

Lunzer Wine Fund SPC Limited

Term Sheet

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The Fund

Lunzer Wine Fund SPC Limited (the “Fund”) has been incorporated in the British Virgin Islands as a segregated portfolio company. It is a BVI-domiciled entity for tax purposes. An application has been made to the British Virgin Islands Financial Services Commission by Lunzer Wine Investments Limited for the investment management license to manage the Fund.

The Fund is seeking to raise funds from investors with the goal of achieving capital growth through investment of those funds in a diversified and balanced selection of fine wines from reputable and established producers, primarily from the Bordeaux region of France.

The Fund will seek to acquire wines of exceptional reputation that are traded on a global secondary market, the value of such wines is expected to increase over time as the wine is consumed resulting in the level of worldwide stock diminishing. To achieve the anticipated investment returns, the term for each Segregated Portfolio of the Fund will be 5 years (extendable to 6½ years at the discretion of the Fund).

Wines will usually be bought in the United Kingdom and stored in a UK Government bonded warehouse under optimal and secure conditions and will be insured at full replacement cost.

Denomination

The Fund will be denominated in UK Sterling.

Management Structure

The Fund will be managed by Lunzer Wine Management Limited, a limited liability company incorporated and resident for tax purposes in the BVI (the “Investment Manager”).

The Investment Adviser

The Investment Manager has engaged Lunzer Wine Investments Limited, a company incorporated in England in 2008, to act as investment adviser (the “Investment Adviser”). Peter A. Lunzer is a director and employee of Lunzer Wine Investments Limited and will serve as the Chief Investment Officer in advising the Fund and the respective Segregated Portfolios on its investments.

Mr. Lunzer has been involved in the wine industry since 1980 and his expertise encompasses most roles involved in purchasing, marketing and investing in fine wines.

Mr. Lunzer originally specialised in supplying fine wines to the hotel and restaurant industry before obtaining his Diploma from the Wine & Spirit Education Trust in 1985. Through his work with fine wines, Mr. Lunzer has studied patterns of consumption and wine investments over a significant period of time and witnessed the global increase in demand for fine wines. Mr. Lunzer has specialised in buying, on behalf of investors and consumers, classic wines from great vintages, and since 1992, has run a company arranging gourmet dinners and wine tastings for the corporate entertainment market as well as organising wine tours to the best wine regions in France and Portugal.

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From 2003 to 2008, Mr. Lunzer was the investment advisor to The Wine Investment Fund.

Investment Decisions

The Investment Manager will take all investment decisions relating to the Fund:

The Fund will aim to buy (on the advice of the Investment Adviser):

- a) reputable and highly sought after vintages of the wines it purchases;
- b) only wines that have excelled themselves in that vintage;
- c) wines with a good reputation for ageing ability;
- d) stock whose provenance is known and has been properly stored in a bonded warehouse;
- e) wines that have not recently risen disproportionately in value;
- f) whole units (where a unit means one original case of either 12 x 75cl or 6 x 75cl bottles or 6 x 150cl or 3 x 150cl magnums).

The Fund does not intend to acquire:

- a) *en primeur* wines;
- b) wines that do not have a recognisable track record as investments;
- c) unusual bottle sizes;
- d) wines that are coming to the end of their natural drinking life span; or
- e) split cases.

Segregation of Investments

The Fund is seeking subscriptions from investors for a series of fund raisings, ("Segregated Portfolios"). All cash subscribed during the period applicable for subscriptions for the relevant Segregated Portfolio will be segregated into a Segregated Portfolio. The Fund will seek to accept subscriptions for no more than one Segregated Portfolio per calendar quarter. The assets of each Segregated Portfolio (whether cash or wine) will be kept separate from the assets of all other Segregated Portfolios and the Fund's ordinary accounts. The proceeds of a Segregated Portfolio will be used solely to buy wines for that Segregated Portfolio.

Each Segregated Portfolio will have a separate bank account which will be used exclusively for the Segregated Portfolio. It is proposed that the separate bank accounts for each Segregated Portfolio will be held in Jersey with HSBC.

Segregated Portfolio Shares

Investors will be invited to subscribe for segregated portfolio shares in the Fund (the "Segregated Portfolio Shares"). Segregated Portfolio Shares issued for each different Segregated Portfolio will form a different Class of Segregated Portfolio Shares (e.g. 2009 Segregated Portfolio A Shares; 2009 Segregated Portfolio B Shares, etc.)

In order to make an investment in a Segregated Portfolio, an Investor will be required to complete an application form in respect of his investment in that Segregated Portfolio. Subject to the satisfactory completion by the Investor of such application form, contributions to the Segregated Portfolio (each a "Contribution") will be executed via payment, in Pounds Sterling, to the separate segregated bank account of the Fund for that Segregated Portfolio. Monies must be received, in cleared funds for the full amount subscribed in the nominated bank account within ten (10) Business Days before the end of the Subscription Period.

In consideration for the payment to the Fund of a Contribution by an Investor, the Fund will issue and allot to the Investor the relevant number of Segregated Portfolio Shares (calculated on the basis of 1 Segregated Portfolio Share for every £1.00 subscribed).

The Segregated Portfolio Shares will be issued fully paid-up and the Fund shall enter the Investor's name in the Fund's Register of Members in respect of the relevant Segregated Portfolio Shares.

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Subscription Period	<p>It is intended that subscriptions for the first Segregated Portfolio, which shall be named Segregated Portfolio 2009 (B), shall commence on 01 September, 2009 and shall be open to Investors for a period of 91 calendar days (the 63 calendar day period from the commencement of a Segregated Portfolio (subject to extension as detailed below) being the "Subscription Period").</p> <p>At the end of the Subscription Period, 2009 Segregated Portfolio "B" will be closed to investments and no further Segregated Portfolio Shares will be issued.</p>
Minimum Subscription and Segregated Portfolio Size	<p>The minimum subscription per Investor per Segregated Portfolio will be £500,000, (and thereafter in increments of £100,000) subject in each case to the Fund's discretion to accept lesser amounts. The targeted size of investments per Segregated Portfolio will be a minimum of £5 million (the "Minimum Target") and the Fund will not normally accept subscriptions in excess of £25 million (the "Maximum Target") in any one Segregated Portfolio.</p>
Segregated Portfolio Term	<p>The term of each Segregated Portfolio shall be 5 years commencing at the end of the Subscription Period (the "Segregated Portfolio Term"). At the sole discretion of the Fund (on the advice of the Investment Adviser), the Segregated Portfolio Term may be extended once by a maximum of 18 months (the "Extended Segregated Portfolio Term").</p>
Use of proceeds of a Segregated Portfolio	<p>As soon as is reasonably practicable following the end of the Subscription Period, the Fund shall buy wines at a time and in a manner determined (on the advice of the Investment Manager) at its sole discretion. The process of using the proceeds of the Segregated Portfolio to purchase wines for the Segregated Portfolio may take some time but it is anticipated that the proceeds of a Segregated Portfolio will be fully invested by the Fund in wines consistent with the Investment Policy within 120 calendar days from the end of the Subscription Period.</p> <p>Any proceeds of the Segregated Portfolio which are not fully invested at any time will bear interest (at the rate of interest payable on deposits to the relevant bank account for the Segregated Portfolio from time to time) for the benefit, and on a pro-rata basis, of the relevant class of Investors Share and will be used to pay applicable fees and expenses.</p>
Re-investment of proceeds	<p>The Fund will have the right to sell a portion of the wines belonging to a Segregated Portfolio at any time if it considers this may maximise the return to that Segregated Portfolio (or avoid losses). The Fund may (on the advice of the Investment Adviser) reinvest the proceeds from such sale in a new selection of wines for the Segregated Portfolio or alternatively may retain the proceeds in cash.</p> <p>In the event that the cash proceeds from a sale of wines in a Segregated Portfolio exceed 25% of the Value of the Segregated Portfolio at any time after the fourth anniversary of the Subscription Period then the Fund may, at its discretion, distribute to the Investors the amount by which the cash proceeds exceed 25% of the Value of the Segregated Portfolio (the "Excess").</p>
Distributions	<p>Within 90 days following the Portfolio Maturity Date, the Fund shall make a compulsory distribution of proceeds to Shareholders following the sale of the assets of such Segregated Portfolio. After deducting fees, expenses or other liabilities or payments due to be satisfied out of the proceeds of the sale of assets of the relevant Segregated Portfolio, such amounts that remain ("Net Proceeds") shall be distributed to Shareholders of that Segregated Portfolio as soon as practicable and within 30 days following the date of sale of the Segregated Portfolio's assets (the "Portfolio Payout Date").</p>

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The Net Proceeds will be distributed in the following manner:

- a) Firstly, to holders of the Shares of the relevant Segregated Portfolio so that the full amount of each Shareholder's initial subscription funds for Shares of such Segregated Portfolio (less such proportion of those initial subscription funds as are attributable to any Shares that have been redeemed by that Investor) (the "**Remaining Contribution**") is repaid in full. In the event that there are insufficient Net Proceeds to repay a Shareholder's Remaining Contribution in full, the Net Proceeds shall be distributed to the holders of the Shares pro rata to their respective holdings of total Segregated Portfolio Shares in issue at the Portfolio Maturity Date for that Segregated Portfolio;
- b) Secondly, to the holders of the Shares of the relevant Segregated Portfolio an amount equal to the Hurdle Rate;
- c) Thirdly, to the holders of the General Shares, 25% of the aggregate sum paid to the Investors in (b) above; and
- d) Fourthly, any amounts remaining after the amounts required to be paid in (a), (b) and (c) above shall be split 80% to the holders of the Shares relating to the relevant Segregated Portfolio and 20% to the holders of the General Shares.

Subsequent to the distribution, Shares relating to the Segregated Portfolio will be compulsorily redeemed in accordance with the procedure outlined in the section entitled "Redemptions."

Transfers

Investors may not transfer their Segregated Portfolio Shares to any person except with the prior written consent of the Fund, which consent may be withheld by the Fund in its sole discretion. The Fund may require any transferee or assignee of any Investor to agree in writing to be bound by the terms of the relevant subscription agreement.

Redemptions

Shareholders may apply for redemption of all or a portion of their shareholding on any Redemption Day.

To effect redemption, Shareholders must complete a Redemption Notice and send it to the Administrator by mail or by facsimile or e-mail with the original to follow by mail. The address, e-mail details and facsimile details of the Administrator are set out in the Redemption Notice. Redemption Notices must be received by the Administrator at least fifteen (15) Business Days (or as otherwise set out in the relevant Supplement) prior to the relevant Redemption Day applicable to the relevant Segregated Portfolio.

The Fund may, at the absolute discretion of the Directors, treat a request for redemption of a portion of the Shares issued in respect of a Segregated Portfolio registered in the name of a Shareholder as a request for a complete redemption of the Shareholder's Shares issued in respect of that Segregated Portfolio if the aggregate Net Asset Value per Share of the Shareholder's Segregated Portfolio Shares issued in respect of that Segregated Portfolio would, after giving effect to such request, be less than £100,000.

The Fund may determine to impose a limit (or a 'gate') on the proportion of Segregated Portfolio Shares that it shall be obliged to redeem on any Redemption Day. In such circumstances the Fund may (at the absolute discretion of the Directors or the Administrator) scale down pro rata the number of Shares to be redeemed in response to each request for redemption to the extent necessary to ensure that the limit is not exceeded. The balance of

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any redemption requests shall be cancelled and shall not carry forward to any succeeding Redemption Day.

The Redemption Price of a Segregated Portfolio Share being redeemed shall be the Net Asset Value per Segregated Portfolio Share, calculated as at the close of business on the Valuation Day immediately preceding the Redemption Day on which such Segregated Portfolio Share is to be redeemed, less (a) any Management Fee and/or Performance Fee accrued; and (b) a redemption fee calculated as a percentage of the Net Asset Value per Share, which redemption charge may be waived or varied (whether in whole or in part and whether in respect of one or more Shareholders) at the absolute discretion of the Directors, as follows:

- (a) 5% if requests for redemption of the Segregated Portfolio Shares are made within one calendar year of their issue date; or
- (b) 3% if requests for redemption of the Segregated Portfolio Shares are made at any time following the first anniversary of the issue of the Segregated Portfolio Shares up to the second anniversary of the issue date; or
- (c) 1% if requests for redemption of the Segregated Portfolio Shares are made at any time following the second anniversary of the issue of the Segregated Portfolio Shares up to 180 calendar days prior to the Portfolio Term or the Extended Portfolio Term, as the case may be.

Treatment on Redemption

All Segregated Portfolio Shares which have been redeemed by the Fund shall be cancelled and will not, and may not, be reissued.

Hurdle Rate

6% per annum (pro rated for part years) of the aggregate amount subscribed in respect of the Segregated Portfolio less the amount subscribed in respect of Segregated Portfolio Shares for the Segregated Portfolio which have been redeemed.

Fees

The Investment Manager (or a person or entity designated by this entity) is entitled to receive a Management Fee from the Fund, payable in arrears and at such intervals as are set out in the Supplement applicable to the relevant Segregated Portfolio. The Management Fee is calculated as a percentage of the original subscription proceeds of a Segregated Portfolio's outstanding Shares. The Investment Manager (or a person or entity designated by this entity) is also entitled to receive a Performance Fee, payable once upon the earlier of Redemption or of the Portfolio Maturity Date. The Performance Fee shall only become payable if the investment performance exceeds the Hurdle Rate, as defined in the relevant Supplement. The Performance Fee is calculated following payment of any Management Fees owing. The Investment Manager may pay a portion of the Management Fee and the Performance Fee to the Investment Adviser from time to time.

Expenses

Each Segregated Portfolio will bear all fees, costs and expenses related to investments or prospective investments (whether or not consummated), including, without limitation, brokerage commissions, transaction charges, any withholding or transfer taxes, interest costs and all expenses incurred in connection with locating, evaluating and executing potential investments, including travel and other research related expenses in respect of such Segregated Portfolio. Each Segregated Portfolio will also bear all out-of-pocket costs and expenses of the administration and operation of such Segregated Portfolio and its *pro rata* share of the costs and expenses with respect to the Fund, including, without limitation, accounting, audit, administration and legal expenses, regulatory and Share listing fees and expenses, fees and expenses of the Directors, costs of insurance (including directors' and

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officers' insurance), costs of any litigation or investigation involving the activities of such Segregated Portfolio or the Fund, and costs and expenses associated with reporting and providing information to existing and prospective investors.

The organisational expenses (including expenses of the initial offer and sale of Shares) of any additional Segregated Portfolio will be borne by such Segregated Portfolio and will be amortised over a period of 60 months from the commencement date of such Segregated Portfolio.

Reports	<p>Each Investor will receive, in relation to the Segregated Portfolio in which the Investor holds Segregated Portfolio Shares:</p> <ul style="list-style-type: none">a) As soon as possible after the end of each fiscal year, annual audited financial reports of the Segregated Portfolio; andb) within 30 calendar days after the end of each fiscal quarter, unaudited quarterly reports for the Segregated Portfolio.
Financial Year	<p>The financial year of the Fund will run from January to December. The financial quarters for the Fund will end on 31 March, 30 June, 30 September and 31 December.</p>
Net Asset Value	<p>The market value of all open positions shall be valued on the basis of prevailing market rates as determined by the London International Vintners Exchange "Liv-ex" as of 2.00pm (Atlantic Time) on the relevant Valuation Day. In the case of any asset for which price quotations are not available, or for which price quotations appear inaccurate, the fair value shall be determined in such a manner as the Fund shall determine in accordance with international financial reporting standards ("IFRS") after consultation with the Investment Manager and the Administrator or their respective affiliates.</p> <p>The Directors may, in their discretion, permit some other method of valuation to be used if they believe that such valuation better reflects the fair value of the Segregated Portfolio's assets and is in accordance with IFRS. The Directors may rely upon information from the Investment Manager and the Administrator or their respective affiliates in determining the value of the assets held for the relevant Segregated Portfolio. The Segregated Portfolio's income and expenses (including fees) will be determined on an accrual basis. The Investment Manager will pay all fees out of the relevant Segregated Portfolio.</p>
Directors	<p>The Directors of the Fund are:</p> <ul style="list-style-type: none">Steve BergerPascal MaeterNeil Rafferty
Auditors	<p>KPMG BVI Limited</p>
Administrator	<p>Conifer Fund Services Limited, Tortola, British Virgin Islands</p>
Custodian	<p>RBC Trust Company (International) Limited, Jersey</p>
Legal Advisers	<p>Harney Westwood & Riegels, Tortola, British Virgin Islands</p>
Business Days	<p>British Virgin Islands and London.</p>
Governing Law	<p>The Fund is incorporated and regulated under the laws of the British Virgin Islands.</p>