Champagne Portfolio: Louis meets Moët

Louis Roederer Cristal 2012 & Moët & Chandon Dom Perignon 2008

Content

1 Introduction

We are pleased to present an investment opportunity from a region that needs no introduction - Champagne.

Champagne is a sparkling wine that is a quintessential part of any celebrations across the globe. In this campaign we have decided to bring together two of the most sought-after vintages from this classy region. The following bottles are included in the portfolio:

- Louis Roederer Cristal 2012 (36 bottles)
- Moët & Chandon Dom Perignon 2008 (15 Magnum bottles)

By investing in a portfolio such as this one, it is possible to achieve a strong balance between risks and rewards presented by the region. There are wine investors all over the world who have been in this business for a very long time. Investing in high-end alcohol is a very appealing endeavour due to high historical returns. Those investors have historically been the wealthy who are not deterred by high barriers to entry.

That is because not everyone has the capital, contacts, nor the time needed to afford such an investment on their own. Until recently, it has not been possible for private investors to participate in such opportunities without committing a substantial amount of capital.

2 Factsheet

Louis Roederer Cristal 2012

Origin	France
Region	Champagne
Type	Sparking wine
Grape	Chardonnay & Pinot Noir
Bottle Siye	750ml
Quantity	6 boxes (36 bottles)
Rating	RJ 98 / WA 97+ / VI 98 / JS 98
Price	€6,150
Number of Splints	123
Investment Horizon	9 - 11 years

Moët & Chandon Dom Perignon 2008

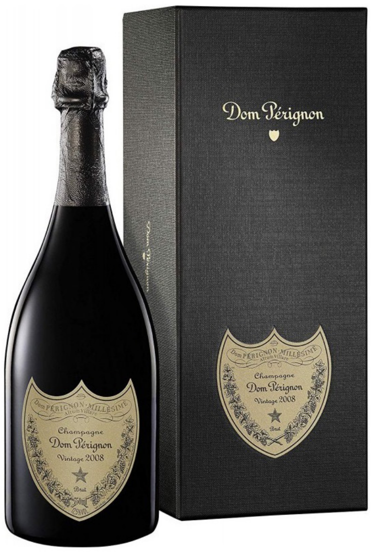
Origin	France
Region	Champagne
Type	Sparking wine
Grape	Champagne blend
Bottle Size	1500ml
Quantity	15 bottles
Rating	RJ 98 / VI 98+ / JS 98
Price	€6,400
Number of Splints	128
Investment Horizon	9 - 11 years

3 Investment Decision

Champagne is by far the most venerated region within the Sparkling Wine sector. When it comes to the top vintages, the demand outgrows the supply every single year.

In this instance, we offer our customers the access not to just one of such vintages, but to two different ones, spread across the region.

Having a portfolio of top vintages from Champagne is a very powerful card to have as an investor.



4 Rating

8/10

Return
We have rated the upside potential of this investment opportunity as high. According to the Champagne 50 index, the value of fine wines out of the Champagne region have increased by 59.07% over the last five years. This is an average increase and having said that, many opportunities within the Champagne region increase more than that.

9/10

Stability
We have rated the stability of this investment opportunity as high. When stored correctly, wine does not become obsolete and tends to hold its value very well. Historically speaking, there is an overwhelming amount of demand for high-end Champagne which makes us very confident about being able to sell it at the right price.

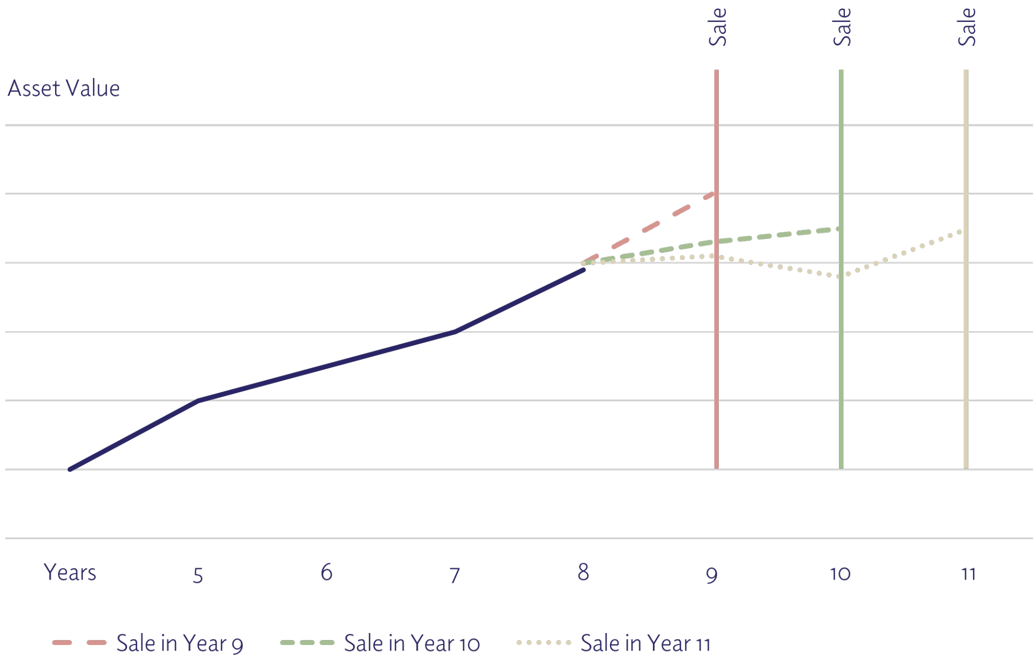
9/10

Track Record
We have rated the track record of this investment opportunity as high. We are dealing with years of heritage and a collection of top-quality sparkling wines coming from the legendary Champagne region.

5 Investment Process

Purchase	We source the bottles of Champage from the supplier and manage all the paperwork.
Asset Listing	After the bottles are delivered, the investment opportunity is listed on the platform and the investors can participate in the opportunity by buying Splints.
Storage & Insurance	The bottles will be appropriately insured and stored for 9 to 11 years in a freeport.
Sale	After 9 to 11 years, we sell the Champagne. The proceeds from the sale are proportionally allocated to Splint Holders.
Payout / Reinvestment	The Splint Holders now face a choice between cashing out, reinvesting in a different wine bottle or in a completely different opportunity listed on the platform.

6 Investment Horizon



The investment horizon for this opportunity has been set to 9 to 11 years.
The reason for that is the fact that the wine continues to mature after it is bottled. If we wait long enough, we will not only enjoy the return from wine prices going up but also from the fact that the very intrinsic value of the wine, its maturity and age has increased so much.

The consumption window for wines of this kind held in the portfolio is approximately 30 years. By holding the wines for around 10 years in storage, we will already be in the second half of the consumption window, as the wines are from year 2008 and 2012. Because the wines are already quite mature today, a large part of the wines of this kind is highly likely to be already consumed after the end of our investment horizon

At the same time, the production of this wine is very limited, with only a few thousand bottles being released each year. These circumstances will have a beneficial effect on the scarcity and quality of our wine at the end of the investment horizon and consequently result in a price appreciation of our portfolio.

7 Cost Analysis

Asset Value	11,562	€
Service Cost	988	€
Price	**12,550**	**€**
Number of Splints	251	
Price per Splint	**50**	**€**

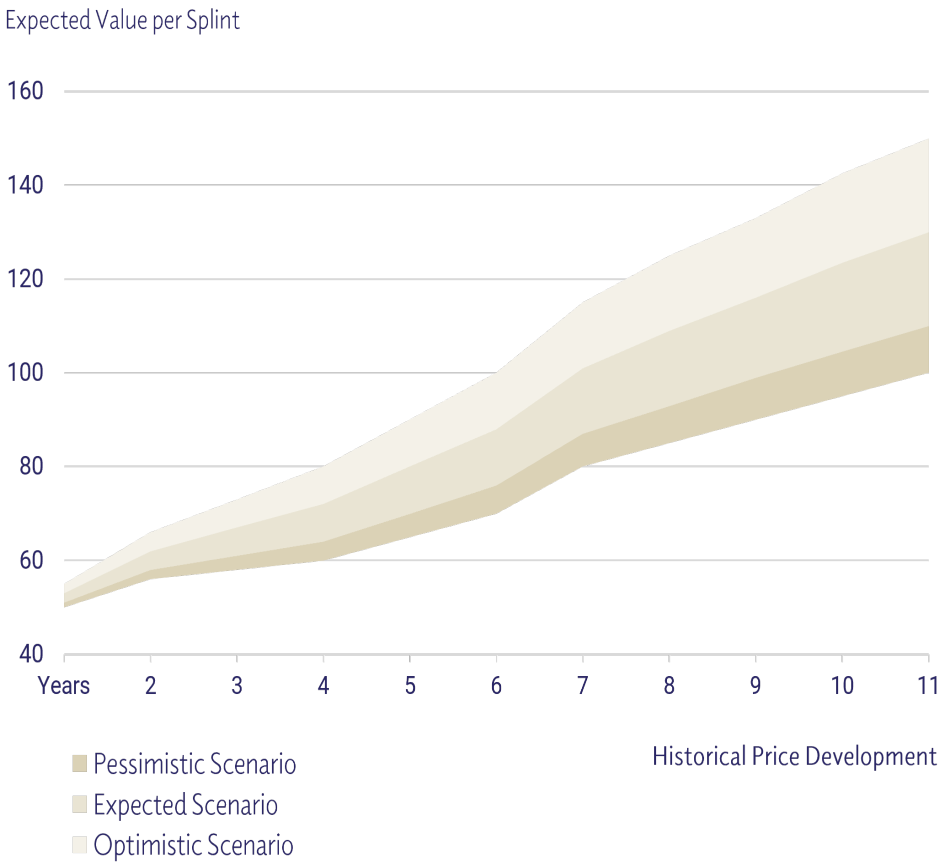
Additional Information

The price of €171 per bottle of Louis Roederer Cristal includes shipping, handling, 10 years of storage and insurance.

The price of €426 per 1.5L bottle of Moët & Chandon Dom Perignon includes shipping, handling, 10 years of storage and insurance.

At the end of the investment period, a sale can be organised privately or via an auction house. In case of wine, the first preference for Splint Invest is the private sale, as long as we get a satisfactory offer. This is because at an auction house, the fees tend to be high.

8 Investment Forecast



Forecast assuming the investment horizon of 9 - 11 years

Champagne as a very exquisite version of sparkling wine and, according to the Champagne 50 index, the value of Champagne has on average increased by 59.07% over the past five years. As a result, we would expect this release to be at least in line with the average increase of Champagnes, possibly a little bit higher since these specific brands in our portfolio are so renowned.

We therefore estimate that a €50 investment can increase in value to anything from €100 to €150.

*Wine prices can change, and historical data is not a guarantee for future performance

Supply
Adam decides to exit before the end of the investment period and offers his Splints for sale on the secondary market.

Demand
Anna would like to participate in the investment opportunity and buys the Splints by accepting Adam's offer.

Exit before the end of the investment period
If a Splint Holder decides to exit the investment early either by arranging a sale via Contact Form or our Secondary Market (to be introduced during Winter 2021/2) then the new owner of the Splint takes on the remainder of the variable cost.

For example, if 10 years of storage and insurance are paid in advance but the investor chooses to exit after 1 year, then the new owner of the Splint takes over 9 years of those costs. This will be reflected in the price.

9 ESG Considerations

Investing in the sparkling wines of Louis Roederer and Moët & Chandon generally in line with international ESG norms. There is no excessive production since the wine is of very high quality and almost immediately met by demand. By investing in this portfolio, one supports a long-standing tradition of the Champagne production has been evolving since the 17th century.

Since Splint Invest values transparency very highly, we must say at this point that Champagne production has not been practiced very sustainably over the last decades. But according to various sources, the Champagne region has been working with sustainable practices some years now and is enhancing sustainable practices step by step. The region committed to reducing herbicides to zero by 2025. In 2019 the region announced to have the goal to produce fully sustainably by 2030, meaning to have all producers certified with the Viticulture Durable en Champagne (VDC) certificate.

The VDC not only includes a strategy for biodiversity and phytosanitary but also adds measures for protecting landscapes, preservation of territories, managing waste and reducing the carbon footprint.

Since the year of 2014, the Louis Roederer house is VDC certified and has been fully committed and strictly operating according to its certificate. As of June 2020, 25% of the Moët Hennessy wine yards are VDC certified. They are trying to improve that number continuously, but this is a process that takes some time since they work with many contract farmers and must approach each farmer individually.

At Splint Invest we strictly avoid investments that breach international ESG norms. We strive to actively promote investments that target sustainability issues such as climate change and resource scarcity. We will inform you on our website as soon as we have integrated a holistic ESG concept.

10 Asset Class Information

Rare Wine is something that has fascinated investors for centuries. Many lifetimes have been spent trying to master this field and it's virtually impossible to know it all. Investing in wine is very complex but when done correctly it can prove to be a very lucrative endeavour. Rare Wine prices have increased by over 100% during the last decade and it appears that the demand is only growing stronger due to a whole new market being discovered in the form of wealthy Chinese aficionados. The global wine market size was USD 364.25 billion in 2019 and is projected to reach USD 444.93 billion by 2027, exhibiting a CAGR (Compound Annual Growth Rate) of 6.06% during the forecast period.

Wine continues to mature after it's bottled and as a result it benefits from an additional price increase over time due to a higher intrinsic value as years pass by. Creating a Rare Wine portfolio is a journey that never truly ends. Once we decide what the composition should be, that's just the beginning of it. It is important to stay informed about the latest trends in order to make appropriate sales and additions to our collection.

Key factors for wine investment:

Region Choosing the right portfolio mix is very much like making selections on the stock market. We should avoid putting all our eggs into one basket and in the world of Rare Wine this implies diversifying our portfolio across different wine regions. These would include some of the classics such as Burgundy, Bordeaux and Champagne but we should also consider wines from different countries such as Italy or Portugal.

Quality Choosing wine regions for our portfolio is the first step towards success. However, it is by no means the only one. Once we select what regions are in scope for our portfolio, this is where the main part of the research begins. Not every producer inside of those iconic regions maintains the same standards; it is possible to come across a poor-quality wine in those regions too. It is estimated that only 0.1% of global wine production is of investment grade and it is therefore of paramount importance to select award-winning wine from high-end producers in the right regions.

Storage Last but not least is the maintenance of such portfolios. It is simply insufficient to store a few bottles in your basement if you expect serious returns. The importance of storing your wine professionally with the possibility of getting a certificate to prove it, cannot be underestimated. Many auction houses won't even accept the wine if they feel that storage conditions could have been compromised.

11 Investment Evaluation

Region

In general, France is considered to be one of the classics when it comes to high-end wine. Champagne is one of the most celebrated wine regions around the globe. The word Champagne used to be applied to all sparkling wines, without giving any credit to its origin. However, the protected status of the wine has been widely accepted and it can now only be used to refer to sparkling wines coming from the Champagne region.

The produce of the region is often referred to as the most famous sparkling wine on the planet. There are different reasons why this status has been earned in the eyes of so many. The strong marketing and very elevated prices have undoubtedly contributed to this favourable market positioning. As a result, Champagne wine is often associated with exclusivity and luxury.

Most of the highest quality bottles are very difficult to get. As a result, the highest quality wine from this region tends to be highly sought-after by consumer and investors alike.

This positively affects the price development over the last decades.

Producer

Louis Roederer (creator of Cristal) and Moët & Chandon (creator of Don Pérignon) are without a doubt the two most respected Champagne producers out there.

The Champagne House Louis Roederer dates to 1776 but it took its current shape in 1833 when young Louis Roederer took over the business after his uncle and renamed it. This is the period in which the wine reached international fame. Most notably, it captured the hearts of the Russians.

Cristal was specifically created for Tsar Alexander II of Russia, who famously requested the specific design of the bottle to be clear and flat-bottomed in order to prevent potential explosives being hidden there to threaten his life. As a result of this success, Louis Roederer was able to purchase more prestigious vineyards to add to his territory which enabled him to produce higher quantities of wine. Currently, the house owns approximately 600 acres of land in this expensive region.

Moët & Chandon on the other hand, is considerably larger with over 2850 acres of land in the region and additional foothold in countries such as USA, Argentina, Brazil and and Australia known under the Chandon label.

This house was originally founded by Claude Moët in 1743 with the wine becoming more famous in 1789. Moët & Chandon struck a number of important deals in the world of luxury goods, famously partnering up with Hennessy, the Cognac producer and Louis Vuitton, the fashion giant. The realisation of this project is known today as LVMH, Louis Vuitton Moët Hennessy.

Don Pérignon is one of the most famous brands owned by Moët & Chandon and dates back to late 17th century, whose wine reached even the table of King Louis XIV.

Quality
As previously mentioned, only 0.1% of global wine production is considered to be of investment grade. Our selection of wine from the Champagne region has a long history of being a part of this exclusive community. Both wines score very highly among different connoisseurs so far:

Louis Roederer Cristal
Rating (out of 100): RJ 98 / WA 97+ / VI 98 / JS 98

Moët & Chandon Dom Perignon
Rating (out of 100): RJ 98 / JS 98 / VI 98+

As a result, we are confident that the quality of the wine will not be questioned.

Suppy
Even though both wines have a relatively high production capacity, the cellars are regularly emptied by afficionados from around the globe. Most of this Champagne wine is actually consumed relatively young exactly for that reason.

This is why having patience to hold such wines for a period of 10 years is awarded with a very sizeable premium.

Current economic conditions created a very unusual situation on the Champagne market. Due to the Corona crisis the Champagne consumption fell drastically, creating a temporary oversupply which negatively affected the prices. This gave us an opportunity to purchase the wine at an unusually low price. However, the wine is currently experiencing a very fast price rebound.

The consumption of Champagne is increasing drastically compared to the previous year, thanks to the relaxation of Corona measures, making it a perfect moment for inclusion in the portfolio.

12 Potential Risk Factors

Oversupply of wine
Wine is governed by the laws of supply and demand. It is possible that the supply will increase in future if the Domaine decides to do so. However, in over 100 years of history, they have been very conservative and successful while matching the supply with the demand and avoiding any reputational damage.

Additionally, the demand for Fine Wine has been increasing significantly both domestically and abroad, thanks to several emerging economies.

Legislation
Legislation is a significant risk that every investor must understand. There are some extreme examples in history such as American Prohibition in the 1920s where alcohol has been banned completely. Other more recent examples include various tariffs and quotas in international trade that can affect the exports and therefore the global demand.

Financial crisis
In the event of another recession, or even a larger financial crisis, it is possible that the demand for Fine Wine will drop. This would be caused by lower disposable incomes of potential wine consumers who would end up spending less money on luxury goods which in turn could decrease the prices. However, such a drop would be much smaller when compared to companies facing bankruptcy or losing half of their market value.

New consumer trends
It is also possible that the demand for wine could drop due to evolving consumer trends. Many young people actively choose not to drink alcohol and depending on the scale of this phenomenon, this could affect the future demand too and therefore drive the prices down.

However, currently the trend is developing in a more favourable direction. Young people drink less alcohol but of higher quality which in the end could have a positive effect on fine wine.

Other risks
It's impossible to list every single potential risk that exists in relation to this investment. Investors must understand that the above list includes only the main ones. Investors should always seek to verify all the information using multiple independent sources.