



Investor News

Wine Investment
Services

February 2008

Bulk Sales

Many investors contact us about whether we are going to do bulk sales of wine.

This has been suggested in the past but was delayed for many reasons.

We can now say that a large parcel of nominated wine will be going out to auction this month and if all goes well, we should see that entire allotment sell at the nominated prices.

There's a lot of things investors should bear in mind with sales of this nature.

Firstly, there's an enormous quantity of wine in storage that has to be picked for transport, organized, catalogued, sold and then delivered. It takes a lot of time to do this so we have been circumspect in giving out exact details of the timing of the sale.

While preparing this, investors withdraw from sale, request returns and renominate their stock. All of this adds to the delay.

The second issue is one of timing. Putting large amounts of wine into the market suddenly can have all sorts of implications so we have to pick our time and work in conjunction with the auction house.

So who will be on the auction list?

If you've nominated within the price brackets given to us the auctioneer, your wine should be listed. There are exceptions to this but many will go ahead. When the sale is completed you should see sales advice statements and we will advise later about the proceeds.

Wine For Life On-Line Sales

Since October, we have been listing nominated Heritage wines on our Wine For Life website and have seen a growing number of sales coming from it. There is a large number of wine lovers and speculators looking for hard to get wines at good prices and the prospects look very good. However, our Wine For Life site was never designed to handle the unusual processes to properly sell Heritage wines and there were significant issues leading up to Christmas.

An example is the mixed case. Buyers are able to piece together their own packs from Heritage stock and our own wines which is a very attractive service. The problem is that the wines may come from a dozen different investors with wine stored

in different locations for security reasons. This presents a logistics problem for us in that we have to piece together every case and match to the customer's order. We can do this but it takes a lot longer than pre-packed cases of our own stock.

Coupled with this was a range of courier related issues and Christmas deadlines but we still managed to shift quite a lot of investor stock in the Christmas period.

So right now we are building a vastly superior website and a better supply chain. You should start to see these improvements soon and our new website, which will be state-of-the-art, will be ready around April or May.

Heritage Top Sellers

1. 2002 Fox Gordon 8 Uncles Shiraz
2. 2000 Primo Estate Joseph Moda Cab. Merlot
3. 2001 Glaetzer Goldbeater Shiraz
4. 2002 Binder Mitchell Dovetail Shiraz
5. 2002 Kilikanoon Parable Shiraz
6. 2001 Somerled Shiraz
7. 2002 Heathcote Slaughterhouse Shiraz
8. 2001 Gartner Family Cabernet sauvignon
9. 2001 Willow Bridge "The Black Dog" Shiraz
10. 2002 Neck Oil Shiraz

Watch out for new stuff on the existing Wine For Life site. Like FAQs which will answer all those questions you ring us about, top selling Heritage wines and rare collectibles like Grange and Hill of Grace.



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Kalleske Wines

Quite a few investors have in their portfolios products labelled Troy Kalleske Mouthpiece Shiraz (cleanskin) and also Kalleske Gotham Langhorne Creek Shiraz. We have subsequently sold some quantities of these products through our various channels.

We have recently been contacted by Kalleske Wines who have advised that they do not have any association with those wines and have asked for us to not sell the same. Those investors who may be aware will recall that there is a story going around that Troy Kalleske fermented the wines the subject of the Mouthpiece Shiraz but never agreed for the use of his name on those wines. In relation to the Kalleske Gotham Langhorne Creek Shiraz the story is that Mr Kalleske merely pointed out the grapes to be picked for use in making the wine. Once again it is suggested that Mr Kalleske never agreed for the use of his name to market the wine. The truth of either story has not been able to be ascertained by us. However at the threat by Kalleske Wines that we are infringing their trademarks by offering the wines for sale with his name associated with them, there is an unacceptable risk in us permitting these wines to be sold by us in that fashion.

Consequently we will be changing the name of the wines to "Mouthpiece Wines" for the clean skin and "Gotham Langhorne Creek Shiraz" for the labelled shiraz and marketing the same as such. I note that investors should be cautious about seeking to market either of those wines with the word "Kalleske" in the wine description or with that word on the label as technically the investor may become exposed to the same claim as has been made against us by Kalleske Wines."

What to do with your wine.

We are getting a lot of emails and calls from investors wanting to know what to do with their wine.

The answer really depends on your situation. Some just want to get out of the wine game and nominate their stock at low prices which immediately brings on sales.

Others want to get the best return they can. If that's you then you have a couple of choices.

First, nominate your stock. We can't sell it if you don't say we can. Set what price you think is fair value but remember there's investors who may be cheaper than you so you could wait.

Second, you can have your wine returned to you. However, there have been investors surprised when 8 pallets turn up on their doorstep. Think it though. Also, if you have a lot of high value stock

such as Grange, make sure you can store it properly. A good wine buyer will soon know if it's been mishandled. You also need to think carefully about whether you can sell it yourself. We have big plans for the Heritage wines and once our improved marketing systems are in place we will have great avenues to market for your wines.

First, nominate your stock...

Maybe the best bet is to sit tight, nominate well and your wines will get great exposure. For detailed advise on your portfolio please email us.