild	\$ 250.00	\$ 284.35	\$ (34.35)	24	\$ (824.40)					
16	1997 Pibran	\$ 42.00	\$ 51.10	\$ (9.10)	36	\$ (327.60)					
17	1997 Puy Blanquet	\$ 30.00	\$ 33.75	\$ (3.75)	24	\$ (90.00)					
18	1997 Trotanoy	\$ 90.00	\$ 116.75	\$ (26.75)	12	\$ (321.00)					
19	1997 Pichon Baron	\$ 95.00	\$ 115.05	\$ (20.05)	24	\$ (481.20)					
20	TOTAL DIFFERENCE										\$ (10,021.20)

Rigtb.doc

Doug Browne
Liquor Distribution Branch
2625 Rupert Street
Vancouver, B.C.
V5M 3T5

September 8th, 1997

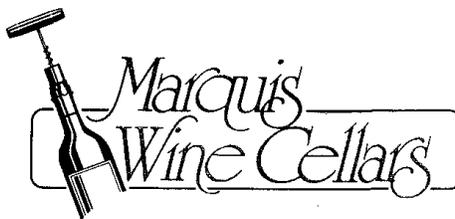
Dear Mr. Browne:

On February 27th, 1997, I placed a special order with the special order division of the Liquor Distribution Branch for the following wines: 1995 Ridge Lytton Springs Zinfandel, 1995 Ridge Sonoma Station Zinfandel and 1995 Ridge Mataro. The order arrived on July 7th, 1997. My retail shelf prices were \$39.60, \$30.40 and \$33.25 respectively. Soon thereafter, the liquor board received the same wines in their retail stores. The liquor board prices were \$35.00 for the Lytton Springs Zinfandel, \$30.00 for the Sonoma Station Zinfandel and Mataro.

I inquired with Ridge Vineyards to see if you were given a different FOB price than mine. Ridge confirmed the prices quoted for my special order and for your order were exactly the same.

I am formally requesting to be reimbursed \$690.00. This is the cost discrepancy between LDB retail and my special order. Please call me if you have any further questions. I look forward to your reply.

Sincerely,



Doug Browne
Liquor Distribution Branch
2625 Rupert Street
Vancouver, BC
V5M 3T5

October 13th, 1999

Dear Mr. Browne:

Enclosed is a copy of a special order I placed with Southcorp Wines. The Liquor Board also ordered five of the wines I ordered, which were preferentially marked up.

PRODUCT	LDB	MARQUIS	BOTTLES ORDERED	DIFF.
1997 Penfolds Shiraz Mourvedre	18.95	19.70	92	72.00
1996 Penfolds Bin 389	33.00	33.20	108	30.24
1996 Penfolds Old Vine Grenache- Shiraz-Mourvedre	30.00	30.10	36	3.60
Penfolds Bin 707 Cabernet Sauvignon	80.00	88.15	18	2.70
1995 Wynns Cabernet Sauvignon	18.95	19.05	96	9.60
			Total	\$118.14

Further to my letters of June 23rd, 1993, May 30th, 1994 and September 8th, 1997 and our meeting on October 7th, 1999 on this topic. If an arbitrary markup is to be applied to selected wines or a product category by the liquor board, it should also be offered to the wine shops. I respectfully request to be reimbursed for the difference between the LDB's discretionary pricing of the aforementioned products and the products I ordered that had the full liquor board markup applied. I look forward in discussing the matter with you in the future.

Sincerely

John Clerides

1034 Davie Street, Vancouver, BC Canada V6E 1M3
Telephone (604) 684-0445, 685-2446 Fax (604) 684-2471 E-mail info@marquis-wines.com

Schedule D cont

Province of
British Columbia

71-11-591

**LIQUOR DISTRIBUTION BRANCH
SPECIAL ORDER INVOICE**

G.S.T. # R124542945

ISSUE DATE **08/16/99**
MM DD YY

STORE RECEIVING DATE
MM DD YY

SELLING DATE
MM DD YY

CUSTOMER POSITION **0.00** **110** **72216**
SPECIAL ORDER NUMBER

P.O. REF. **43060**

NO DEPOSIT - DIRECT DEBIT.

**PLEASE
RETURN**

STORE NO 100	CUSTOMER NAME MARQUIS WINE CELLARS	CUSTOMER/LICENCE NO. A 571
ASSEMBLE FOR STORE # 571	ADDRESS 1034 DAVIE STREET	
	CITY VANCOUVER, B.C. V6E 1M3	
SUPPLIER SOUTHCORP. HOLDINGS	CONTACT PERSON JOHN CLERIDES /KEVIN	
WINE GROUP	RESIDENCE PHONE	BUSINESS PHONE 684-0445
		SCHEDULED DELIVERY DATE THURS AUG 19 1999

QUANTITY BOTTLES	DESCRIPTION OF GOODS	STOCK NO.	BOTTLES SIZE (LITRES)	BOTTLES PER CASE	QUANTITY	UNIT SELLING PRICE	VALUE
30	PENFOLD 94 GRANG HERMITAG	43060-A	0.750	6	18	192.70	3468.60
90	PENFOLDS 1996 BIN 389 RED	43060-B	0.750	12	108	33.20	3585.60
30	PENFOLDS 1996 BIN 707 RED	43060-C	0.750	6	18	88.15	1586.70
0	PENFOLDS 1997 BIN 2 RED	43060-D	0.750	12	96	19.70	1891.20
30	PENFOLD 96 OLD VIN SHIRAZ	43060-E	0.750	12	36	30.10	1083.60
80	WYNNS 95 CABERN SAUVIGNON	43060-F	0.750	12	96	19.05	1828.80
40	WYNN 96 CAB/MERLOT/SHIRAZ	43060-G	0.750	12	48	19.05	914.40
20	WYNN 96 J RIDDOCH CABERN.	43060-I	0.750	6	12	67.55	810.60
30	LINDEM GRIF BOTRY SEMILL. <i>187</i>	43060-L	0.375	12	36	20.10	723.60
50	LINDEM J HALL GRIF SEMILL <i>Ab</i>	43060-M	0.375	12	60	17.60	1056.00
250	LINDEM 96 NYRANG HERMITAG	43060-N	0.750	12	300	19.10	5730.00
40	CLDSTRM HL BRIAR CAB/MERLOT <i>1990</i> <i>Coldstream Hills</i>	43060-O	0.750	6	24	30.75	738.00

NOTE: Please notify Special Orders department at
(604) 252-3187 if goods not picked up within 21 days.

GST INCLUDED IN THIS ORDER 980.71

Customer signature as to payment made and received
the above liquor in good condition.

PRODUCT SUB-TOTAL	23417.10
LICENCEE/ AGENCY FACTOR	8426.18
LITTER DEPOSIT	85.20
LESS CUSTOMER DEPOSIT	NIL
AMOUNT DUE	15076.12

3051 (OPC 7530947502)

1 CUSTOMER

Schedule D cont

Southcorp Wines Canada

Premium Release
Tuesday, October 1999

LINDEMANS WINES

Regional Range

+ 707158	Padthaway - Chardonnay	1998	S	750 ml	91 cs	\$ 19.95
+ 702365	Padthaway - Pinot Noir	1997	S	750 ml	47 cs	\$ 21.95
+ 353565	Pyrus - Coonawarra	1995	OTB	6x750ml	25 cs	\$ 42.00
+ 353581	St. George Vineyard - Coonawarra	1995	OTB	6x750ml	11 cs	\$ 42.00

PENFOLDS

Koonunga Hill Range

+ 709394	Koonunga Hill - Shiraz Cabernet	1997	OTB	750 ml	417 cs	\$ 16.95
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Penfolds BIN Range

+ 468629	BIN 2 - Shiraz Mourvedre	1997	OTB	750 ml	185 cs	\$ 18.95
+ 709576	BIN 128 - Coonawarra Shiraz	1996	OTB	750 ml	109 cs	\$ 27.95
+ 422782	BIN 28 - Kalimna Shiraz	1996	OTB	750 ml	99 cs	\$ 33.00
+ 309625	BIN 389 - Cabernet Shiraz	1996	OTB	750 ml	200 cs	\$ 33.00
+ 468637	Old Vine - Barossa Valley - Grenache Mourvedre Shiraz	1996	OTB	750 ml	219 cs	\$ 30.00

Ultra & Super Premium Range

+ 414995	BIN 707 - Cabernet Sauvignon	1996	OTB	6x750 ml	25 cs	\$ 88.00
+ 709634	St. Henri - Shiraz	1995	OTB	6x750 ml	43 cs	\$ 43.00
+ 709691	Grange	1994	OTB	6x750 ml	25 cs	\$ 200.00
+ 709758	Yattarna - Chardonnay	1995	OTB	6x750 ml	5 cs	\$ 77.00

WYNNS COONAWARRA ESTATE

+ 709873	Wynns - Riesling	1998	S	750 ml	88 cs	\$ 14.95
+ 709816	Wynns - Shiraz	1996	S	750 ml	552 cs	\$ 17.95
+ 502039	Wynns - Cabernet Sauvignon	1996	S	750 ml	1000 cs	\$ 18.95

COLDSTREAM HILLS YARRA VALLEY

+ 707091	Coldstream Hills - Chardonnay	1997	OTB	6x750ml	48 cs	\$ 30.00
+ 707034	Coldstream Hills - Pinot Noir	1996	OTB	6x750ml	80 cs	\$ 30.00
+ 476259	Coldstream Hills Reserve - Pinot Noir	1997	OTB	6x750ml	24 cs	\$ 44.00

252-343
Yacuda

Southcorp Wines Canada

Premium Release

October 1999

REG CRV #
724-8481
3222104

LINDEMANS WINES

Regional Range

+ 707158	Padthaway - Chardonnay	1998	S	750 ml	91 cs
+ 702365	Padthaway - Pinot Noir	1997	S	750 ml	47 cs
+ 353565	Pyrus - Coonawarra	1995	OTB	6x750ml	25 cs
+ 353581	St. George Vineyard - Coonawarra	1995	OTB	6x750ml	11 cs

PENFOLDS

Koonunga Hill Range

+ 709394	Koonunga Hill - Shiraz Cabernet	1997	OTB	750 ml	417 cs
----------	---------------------------------	------	-----	--------	--------

Penfolds BIN Range

+ 468629	BIN 2 - Shiraz Mourvedre	1997	OTB	750 ml	185 cs
+ 709576	BIN 128 - Coonawarra Shiraz	1996	OTB	750 ml	109 cs
+ 414987	Bin 407 - Cabernet Sauvignon	1996	OTB	750 ml	TBA
+ 422782	BIN 28 - Kalimna Shiraz	1996	OTB	750 ml	99 cs
+ 309625	BIN 389 - Cabernet Shiraz	1996	OTB	750 ml	200 cs
+ 468637	Old Vine - Barossa Valley - Grenache Mourvedre Shiraz	1996	OTB	750 ml	219 cs

Ultra & Super Premium Range

+ 414995	BIN 707 - Cabernet Sauvignon	1996	OTB	6x750 ml	25 cs
+ 709634	St. Henri - Shiraz	1995	OTB	6x750 ml	43 cs
+ 709691	Grange	1994	OTB	6x750 ml	25 cs
+ 709758	Yattarna - Chardonnay	1995	OTB	6x750 ml	5 cs

WYNNS COONAWARRA ESTATE

+ 709873	Wynns - Riesling	1998	S	750 ml	88 cs
+ 709816	Wynns - Shiraz	1996	S	750 ml	552 cs
+ 502039	Wynns - Cabernet Sauvignon	1996	S	750 ml	1000 cs

COLDSTREAM HILLS YARRA VALLEY

+ 707091	Coldstream Hills - Chardonnay	1997	OTB	6x750ml	48 cs
+ 707034	Coldstream Hills - Pinot Noir	1996	OTB	6x750ml	80 cs
+ 476259	Coldstream Hills Reserve - Pinot Noir	1997	OTB	6x750ml	24 cs

Schedule E



FEB 13 2015

Mr. Michael Harding
Board Member
Government Relations Director
Independent Wine Retailers Association of BC
Email: MHarding@Michael-Harding.com

Dear Ms. Wanamaker:

I am writing as a follow-up to a January 21, 2015 meeting I had with you, John Clerides, Trent Anderson, Chris Reid, Jason Li and Paul Simpson. I felt it was a productive meeting and it gave us an important opportunity to discuss the issues facing independent wine stores in detail. This letter also acknowledges your letter of February 4, 2015, in which you outline some details of our discussion and your requests for consideration.

During the meeting, we discussed your request to adjust the pricing structure for higher priced wines. As well as the option for independent wine stores to transition to licensee retail stores, to be appointed the "Importer of Record" for particular wines, and allowing wine stores to be able to sell to other licensees such as restaurants.

With respect to industry concerns about the pricing structure, as you are aware, government has amended the wholesale mark-up for wines over \$20 a bottle, so as to better align wholesale prices with what industry sees today.

Regarding the option of being permitted to sell beer and spirits, government is prepared to offer this option to Independent Wine Stores. Stores exercising this option will be required to respect the 1 kilometer rule in relation to existing Licensee Retail Stores. This may require relocation of the Independent Wine Stores in order to meet the requirement. A five year period will be available to Independent Wine Stores wishing to make this transition.

On the request to be appointed the "Importer of Record" and be able to sell to hospitality industry licensees, these are no longer being considered by government.

Sincerely,



Lori Wanamaker, FCA
Deputy Solicitor General

Ministry of Justice

Office of the
Deputy Solicitor General

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Prior to April 1,2015

	Wine	Spirits	Beer	Rest Sales	30% discount	16% discount	
BCLDB	√	√	√	√			
Private Liquor Stores	√	√	√		X	√	
Wine Stores	√	X	X	X	√		

After April 1, 2015

	Wine	Spirits	Beer	Rest Sales	30%	16%	Wholesale Pricing
BCLDB	√	√	√	√			√
Private Liquor Stores	√	√	√	√		X	X
Wine Stores	√	X	X	X	X	X	√
Grocery Stores	√	X	X	X			√