



# FACTS ABOUT WHISKY

## KEY FACTS

Over the last 10 years rare whisky is up 582% compared with art which is up 147% and coins which is up 197%.

85% of a Single Malt flavour comes from the cask.

The rarer the whisky the greater the potential for greater returns.

In 2018 there was a rise of rare whisky sold at auction of 29% from the previous year.

Scotch Whisky exports reached a record level of £4.7 billion in 2018.

## PROJECTED GROWTH

What is the projected growth for the Scotch whisky market?

According to researchandmarkets.com the global whisky market is projected to grow at 5.51% CAGR (compound annual growth rate) during 2020 to 2025.

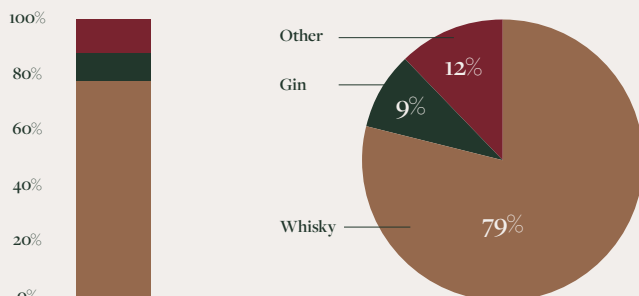
Demand for variety in Scotch whisky from fast-growing emerging markets are driving the market forward.

Lower alcohol and organic whisky amongst health-conscious drinkers are underpinning this growth. With the increased focus on healthy living across the World, people are preferring a variety of choice in their whisky.

## HOW BIG IS THE MARKET?

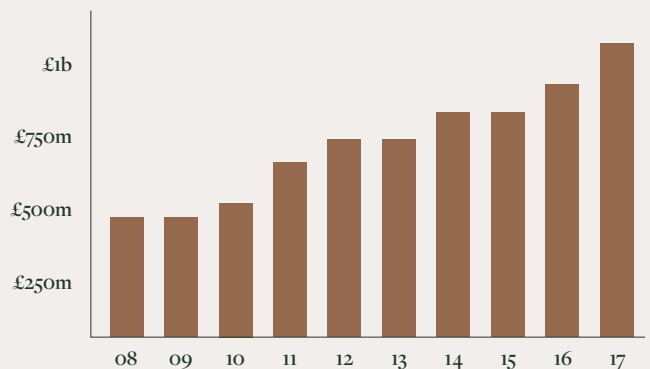
Rare whisky is currently ranked number 1 in the Knight Frank Luxury Investment Index as the asset with the biggest potential return, having achieved 40% value growth in the past year and a 582% increase since 2009.

Scotch whisky accounts for 79% of all spirits exported from the UK. In 2017, UK companies added £449 million to the value of the spirits export from the UK. Almost 80% of this growth was the result of an additional £359 million of Scotch whisky.



Exports of Scotch whisky hit a record high last year. HMRC data found exports grew 7.8% by value to £4.7bn.

## UK Scotch Exports 2008 - 2017 Scotch Whisky Association & HMRC



According to the BBC, the number of bottles exported in 2018 reached record levels, growing by 3.6% to £1.28 billion.

Blended Scotch achieved global exports of just over £3bn in 2018 while exports of single malts rose by 11.3% to £1.3bn.

Bulk Whisky for bottling abroad and bottled single and blended grain whisky exports together amounted to £359m.

The United States became the first billion-pound overseas market for Scotch whisky in value in 2018, growing to £1.04bn last year.

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HMRC excise Number: GBOG027641700



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## HOW IT WORKS

You purchase one of our unique whisky products.

- Your cask is insured once you've purchased it.
- Maturation of your whisky cask begins in a bonded location and a certificate of ownership is issued to you.
- The more time whisky spends in the cask, the more valuable it becomes to you with targeted annual returns of between 10 – 15%.
- The greater potential return is achieved by sourcing a superior product from the offset.
- Sell your cask anytime you wish after 3 years.
- Keep 100% of the profits – No capital gains tax to pay. HMRC class whisky as a perishable asset meaning you get to keep all the profits as no tax is payable when you exit the investment.

## AUDIT AND QUALITY CONTROL

At year 5, 'WIP' will arrange and pay for a 'Re-Gauge'.

This is a test on the contents of the cask to measure the current literage, alcohol strength along with a cask inspection. A small sample will be taken to send to an independent whisky specialist to blind test the taste for quality.

A 're-gauge' is advised every 5 years thereafter as this will form part of the cask's history.

The cost of Re-Gauges before or after year 5 e.g in year 3, 10,15,20 etc will be borne by the client at a cost of £50+vat per cask.

## QUALITY CONTROL

In the unlikely event that that following a Re-Gauge, the spirit is found to be of poor quality, the distillery will replace the cask on a 'like for like' basis.

However, should this be disputed the clients' have a legal route of recourse.

A cask purchase falls under The Sale of Goods Act. Casks are defined as perishable goods and as such, they are covered under the Act for 6 years.

## EXIT STRATEGIES

### Sale to a bottler/blender

Brands that do not have their own distilleries buy aged whisky for cashflow purposes. They buy today, bottle tomorrow and sell the day after. This is the number 1 route to exit as demand is always there. Whisky Investment Partners can facilitate this sale for a 2% fee with No VAT due.

### Selling at auctions

Selling at auction can be a great way to achieve the best price as it's not uncommon for bidding wars to take place. Costs range from 5 - 15% of the selling price. No VAT is due. Whisky Investment Partners can arrange this on behalf of the client for a fixed price of £250 regardless of the value.

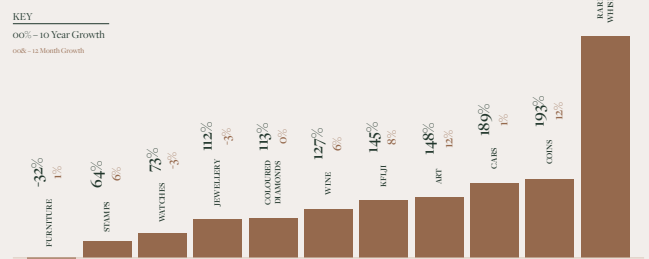
Or, the client can arrange this themselves with no charge from Whisky Investment Partners ('WIP').

### Whisky Investment Partners may make an offer to buy the cask back

'WIP' will use bank finance to do this much like a buy-to-let mortgage. This form of lending is known as asset-backed lending (ABL). Unfortunately, this is not available to the public.

The cask would be valued independently by Sanderson Weatherall who are the specialist cask valuers to the banks. Clients would not have to accept the offer, it's only an option. Should they decide to sell to Whisky Investment Partners. There are no fees for doing so.

A Decade of Passion  
The Knight Frank Luxury Investment Index Q1 2019



Source: Compiled by Knight Frank Research using data from Art Market research (art, coins, furniture, jewellery, stamps and watches), Fancy Color Research (coloured diamonds), HAD (cars), Rare Whisky 201 and Wine owners. All data Q1 2009 except watches (Q1 2008) and coins, furniture, jewellery and stamps (Q1 2008, stamps provisional)

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