



Mature Magnums of Penfolds Grange: A Great Way to Collect

We have written before that Australia's **Penfolds Grange** is *the premier New World wine brand*. Grange is produced from Shiraz grapes (with some Cabernet Sauvignon) and comes from the best parcels of Penfolds' South Australia estates. Production is a closely guarded secret, but 7,000 to 9,000 cases annually is a good estimate. Penfolds (and owner Treasury Wine Estates) is very ambitious for the Grange brand and has succeeded in creating a long-term collectable wine which rivals the best of the Old World. No fine wine brand is working harder in China to develop its reputation (and hence pricing power). Grange has a long and illustrious history, first produced in 1951. Older vintages are increasingly rare and are now highly collectable. Only a very small quantity of Grange is bottled in magnum each year.

A Rare Vertical of Grange Magnums 1994-2004 (Significant Discount to Market)

We are offering Hong Kong collectors a chance to start a vertical portfolio of Penfolds Grange in an exciting format: Magnum (150cl). Our offer is between 22% and 27% **below prevailing Hong Kong market prices**.

WINE	YEAR	UNIT	QTY	HONG KONG MARKET PRICE	SPECIAL OFFER PRICE	DISCOUNT TO MARKET	SCORE
Penfolds Grange	1994	150cl (Magnum)	1	HK\$10,000	HK\$7,495	25.1%	96 WS, 97 JH
Penfolds Grange	1995	150cl (Magnum)	2	HK\$10,000	HK\$7,495	25.1%	97 WS, 96 WSM
Penfolds Grange	1996	150cl (Magnum)	1	HK\$11,000	HK\$7,995	27.3%	95 RP, 98 JO, 97 JH
Penfolds Grange	1997	150cl (Magnum)	1	HK\$9,000	HK\$6,995	22.3%	95 JO, 94 JH, 93 ST
Penfolds Grange	1998	150cl (Magnum)	1	HK\$11,000	HK\$7,995	27.3%	100 FS, 96 RP, 97 JH
Penfolds Grange	1999	150cl (Magnum)	6	HK\$10,000	HK\$7,495	25.1%	96 JO, 96 BC, 94 WS
Penfolds Grange	2000	150cl (Magnum)	19	HK\$9,000	HK\$6,995	22.3%	96 JH, 95 CT
Penfolds Grange	2001	150cl (Magnum)	6	HK\$10,000	HK\$7,495	25.1%	98 RP, 96 WSM
Penfolds Grange	2002	150cl (Magnum)	6	HK\$11,000	HK\$7,995	27.3%	98 RP, 98 FS
Penfolds Grange	2003	150cl (Magnum)	26	HK\$7,500	HK\$6,495	13.4%	94 WS, 96 JO, 94 FS
Penfolds Grange	2004	150cl (Magnum)	27	HK\$10,000	HK\$7,495	25.1%	98 RP, 98 WS, 98 JH

Source: Cru prices and wine-searcher.com estimates for Hong Kong market prices.

Do Older Vintages of Grange Still Appreciate in Value?

In a word: *yes*. The table below shows the price performance of our vertical collection (1994-2004) over the past five years (data from Liv-ex.com in GBP). All the vintages have shown decent price appreciation, with eight out of eleven moving up more than 30% in the last five years.

Penfolds Grange Year	Price in March 2013 (12x75cl)	Price Today (12x75cl)	Price Move
1994	£ 2,900	£ 3,858	33%
1995	£ 2,511	£ 3,816	52%
1996	£ 2,800	£ 3,544	27%
1997	£ 2,900	£ 3,486	20%
1998	£ 3,200	£ 4,200	31%
1999	£ 2,290	£ 3,430	50%
2000	£ 1,990	£ 3,704	86%
2001	£ 2,836	£ 4,000	41%
2002	£ 3,000	£ 3,900	30%
2003	£ 2,700	£ 4,080	51%
2004	£ 3,568	£ 4,740	33%

Source: Liv-ex.com

Are Magnums a Good Format to Collect Penfolds Grange in?

Yes (again). Three reasons for this:

1. Magnums of Grange are rare, and trade at a significant premium in the secondary market.
2. Wine ages more slowly in magnums, and hence lasts longer.
3. Magnums are much cheaper to store.

1. Magnums of Grange are Rare – and Trade at a Significant Premium

We have spoken to Penfolds and they do not reveal the number of Grange magnums produced each year. But they do confirm that the number is “extremely limited”. This is supported by secondary market trading activity. We compared the lowest single bottle (75cl) price and lowest magnum (150cl) price across the whole world for each of our 1994-2004 vertical. We were shocked to find that, on average, it will cost you **45% more to drink Grange from a magnum!**

Penfolds Grange Year	Premium for Magnums over Single Bottles
1994	99.9%
1995	54.9%
1996	16.5%
1997	33.7%
1998	52.3%
1999	67.9%
2000	59.5%
2001	28.8%
2002	47.8%
2003	7.9%
2004	21.8%
Average	44.6%

Magnums clearly are extremely desirable in the secondary market and they are very hard to come by.

2. Wine Ages more slowly in Magnum

Experts have confirmed that magnum bottling retards the aging of wine. Less of the wine is in contact with anything other than wine, and this has a noticeable impact on evolution. This means that magnums generally have **longer drinking windows**, and hence **extended price appreciation windows**. When buying older vintages such as our 1994-2004 vertical, this is an important consideration.

3. Lower Storage Costs for Magnums

Cru charges the **same storage fee for 150cl magnums as for 75cl bottles**. Over the lifetime of the holding, the same value of wine held in magnum format will therefore cost **50% less than if held in bottle**. Although for higher value wine like Penfolds Grange the cost of storage is not a significant factor, it is very welcome to achieve a lower 'cost of carry' in this way.

Drinking Window / Price Appreciation

All of the wines in our vertical (1994-2004) are either at optimum drinking or have a significant period of improvement ahead of them. None of the wines is past its Drinking Windows according to Robert Parker:

Penfolds Grange Year	Drinking Window	Years Remaining
1994	2020	2
1995	2018	0
1996	2025	7
1997	2022	4
1998	2039	21
1999	2019	1
2000	2021	3
2001	2030	12
2002	2050	32
2003	2030	12
2004	N/A	Plenty

Impeccable Provenance

Our vertical is a special parcel sourced direct from Australia. The wines have all been **collected and stored in the same bonded warehouse (Wine Arc) in Sydney since each release**. This is a pristine, rare and beautiful collection of magnums of Australia's finest and most famous wine.

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