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# Introduction to Cask Acquisitions

We at Cask Acquisitions are a company that create a real trading marketplace for individual casks of whisky anywhere in the world. Our aim is to facilitate the buying & selling of casks amongst independent bottlers, investors & enthusiasts.

Our company is well-financed and holds all appropriate licenses and certification to enable us to safely store and manage casks across the United Kingdom and on behalf of customers around the world.

We have an exceptional stock list of fully owned casks, offering a wide variety of whisky of different sizes, ages & finishes from many distilleries across Scotland.

Creating an open marketplace for all allows for simple trade and honest industry pricing. We manage the entire evolution of any cask, including samples, healthchecks, with shipping worldwide.

We offer multiple in-house exit strategies, including re-selling to our international network of independent bottlers and to other investors

**WE INTEND TO MAKE THE WHOLE EXPERIENCE OF OWNING A CASK AN ENJOYABLE AND PROFITABLE JOURNEY.**



## WE ARE EXPERIENCED

Our team have years of independent experience in whisky cask investment. We've built an extensive network of contacts throughout the industry.

## WE HAVE A PASSION

We love whisky. This really matters because we understand the product you're investing in. We know the market inside and out.

## WE ARE FULLY LICENSED

Alcohol is a highly regulated industry, and it is difficult to get the licencing you need to operate. We have government permission to own and manage casks of maturing whisky.

## WE CARE ABOUT SERVICE

We provide an end-to-end service. That means we help our clients through the entire process, from finding the right casks to exiting their investments. It's what we do.

# The World Wants Whisky

Scotch Whisky, to be precise. It's an asset with a highly desirable global demand, but with a very limited supply. This is partly due to the precise and complex procedures it has to go through to be classed as Scotch Whisky.

## A DRINK BY ANY OTHER NAME

Our team have years of independent In order to be legally sold as Scotch Whisky, New Make Spirit (the clear, potent liquid formed by fermenting and distilling malted barley, water and yeast) must mature in a wooden cask, in Scotland, for a minimum of 3 years. And these casks have to be stored in an HMRC approved bonded warehouse.

The time spent in the cask creates a substantial increase in value, as Cask Maturation means the spirit can now be legally sold as Scotch Whisky.

## A GROWING MARKET

With an export value of £7.1bn per annum, Scotch Whisky represents 70% of all Scottish Food and Drink Exports. That's 41 bottles of Scotch Whisky exported every single second.

Historically, Scotch Whisky has consistently delivered average returns of 8-9% a year.

While individual distilleries vary, the major deciding factor in the size of your return, is time.

If you can hold your Scotch for five or more years, you're much more likely to see a far greater return on investment

## YOUR INVESTMENT PARTNERS

Our focus is to partner with private investors like you, in order to help you buy premium Scotch Whisky at wholesale rates. We give you all the facts you need to make an informed choice about which whisky to invest in.

And, let's not forget one of the main benefits that makes Scotch Whisky investment so exciting - that sweet anticipation of tasting the first drop of your very own, personal, and unique Scotch.

**WITH AN EXPORT VALUE OF £7.1BN PER ANNUM, SCOTCH WHISKY REPRESENTS 70% OF ALL SCOTTISH FOOD AND DRINK EXPORTS.**



# A Crash Course In Cask Spirits

We know Cask Spirits and we want to share our knowledge with you. So, here's some key facts you need to know.

## Scotch Whisky is the undisputed king of whiskies

It's a tried and tested maturing asset – the longer the whisky matures, the smoother and richer its flavour. The smoother and richer its flavour, the greater its value.

That said, every whisky has a peak maturation process because almost all of its unique flavour profile comes from the oak cask. Once it's bottled, whisky stops maturing, unlike wine. These two factors are what makes Whisky Cask Investment such a good option if you're looking for strong returns over 3 to 10 years.

## Casks are mostly bottled after 7, 10 or 15 years

This dramatically reduces the number of casks holding older whiskies. Any whisky still in its cask after 20 years is extremely rare. Extremely rare whisky is extremely valuable.

This is where cask owners can see exponential returns. Global demand for such rare assets is incredibly competitive, inevitably leading to a bidding war in the auction room. The bottle of Macallan 1926 that went for \$1.5m? It was laid down for sixty years. That's a return of \$25k a year.

**WITHOUT HELP FROM INVESTORS,  
MANY DISTILLERIES, ESPECIALLY THE  
SMALLER OR NEWER ONES, SIMPLY  
COULDN'T AFFORD CASK MATURATION.**

# Why Distilleries Need Private Investors

The costs of providing secure storage for millions of pounds worth of casks is massive. Then there's insurance fees and the cost of capital – outlaid prior to buying grain, paying staff, importing barrels & paying distillery overheads.

## Borrowing

Like any credit facility or bank lending, this option requires assets to be used as security. It exposes the distillery to fickle rates of interest rates – not a viable option for distilleries with existing credit lines in place.

Distilleries are also up against a new ruling. Asset backed lenders must now take their company's further liabilities into account. The upshot of this is low funding levels offered by lenders.

## Investment

Ultra-High-Net-Worth and Family Offices are an alternative funding option for distilleries. But there's a downside. The distillery owner has to give up a large amount of equity and control of the distillery.

One of the things that makes Scotch Whisky a globally desired commodity, is the generations of expertise that goes into its production. Many distilleries are family owned and commercialising any family business runs the risk of killing its heart and soul. The very things that make it a great business.

## Cask Acquisitions Ltd

Due to our strong relationships with several leading distilleries, we have contracts in place to purchase casks at heavily discounted prices. This gives the distillery much needed funding, helping them cover operational costs.

It also creates an opportunity for private investors, like you, to take Scotch Whisky from distillation to cask. Your cask is then laid till maturity in a bonded warehouse, insured for 3 years against theft, accidental damage, spoilage. It's a win-win situation for you and the distillery.

# The Difference Between Cask And Bottle Investing

When people think about investing in whisky, they often think about the finished product. They see the eye-watering prices rare whisky bottles command at auction. That's no surprise. In recent years, we've witnessed whiskies sell for astronomical sums. In February 2020, a bottle of 60-year-old 1926 Macallan sold for a hammer price of US \$1 million.

The bottle market relies on investors finding unique or limited edition expressions at a reasonable price. The cask market is different. It's easier to invest and is more straight forward.

There are three principal ingredients in whisky: water, yeast and barley. But there is something else that you need to make whisky: time.

A cask of whisky is a living, breathing, thing. The porous oak allows air in and out of the cask. The interaction gently moves the whisky as it interacts with the wood and matures in flavour.

Whisky is distilled beer. It's the time that the whisky spends in an oak cask that makes all the difference. The magic comes from the cask

The cask gives whisky 100% of its colour & 70-80% of its flavour. And the longer a whisky stays in the cask, the more influence the wood will have. The time whisky spends in a cask is crucial. In fact, in Scotland, whisky needs to be in the cask for at least 3 years. Otherwise, you can't even call it Scotch.

When you invest in a cask, you buy the whisky while it's maturing. You don't just buy one bottle with a label. You get a cask full of whisky while it's ageing. One cask might yield between 200 and 300 bottles. And, because the cask improves a whisky's taste over time, the longer it's in the cask, the more valuable it becomes.

Investing in casks involves less speculation, luck and timing than investing in bottles. It is a straightforward asset that appreciates over time.

# Four Cask Types

It takes time to mature whisky. That's why whisky casks are an investment that increase in value over time. The longer a whisky stays in a cask, the more influence the oak will have on the spirit

**DISTILLERIES AND INVESTORS HAVE FOUR MAIN CHOICES FOR CASKS THEY CAN USE FOR MATURING WHISKY**



## EX-BOURBON

These casks are made from American oak. The barrels give the whisky aromas and flavours of vanilla, pine, eucalyptus, spice and coconut.

## EX-SHERRY

These casks are made from European oak, which gives notes of dried fruit, clove incense and walnut. European oak also makes whisky's colour vibrant & higher in mouth-drying tannin. Whiskies from an ex-sherry cask tend to be more expensive and larger than ex-bourbon casks.

## RE-FILL

Distilleries can use casks many times. Each time they use a cask, the oak will have less effect on the whisky. Refill casks are essential to let a distillery show their character — not just the cask.

## CASK FINISHING

Distilleries can give their whisky an extra twist by finishing it in a different cask. This involves taking a whisky that was first matured in one cask, usually an ex-bourbon or ex-sherry cask, and giving it a second ageing in another cask. These second casks generally had sherry, port, madeira, or another wine. Finishing in this way imbues the whisky with flavours from the second cask. Between 15% and 20% of casks are treated in this way.

## WHISKY'S STRONG PERFORMANCE

In 2023, scotch whisky accounted for

# 74%

of Scottish food and drink exports,

# 22%

Of all uk food and drink exports, and

# 2%

Of all uk goods exports

The industry's export success sparked an upsurge in distillery openings, with

# 34

Malt distilleries

Opening between 2012 and 2019, we even saw some more distilleries open in 2020 and the Exciting new johnnie walker princes Street centre, in 2021

In 2023, the value of scotch whisky exports was up

# 19% By Value To £5.6 (\$7.2bn)

# The Global Export Market

## Growth in the Top 12 Export Markets

Scotch whisky represents 12% of worldwide spirit beverage sales. 94% of Scotch production is sold abroad, which is equivalent to around 40 bottles every second. Whisky accounts for 25% of all British food and drink exports.

The top export countries are: France, The United States, India, Mexico, Spain, Japan, Germany, Singapore, South Africa, Brazil, Latvia and Australia. The 2023 total for the top 12 export markets was £5.6bn



# Investment Process

1

## SELECT

We'll work with you to Understand your investment goals. Based on your objectives, we'll create a bespoke cask portfolio. We use our network to source whisky casks ranging in age, region and distilleries to meet your goals. Casks ranging in age, region and distilleries to meet your goals.

2

## ACQUIRE

After you select your casks, we agree a price and prepare the paper work for a simple transaction. We'll send you ownership documents concluding the trade.

3

## STORE

We will manage your casks in a bonded warehouse and pay storage and insurance for a defined period of time.

4

## PROFIT

The demand for whisky far outstrips supply, making it a lucrative investment. There are multiple exit strategies to meet short-term and long-term investment goals. We'll help you choose the right one.

# Cask Acquisitions Disclaimers

1. Cask Acquisitions Ltd is not authorised or regulated by the FCA (Financial Conduct Authority). Whisky casks (as well as bourbon and rum) are not an investment of a specified kind within the scope of the Financial Services and Markets Act 2000 nor is it a controlled investment subject to Section 21 of the Financial Services & Market Act 2000 and the Financial Promotion Order. Any and all information provided by Cask Acquisitions Ltd relates to whisky and its value. Cask Acquisitions does not deal with options, futures or any regulated investments of a specified kind under the Financial Services and Markets Act 2000. No information provided should be deemed to constitute the provision of financial investment or other professional advice subject to regulation under the Financial Services and Market Act 2000.

2. The value of your purchase may go down as well as up, and your capital may be at risk. Cask Acquisitions cannot be held responsible for market fluctuations and conditions for the price of whisky.

3. The purchase of whisky casks described or recommended in our marketing materials or on the website may not be suitable for all people. You should seek your own professional advice as to the suitability of any such purchase before you enter into any transaction.

4. Any information relating to past valuations of whisky is not necessarily a guide to future performance. There is no official or regulated index for whisky Casks and therefore valuations are subjective & based upon our and industry-wide historical data and expert professional knowledge.

5. Once a sale is deemed final, no returns will be accepted, or refunds made, and the buyer hereby accepts and waives any claims he/she may have under English law or otherwise.

6. All casks must only remain in HMRC government bonded warehouse facilities. They cannot be delivered or moved outside these facilities. Casks of maturing Scotch whisky must remain maturing in Scotland.

7. Whisky casks are sold on a first come, first serve basis.

8. We do not offer shared ownership options; all casks must be held under one name.

9. We do not have the facility to offer credit. We are not a credit broker or finance provider

10. All payments are due in full by return on presentation of the invoice without any deduction by way of a set-off, counterclaim, discount, abatement or otherwise. No action will occur until cleared funds are received into the company bank account. If cleared funds are not in our account within 7 days (1 week), we reserve the right to cancel the order and re-list the casks.

11. All payments shall be made in British Pound Sterling and the agreed price is due in full at the time the offered price is accepted and confirmed by invoice, unless agreed otherwise in writing. All bank charges are payable by the client.

12. Should the cask ultimately be bottled, both Duty and VAT are due before the whisky has been bottled and the finished goods are removed from the HMRC bonded warehouse. This is payable by the client.

13. Duty and VAT are due before the finished goods leave the government bonded warehouse.

14. There is the risk of potential loss of value arising from falling whisky prices during the time in which you own whisky. This risk is not a Cask Acquisitions Ltd responsibility.

15. Cask Acquisitions Ltd may request samples on your behalf from our suppliers and bonded warehouse operators. The standard size sample is 10cl, and costs may vary between warehouse operators. The Client will accept to cover all costs of procuring samples, including duty and delivery. Due to the nature of individual warehousing, we cannot guarantee a set time frame.

16. Cask Acquisitions Ltd is not responsible for any natural, or unnatural, loss of liquid or alcoholic strength which may occur during cask storage and movements. The 'angel's share' is part of the natural process of maturation and is evaporation of both water and alcohol from a whisky cask. The rate of evaporation varies between casks and warehouses.

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