

TWELVE-BY-SEVENTY-FIVE

A PERSONAL APPROACH TO WINE INVESTMENT



TWELVE-BY-SEVENTY-FIVE



We set up Twelve-By-Seventy-Five because we felt it was time to do things not just differently, but better.

Whether you're a collector or new investor, you'll find our approach to wine personal and straightforward. Our promise to you is this: we aim to offer a great service with great returns.

As you can imagine, our passion and knowledge are second-to-none. Every member of our team holds WSET (Wine & Spirit Education Trust) qualifications and has excellent contacts within the industry.

The wine market is growing year on year with the more elusive wines being highly sought after for consumption. With our expertise, contacts and simple approach to helping you get started, we'll ensure your portfolio is carefully and reliably managed for the best results.

We look forward to your custom.

Sultan Rashid & Riccardo De'nardis
Twelve-By-Seventy-Five



TWELVE-BY-SEVENTY-FIVE



WE'RE EXPERTS IN MERCHANDISING WINES,
SUPPLYING TOP END AND LOW END WINES
AT COMPETITIVE PRICES WHILE MAINTAINING
OUR REPUTATION FOR QUALITY AND SERVICE
AT ALL TIMES.

A PERSONALISED EXPERIENCE

We aim to create an exciting and realistic portfolio for you, keeping you in touch through portfolio valuations and market forecasts.

Your account will be under your own ownership, giving you total control. Once set up, you can log in and view it online.

Your private account manager will always be on hand to advise and update you on the market and your portfolio, as well as help you buy and sell whenever appropriate. They can also provide valuations, send stock reports and deal with any queries, no matter how small.

WE'RE HERE TO HELP

We're experts in merchandising wines, supplying top end and low end wines at competitive prices while maintaining our reputation for quality and service at all times. Whether you need a recommendation for an everyday wine that's far from ordinary or a Champagne to make a special occasion even more memorable, we're happy to help.

The way in which we can offer you our services depends heavily on what you are looking for as an individual customer. Are you looking for professional advice on how to best grow and supplement your personal wine portfolio? Or are you more interested in what's new on the block in terms of consumption? Either way your private account manager will be more than happy to work with you and help achieve your goals and aims.

SAFE AND SECURE

It's essential to store wine professionally and securely in a temperature-controlled bonded warehouse. Wines stored in bond are also free from import duty and VAT. We will help you find a suitable storage facility where you remain in full control of your investment. We recommend London City Bond (LCB) as a well-established facility. LCB is rooted in a heritage stretching back to 1870 and has responsibility today for three million cases in 140,000 m² of warehouses.

LCB is HMRC-approved with your investment fully insured at replacement value. Intensive security measures include 24/7/365 on-site security guards, alarm and CCTV monitoring, secure perimeter fencing and number plate recognition.

WHY INVEST IN WINE?

Economic uncertainty...stock market volatility...recession...during such uncertain times, alternative investments have become increasingly popular.

Silver, wine, art and gold (known as SWAG assets) are widely viewed as reliable with low risk/high growth features. Unlike printed money, their supply is limited. And because these assets are not denominated in any currency, investment capital is safe from any political or international situation.

The BRIC nations of Brazil, Russia, India and China have already been identified as emerging economies, with the MINT countries of Mexico, Indonesia, Nigeria and Turkey seen as new boom investment destinations. These domestic markets have great potential for both increased purchasing power and wine consumption.

The wine industry is booming: picking the right wines to invest in gives you significant opportunities for incredible returns. We are here to enable you to take full advantage of these factors and stay one step ahead of everyone else.

Stability

Even during challenging financial times, prices of fine wines have performed steadily. This is mainly because they aren't dependent on economic conditions or interest rate changes, unlike stocks and the property market. In fact, the fine wine industry has consistently outperformed most assets over the past 25 years at a minimum of 12.1% annualised returns (averaging 10-15% p.a. with only one negative downturn).

Tax free

Investing in fine wines is free of capital gains tax and even VAT and import duty if kept in bond, as offered through LCB storage.

Finite stock

Any stock is always finite in supply, making the increasing global demand v. decreasing supply an attractive proposition.

Reduced risk

Diversifying your portfolio to include fine wine allows you to hedge your investments and reduce risk.

Tangibility

Wine is a transportable and consumable asset, with invoices, payment receipts and bonded warehouse accounts certifying your ownership.

HOW TO INVEST

Are you investing in wine purely to diversify your investment portfolio? Or are you a wine enthusiast looking to build up your collection?

Whatever your preference, one factor is key: how do you know what a bottle of wine is really worth – either today or in x years time? Here are some points to consider.

HOW LONG FOR?

Yes, it is possible to make short gains but we recommend investing for at least two years and, ideally, between five and ten. Depending on market conditions, we may offer to buy your wine outright or use the Liv-Ex (London International Vintners Exchange), the fine wine online exchange, to trade your wine on.

WHICH ONES?

The provenance of wine is key to its value and every wine we purchase has our stamp of approval. We buy as much as we can from source using a detailed inspection and approval process. We have firmly established contacts with French négociants over the years and also buy wines from Liv-ex, the trading platform for fine wine that only licensed brokers and merchants can use.

Buying wine en-primeur (before it is bottled and shipped) is the cheapest option, with potentially higher returns, though it is also the riskiest. We therefore advise our clients to seek professional advice before taking this option.

HOW MUCH?

You can start with as little as a couple of hundred pounds but most clients invest from £10,000 upwards for their first trade. Choosing the right cases at the right time is vital. We can help you create a portfolio over time to give you the best results, whether to enjoy or to make a profit from.

We only make money when you do, taking just 10% of the profits made for you. Our strong relationship with LCB gives us highly competitive storage rates with two options:

1: £12.96 + VAT - includes a full year's storage for one case as well as maintenance and logistics. All wines cellared with LCB are automatically insured "all risks" at full replacement, but subject to a maximum value of £7,500 per 9 litre case.

2: £19.44 + VAT - includes a year's storage for one case as well as maintenance and logistics. All wines cellared with LCB are automatically insured "all risks" at full replacement value without limit.

MAKING THE RIGHT CHOICE

When first entering the fine wines market, the initial question is always 'Which wines should I choose?' We have an in-depth knowledge of the market and what is currently performing well.

A fine wine begins life 'en primeur', when it's available for a low price. After two years, it's bottled and available on the open market, known in the industry as the 'physical market'.

A wine then enters the cellared period, which is 10-15 years on average though this varies from wine to wine. It becomes more mature, with reactions inside the bottle improving the taste and smell - and price. The drinking window, when a wine has reached its optimum condition for consumption - and therefore the largest amount of consumption will happen - is decided by leading wine critics. As supply falls, the value rises.



THIS IS EN PRIMEUR -
SASSICAIA 1990 WORTH **£400**



THIS IS THE CELLARED STAGE -
SASSICAIA 1990 WORTH **£2000**



THIS IS THE DRINKING STAGE -
SASSICAIA 1990 WORTH **£4000**

THIS VINTAGE HAS SEEN 1000% TO DATE WITH
EXCEPTIONAL GROWTH THROUGH ALL THREE STAGES

HOW CRITICS INFLUENCE THE MARKET

Ever looked at rows and rows of wines, wondering which to choose? Buying wine should be easy, regardless of your level of knowledge or experience.

A wine score is a quick way for a wine critic to rate a wine's quality and help you decide which wine to buy, collect or invest in. The most widely revered scoring system is Robert Parker's, hailed as the world's most influential wine critic and sampling around 10,000 wines a year. RP's scale is largely responsible for setting the prices for newly released fine wines around the world. Also according to the observer, "anything bearing a RP score of 90 and above is sure to be a sound investment" and as such we only deal with wines graded 90 and above to ensure our clients enter the market in the strongest possible position.

96-100: AN EXTRAORDINARY WINE OF PROFOUND AND COMPLEX CHARACTER. THESE ARE WINES TO HUNT DOWN TO PURCHASE AND CONSUME.

90 - 95: AN OUTSTANDING WINE OF EXCEPTIONAL COMPLEXITY AND CHARACTER.

80 - 89: A BARELY ABOVE AVERAGE TO VERY GOOD WINE DISPLAYING VARIOUS DEGREES OF FINESSE AND FLAVOUR.

70 - 79: AN AVERAGE WINE WITH LITTLE DISTINCTION EXCEPT THAT IT IS SOUNDLY MADE.

60 - 69: A BELOW AVERAGE WINE CONTAINING NOTICEABLE DEFICIENCIES.

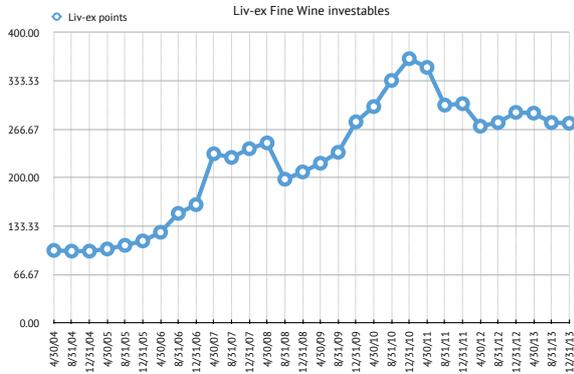
50 - 59: AN UNACCEPTABLE WINE.

Other notable critics include Allen Meadows, specialising in Burgundy wines; Richard Juhlin, the leading opinion on Champagnes; and Lisa Perrotti-Brown, editor of The Wine Advocate following on from Robert Parker.

THE VALUE OF YOUR PORTFOLIO

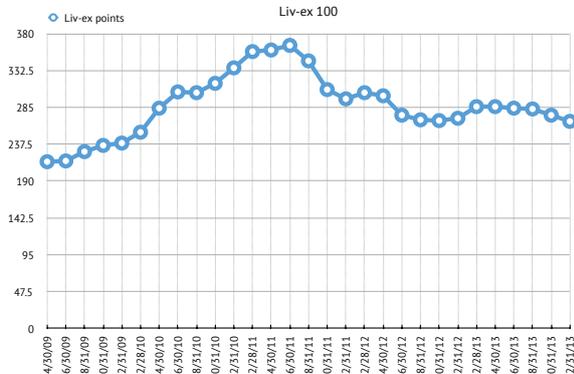
Liv-ex is the global trading platform for fine wine and the leading source of market information and pricing.

It sets the industry standard using the Liv-ex Mid Price, calculated by taking live bids, offers and transaction prices, which represents how much a wine – and your portfolio - is worth on a valuation date.



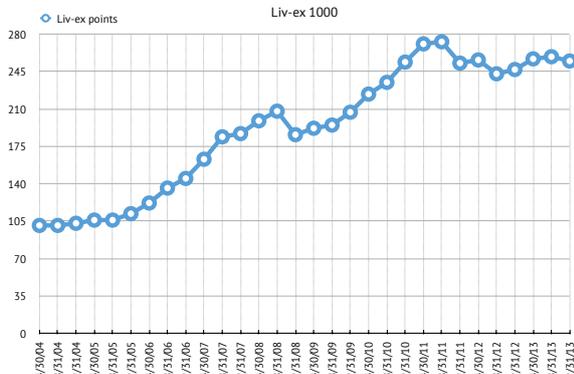
Liv-ex Fine Wine Investables

This index is specifically designed to track wines commonly found in a wine investment portfolio and consists of red Bordeaux wines from 24 leading châteaux. This graph shows how different wines go through cycles of growth, and how taking advantage of these allows our client to make the returns that they do.



Liv-ex 100

Tracks the price of the top 100 most sought after wines calculated monthly. The index is the leading industry benchmark. The majority of the index consists of Bordeaux wines – a reflection of the market – Although wines from Burgundy, Rhone valley, Champagne and Italy are also included.



Liv-ex 1000

Tracks the top 1,000 wines from across the world using the Liv-ex Mid Price. As can be seen, the Liv-ex 1000 has seen steady growth over the last ten years, right through the double dip recession. This demonstrates perfectly just how lucrative alternative investing can be, especially during times of uncertain financial security.

WINES TO LOOK OUT FOR

Before investing, it's important to feel reassured that you're making a sound decision and dealing with a reputable trader. Only certain wines have the potential to grow in value, and these are usually the most sought after. Here is a simple guide to help you decide what to look out for.

BORDEAUX

This area produces some of the world's finest and most expensive wines.

Its official classification (AOC - Appellation d'Origine Contrôlée) dates back to 1855 at Napoleon III's request. Wines are split into classifications which range from first to fifth growths (the first growths being the most sought after). Regulating the maximum allocation of wine produced annually by each chateau creates a supply and demand market.

First growth

- **Lafite Rothschild**
Annual production: 15-25,000 cases.
Record sale: Lafite 1787 – 1 bottle for £99,559.
(See figure 1 on page 13)
- **Latour**
Annual production: 18,000 cases.
Record sale: Latour 1961 – 1 bottle for £135,000.
(See figure 2 on page 13)
- **Margaux**
Annual production: 12,500 cases.
Record sale: Margaux 2009 – 2l bottle for £122,000.
(See figure 3 on page 13)
- **Mouton Rothschild**
Annual production: 20-25,000 cases.
Record sale: Mouton Rothschild – 3l bottle for £68,540.
(See figure 4 on page 13)
- **Haut-Brion**
Annual production: 10-12,000 cases.
Record sale: Haut-Brion – 3l bottle for £10,764. (See figure 5 on page 13)

Second growth

- **Léoville Barton**
- **Léoville Poyferré**
- **Léoville Las Cases**
- **Pichon Baron**
- **Pichon Lalande**
- **Ducru-Beaucaillou**
- **Cos d'Estournel**
- **Montrose**
- **Guard Larose**

Third growth

- **Palmer**
- **Calon-Segur**

Fourth growth

- **Beychevelle**
- **Talbot**

Fifth growth

- **Lynch-Bages**
- **Grand-puy-lacoste**
- **Haut-Batailley**
- **Pontet-Canet**

BURGUNDY

France's most highly sought after wine region has minimal allocation with high price tags, mostly driven by the Honk Kong auction market, resulting in high returns. Its most famous appellation is Domaine De La Romanée Conti (DRC).

- **Domaine De La Romanée Conti**
Annual production: 450 cases.
Record sale: DRC 1978 – 12 bottles for £284,224 .(See figure 6 on page 13)
- **Henri Jayer Cros Parantoux, Vosne-Romanée**
Annual Production: 300 cases.
Record sale: Vosne-Romanée 1985
12 bottles for £168,577.
- **La Tâche**
Annual production: 1,870 cases.
Record sale: La Tâche - vertical lot of 56 bottles for £99,269.
- **Richebourg**
Annual production: 1,000 cases.
Record sale: Richebourg 1985 – 1 bottle for £14,635.
- **Grand Échezeaux**
Annual production: 1,150 cases.
- **Échezeaux**
Annual production: 1,340 cases.
- **Romanée-Saint-Vivant**
Annual production: 1,500 cases.
- **Le Montrachet**
Annual production: 250 cases.

CÔTES DU RHÔNE

This French appellation is predominantly produced by the Grenache grape, noted for Châteauneuf-du-Pape, Crozes-Hermitage and Côte-Rôtie. Marcel Guigal produces the most lucrative and investable wines from this region.

- **La Mouline**
Annual production: 400 cases.
Record sale: La Mouline 1976
- 1 bottle for £2,416
- **La Landonne**
Annual production: 800 cases.
Record sale: La Landonne 1978
- 1 bottle for £1,485
- **La Turquie**
Annual production: 400 cases.
Record sale: La Turquie 1985
- 1 bottle for £1,105

CHAMPAGNE

Champagne brands are recognised world wide and regarded as a profitable luxury commodity, giving investors the opportunity to take advantage of the ever-increasing requirement in the Asian markets. Champagne imports to China currently account for 69% of all sparkling wine consumption.

- **Louis Roederer Cristal**
Record sale: Cristal 1990
- 6l bottle for £10,550
- **Dom Perignon**
Record sale: Dom Perignon 2005 White Gold – 3l bottle for £23,927
- **Bollinger**
Record sale: Bollinger 2002 R.D
- 1 bottle for £13,743
- **Krug**
Record sale: Krug 1928 – 1 bottle for £12,562



WINES TO LOOK OUT FOR (CONTINUED)

ITALY (TUSCANY)

Almost a quarter of the world's wine production of wine is from Italy, with the UK, Germany and USA as market leaders for imports and Asia showing a huge increase in demand for some of the best wine producers. Liv-ex's Super Tuscan index has returned 90% over the last five years.

- **Masseto**
Annual production: 2,500 cases
- **Sassicaia**
Annual production: 15,000 cases
- **Ornellaia**
Annual production: 11,600 cases
- **Tignanello**
Annual production: 3,000 cases
- **Solaia**
Annual production: 7,000 cases

NAPPA VALLEY, USA

Nappa Valley has had worldwide recognition since 1976 and is now a major force in the wine industry, outperforming many top French labels. This region has become China's new crush and gives investors a new opportunity to hit gold.

- **Screaming Eagle**
Annual production: 400-750 cases.
Record sale: Screaming Eagle 1992 –
6l bottle sold for £299,096
- **Opus One**
Annual production: 25,000 cases.
Record sale: Opus One 1981 –
12 bottles sold for £14,356

EXAMPLES OF WINE PERFORMANCE

Figure 1 - Lafite Rothschild 2000

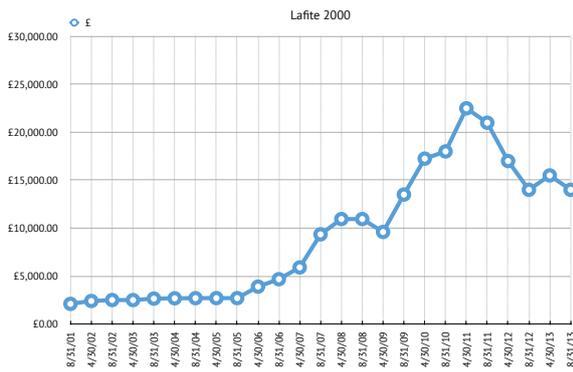


Figure 4 - Mouton Rothschild 2000

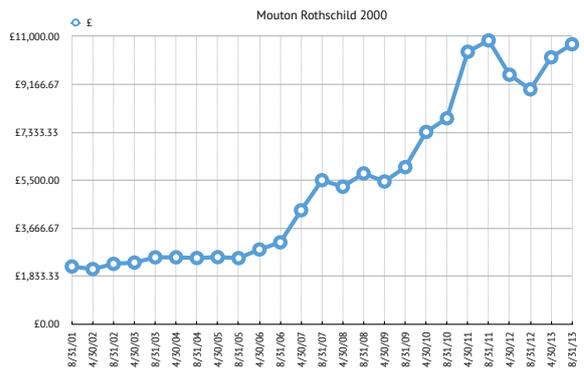


Figure 2 - Latour 2000

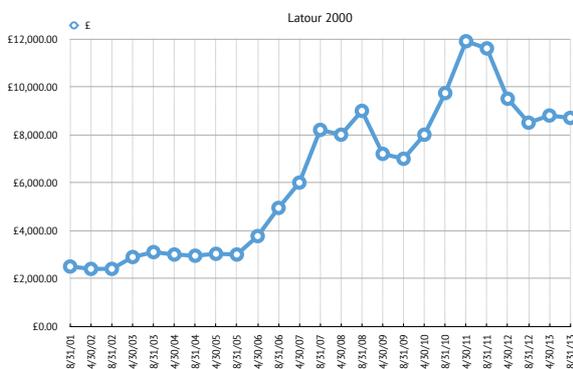


Figure 5 - Haut-Brion 2000

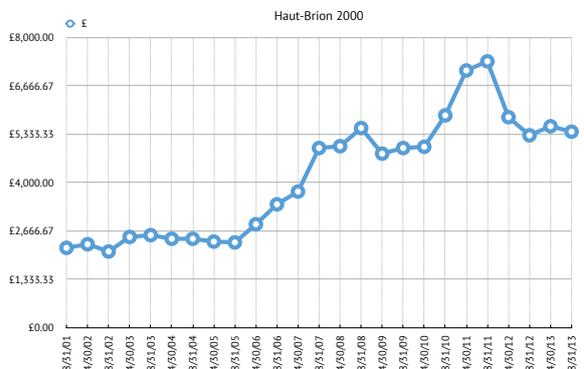


Figure 3 - Margaux 2000

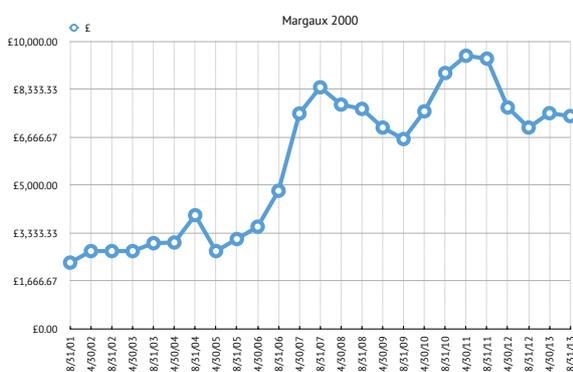
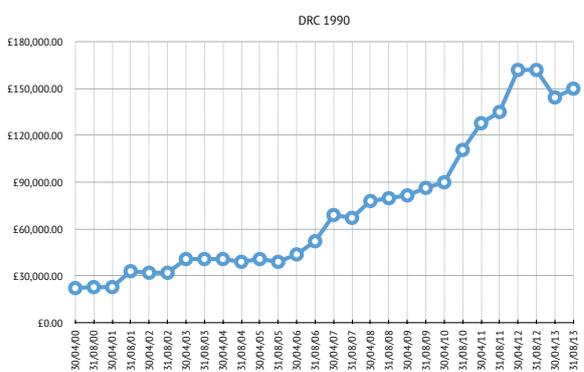


Figure 6 - DRC 1990



FAQS

COSTS

How can I obtain a portfolio valuation?

There are many ways to get an approximate idea of your wines' value online but, for an accurate valuation, it is better to request one from us.

How much are your commission charges?

Our commission charge varies depending on the length of hold. If you hold your wines longer than 24 months, we charge 10% on the profits we make for you. If you sell before then, we charge 5% on the wholesale price.

How much are the storage charges?

Our strong relationship with LCB gives us highly competitive storage rates with two options:

1: £12.96 + VAT - includes a full year's storage for one case as well as maintenance and logistics. All wines cellared with LCB are automatically insured "all risks" at full replacement, but subject to a maximum value of £7,500 per 9 litre case.

2: £19.44 + VAT - includes a year's storage for one case as well as maintenance and logistics. All wines cellared with LCB are automatically insured "all risks" at full replacement value without limit.

Do I have to pay tax or VAT?

Fine wine as investment is free from capital gains tax. The main benefit of storing wine in bond –

such as with LCB - is that there is no VAT or import duty for you to pay on it.

What happens when I want to sell?

Simply contact your personal account manager. We can make you a cash offer for the stock, or sell it to another institutional client, or sell it on Liv-ex, the global wine platform.

Do I sell by the case?

Normally you buy wine in a standard case size, which is 12 x 75cl (hence our name!). Alternatively, you can buy half cases. On very rare occasions, single bottles may be available. However, the format in which you purchase will be the same format in which you sell.

Do you require a minimum spend?

We aim to tailor our services according to what you are looking to get out of your portfolio. We therefore have many wines of varying prices to suit different individual needs - from £500 a case all the way up to £100,000.

STORAGE

Can I store my wine myself?

We strongly recommend storing your wine in bond with LCB purely because of the associated tax benefits and optimum storage conditions. However, if you wish to store the wine in your own personal cellar or at an alternative location, then that is something we can arrange. It is your wine after all.



Can I drink my wine?

While we encourage our clients to enjoy wine, you may not want to drink away your profits on the investment side. However the choice is entirely yours: if you wish to drink your wine, then you'll need to pay VAT and import duty.

Can I see my wine?

Although LCB is not open to the public, we can arrange a visitation with a member of our team at your request. Please contact us on 0207 3522773 or email info@Twelve-By-Seventy-Five.com to make arrangements.

SECURITY

Where are your warehouses based?

We store our wine in LCB's bonded warehouse: Vinothèque in Barking.

What documents will I get as proof of purchase?

To protect our clients' interests, we only deal with provenance-approved stock. You will receive rotation numbers enabling you to cross reference the stock with LCB. Any payments made will have a purchase receipt.

Is your wine insured?

If your wine is stored at LCB, you have two options regarding this:

1: £12.96 + VAT

- includes a full year's storage for one case as well as maintenance and logistics. All

wines cellared with LCB are automatically insured "all risks" at full replacement, but subject to a maximum value of £7,500 per 9 litre case.

2: £19.44 + VAT - includes a year's storage for one case as well as maintenance and logistics. All wines cellared with LCB are automatically insured "all risks" at full replacement value without limit.

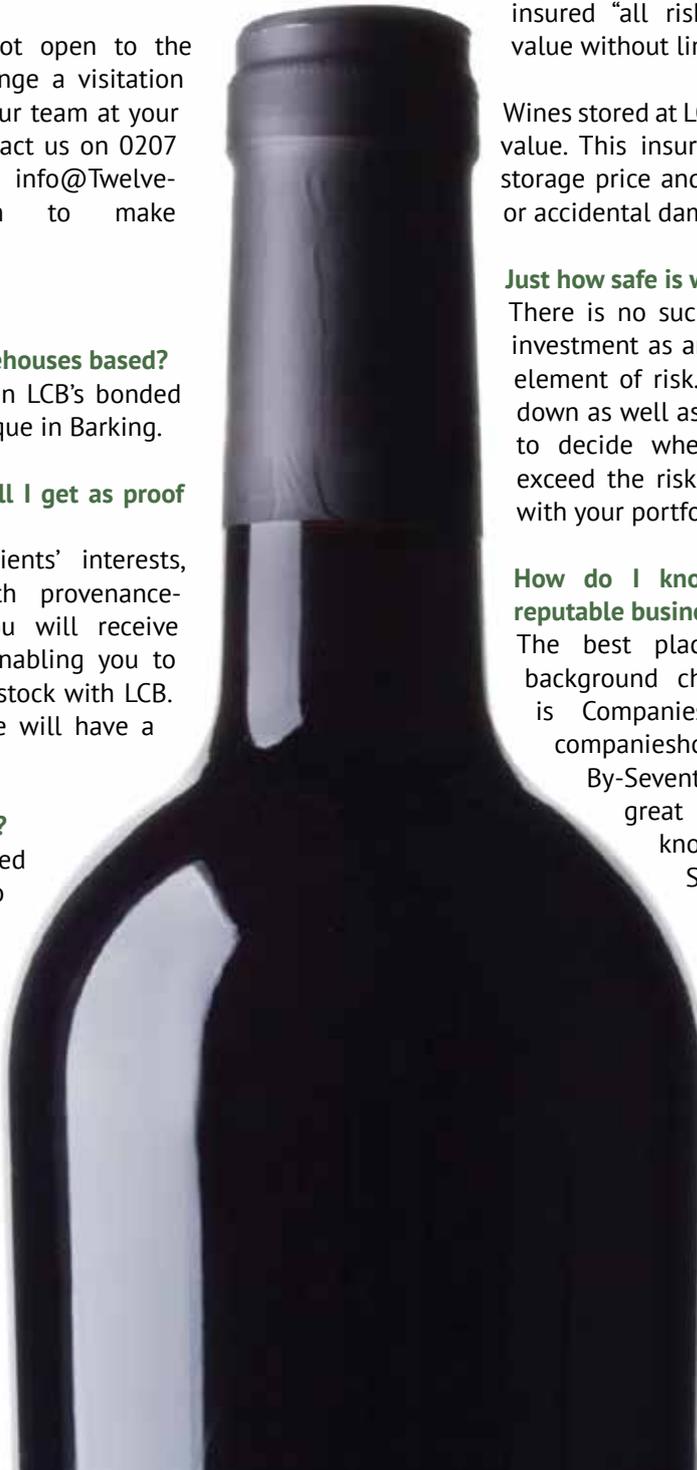
Wines stored at LCB are insured for market value. This insurance is included in the storage price and covers you for any loss or accidental damage.

Just how safe is wine as an investment?

There is no such thing as a 100% safe investment as any investment carries an element of risk. All investments can go down as well as up. Use your judgement to decide whether the markets risks exceed the risk you are willing to take with your portfolio.

How do I know I'm dealing with a reputable business?

The best place to undertake basic background checks on any company is Companies House (visit www.companieshouse.gov.uk). At Twelve-By-Seventy-Five, we take great pride in our levels of knowledge, WSET (Wine & Spirit Education Trust) qualifications and excellent contacts within the industry – as well as in clients' trust in us.



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