



Dear Premier Cru Investor

At times this year, it did feel like the world as we all know it was beginning to spin uncontrollably off its axis. And while undoubtedly there will be more seismic judders in the months ahead, we will quickly have to get used to our new living, working and playing reality.

Change is all around us. A new President in the US, state ownership of much of the UK financial system, the list is endless. An end does however have a start, and we hope that the rewarding and resilient commodity that is fine wine remains at the forefront of your investment portfolios.

To help you along, and keep you as well informed as possible, the investment team here at Premier Cru is delighted to welcome you to the first of its highly anticipated Market

Updates. There is so much happening in the world of fine wine investment with many compelling opportunities. This newsletter will hopefully not only arm you with a glimpse of our specialist insight, but will offer you the investor opportunities that are not available in such flexibility elsewhere in the market.

IN THIS ISSUE

- ***Monthly updates to keep you abreast of the market - April Newsletter Enclosed***
- ***Re-designed and improved website launching May 2009. – New Improved Features***
- ***Sign up to receive the Monthly Update by email or visit the new www.premiercru.com to view***
- ***The 2008 En Primeur Campaign – 11th Hour Reprieve - Offer enclosed***
- ***Please see the April Market Report for more detail about the vintage***
- ***The Chinese Concept Special Offer - Offer enclosed***

To sign up for the monthly Market Updates

Please email stacey@premiercru.com from the email account you wish to receive the mail into and we will add you to our emailing list. We won't spam you to death and at anytime, should you wish to unsubscribe, simply email us and we will remove you immediately. If however you would like to continue to receive our reports and offers by mail please contact us.

Our Take!

2008 En Primeur Campaign

27th April 2009



It was originally our intention not to run a Premier Cru Fine Wine Investments 'En Primeur Campaign' this year. Due to the adverse weather conditions, the wine was looking like it was going to be a 'modest' vintage, as the Bordelaise would put it. The last few weeks however - before what was a late harvest - brought enough sunshine to redeem some of the Chateaux. Due to the quality and the economic situation however, the core aspect which will make or break the 2008 vintage will be price!

Unlike most years where the First Growth Chateaux release sometime in June, *Latour* was amongst the first to release, and since then the market has also seen *Mouton* and *Lafite* follow suit at reasonable prices – setting a market precedent.

Your investment gurus here at Premier Cru have decided that there is a selective and robust opportunity in the 2008 En Primeur, as long as the selection is kept to a bare minimum and the stocks are chosen skilfully taking into account both the global economic situation and the emerging markets. The 2008 vintage should be scalable throughout Europe as the prices are more sensible than previous years; and in China as our selection of wine reflects some of their most desired wine labels in the world. Remember we never make any decision to purchase until the wines are tasted and graded.

This is what one of our suppliers had to say about the campaign: *"The week after Easter is normally a very quiet one for En Primeur wines but this week we have had an explosion of activity as the leading Châteaux (who normally wait till June before releasing) are now fighting each other to get their wines out quickly and cheaply. The whole market has changed and suddenly buyers have the upper hand with some very good deals suddenly presenting themselves."*

Allocations and Production

One of the factors which make the Bordeaux vintages differ from one another is the quantity of wine produced. In a great year there may be enough first quality grapes to realise maximum production levels, however in lesser vintages the production suffers for quality to shine. 2008 is such a year. The quality is better than expected, some Chateaux have produced much better wines than others, but yields are small and allocations are even smaller.

Mouton Rothschild has only released 50% of their stock and Lafite have only released 70% of their stock. They are telling us that there will be no further tranches released until the wine is bottled, although this could change. In a nutshell, this is the Chateaux 'putting their money where their mouth is' as they hold back stocks to gain a better price once the wine is in bottle in 18 months to 2.5 years from now.

How the En Primeur prices have changed

The release prices of fine wines has risen at an inconsistent rate over the last 15 years that we have been in business - in response to the quality of the vintage, and emerging markets. The major Opening Price fluctuations have happened since the production of the excellent millennium vintage and have been dramatic in some years, culminating in 2005 En Primeur prices which opened at a record high and maybe justifiably so. The 2005 vintage will go down in history as one of the all time historical greats; in the last century there were only seven vintages that hold this status. The 2006 vintage was expensive and the 2007 notoriously overpriced. The wine industry has demanded the reduction of prices by 30% – 40% and due to the overall economic crisis all the wines released so far have opened considerably lower than previous years, some are well priced and represent good value for money and some we would consider to be still too high.

The readjustment in the market in response to the global economic crisis and the current release prices have brought back the opportunity to purchase good spreads without having to break the bank to do so.

All figures quoted are correct at time of going to press. Prices of wine can go down as well as up.

The Investment opportunities

Premier Cru is delighted to offer you two unique cellars focussing on the traditional investment market as well as taking advantage of the En Primeur 2008 only released last week by the Chateaux and the emerging markets in Asia

EN PRIMEUR 2008 – Low to medium risk 3-5yrs+

The Investment Cellar – we have limited number of parcels available so as always first come first served.

We do not expect to be able to offer the same collection again at this price.

The current collection consists of:

Lafite Rothschild

Duhart Milon -a wine produced by the Lafite Chateau

Lynch Bages

These are three of the most sought after wines in China. The Ch. Lafite is rumoured to be wine of the vintage. Scoring 95-97 points *Neil Martin, The Wine Journal* (part of Robert Parker's team), and 91-94 points *James Suckling, The Wine Spectator*.

At under £3,000 - including discounted management fees* this is a fantastic collection of wine which fits any low to medium risk investment and represents the opportunity to make higher than average expected returns**

*En Primeur Management Fees are discounted to just 1%

**Expected returns of 10% per annum over our standard recommended investment term of 5 years

THE 'CHINESE CONCEPT' – Medium to high risk 2-4yrs+

This is a specific selection of wines chosen to satisfy the rapidly increasing demand of the Chinese market. They include top brand names such as Lafite Rothschild right through to the lower end of the market with wines such as Talbot.

The Background

The Chinese have been instrumental in forcing prices higher during the last few years, as they not only purchase to store, but drink at an exceptional rate which is widely predicted to rise. According to a study by the International Wine and Spirit Record in London, by 2011, the Chinese are expected to be drinking more than 1.1bn bottles of wine or 828m litres of wine a year, double the figure in 2007.

Unlike the world markets which have been affected by the global downturn the Chinese continue to be amongst the strongest buyers in the market.

A proportion of these of wines do not sit within our usual list. This is due to the quality of the wine and their status as being great 'drinking wines' but would not traditionally be considered investment quality.

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We want you to be able to capitalise on this growth market. We are basing the choice of which wines to purchase for the Chinese cellar having watched this particular market closely for the last two years, and these wines have continued to increase in value right through the financial meltdown.

The perfect example of how the market has changed can be demonstrated by outlining the recent history of Ch. Carruades de Lafitte.

The interest - and prices - started to increase in the spring of 2006, whilst the world was pre-occupied with the 2005 vintage.

During the 12 months to July 2008 the price rose so dramatically and at a rate which appeared inappropriate, we held back. As a company which does not invest in high risk wines unless they are of high quality it was not a market we were prepared to get into unless we saw some proof that it could be sustained, and repeated.

AN EXCEPTIONAL OFFER FOR YOU

We are purchasing a selection of wines which are currently in high demand by the Chinese, the biggest difficulty is in sourcing the stock, most of which goes straight to the Asian market; therefore availability is very limited. By having a diversified collection and by purchasing the right vintages at just the right time we believe that we can put together an extraordinary short term investment cellar. The final choice of wine will be determined by the market.

These cellars can be purchased for as little as £2,000 and the full collection would be in the region of £78,000. The risk can be balanced by purchasing more traditional wines which have proved to be very stable during the financial crisis as well as the new players.

In a supply and demand market this has to ring all the right bells for any savvy investor.

If you would like to discuss these offers in more detail, please feel free to contact the Premier Cru Investments team on 0208 905 4495 or email offers@premiercru.com

We value our client's opinions, and would welcome feedback and any suggestions you may have, is there anything you would like to see more of?