



INVESTING IN AGED SCOTCH WHISKY

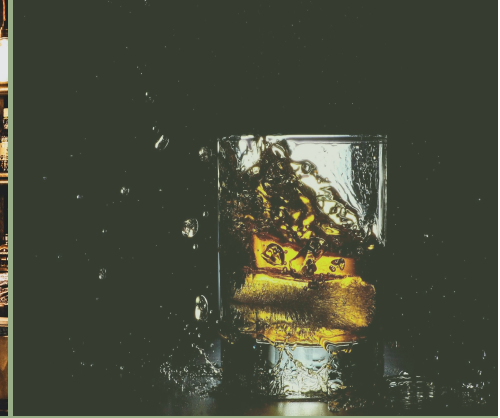
This prospectus contains information necessary for evaluating Cask House's investment offer. In order to make an informed decision and fully understand the opportunities and risks of your investment offer, it is important that you carefully read the information contained in this prospectus.

If you wish, you can seek advice from a financial adviser.





WHY EVEN CONSIDER WHISKY?



The most compelling reason to invest in whisky is that very few people invest in it, and until recently it was almost impossible to invest in Whisky.

Now whisky is a new investment opportunity for serious investors.



Since the beginning of March 2020 we have seen the largest collapse in world oil prices in recent years, as well as the devastating impact of the COVID-19 coronavirus pandemic on the world economy. The UN Secretary-General called the global crisis caused by the coronavirus the most severe since the Second world war. He explained that this is a combination of *"on the one hand, a disease that poses a threat to everyone in the world"*, and on the other hand, economic consequences *"that will cause a recession, which is probably not seen in recent history"*.

Even the most authoritative organizations – in particular, the International Monetary Fund – underestimated the devastating impact of the pandemic on the world economy. A significant deterioration in forecasts is taking place before our eyes. Against the background of a planned decline in prices for copper and oil, gold has moved into a growth phase, which confirms its status as an investment safe haven. Whisky, like gold, is a commodity asset, that investors flock towards from risk during periods of turbulent markets.

Whisky is an excellent alternative investment. Not only in rare bottles, which you may have heard about reaching record prices at auctions , but also in industrial-scale goods that support the British export industry and millions of eager buyers around the world.





IN SHORT, WHAT ARE THE BASICS OF THE WHISKY BUSINESS?



Scotch Whisky ended the decade on a high note, as 2019 turned out to be the best year in the history of exports abroad. Official figures from HMRC show that:

a total of 4.9 billion pounds of Scotch whisky
was exported last year, a total of 4.4% compared
to
4.7 billion pounds in 2018.

These figures are the best indicators of Scotch whisky exports of all time, both in terms of money earned and in terms of volume sent abroad. This fact is all the more remarkable because 2018 was the best year ever for both indicators.



More interesting facts from the Scotch Whisky Association on the results of Jan-Dec 2019:

42 bottles of Scotch whisky are shipped from Scotland to 175 markets around the World each second, totalling over

1.3bn every year

Laid end to end those bottles would stretch about 350,000kms - that's 90% of the distance to the moon!

Some **20 million casks**

lie maturing in warehouses in
Scotland waiting to be
discovered.



Single malt was the standout performer, reaching a global value of **£1.5bn** for the first time, off the back of a fourth consecutive year of double-digit growth. Even more noteworthy was the overall growth in volumes after a stagnant 2018, with 2019's shipments rising an impressive 13.3% on last year.

As a result, single malts now account for 30% of the total value of Scotch whisky exports, despite only representing 11% of the overall volumes shipped.

Other categories of Scotch performed well, too. Non-single-malt exports reached their highest-ever volume of 327.1m LPA, beating the previous record set in 2011; meanwhile, blends shipped in bottles

reached a total value of **£3.1bn**, their highest return since 2013.

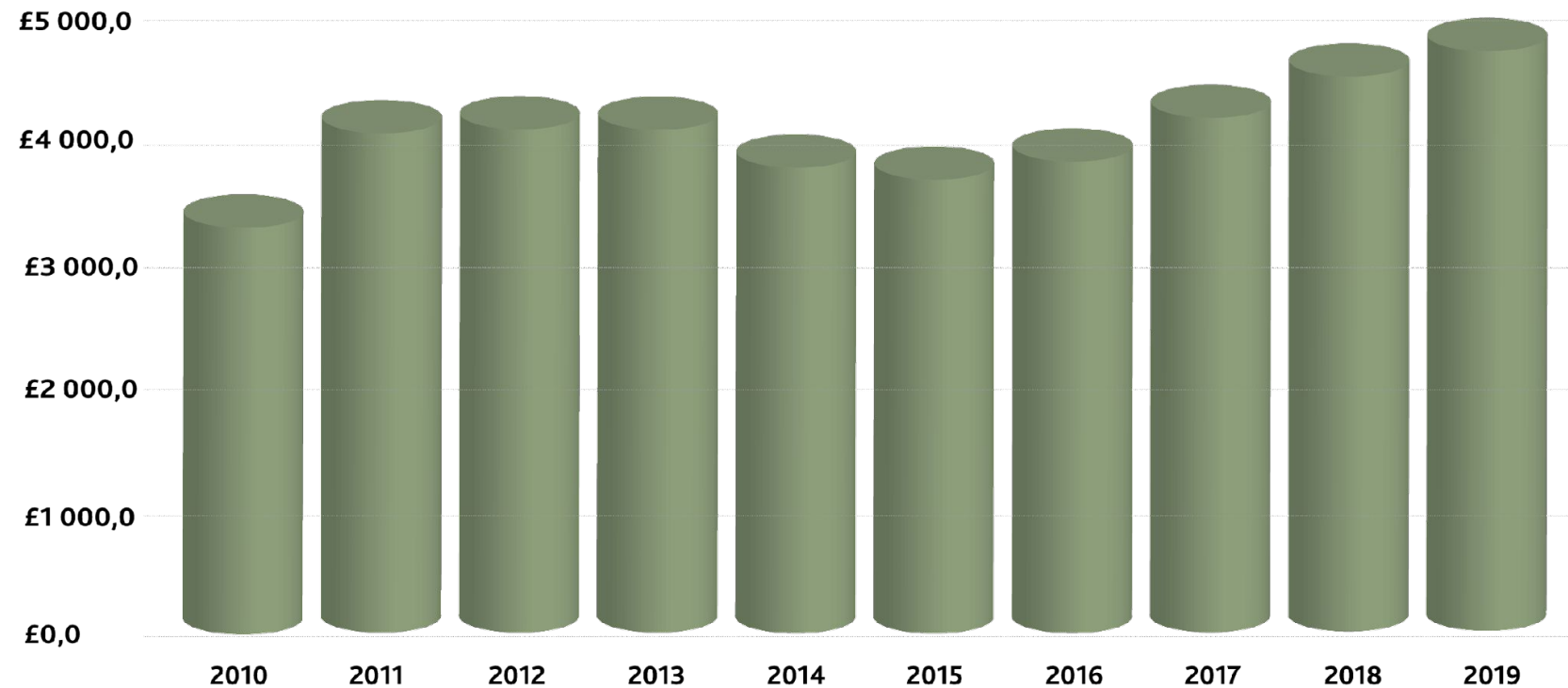
“...Quite simply, Scotch Whisky remains the Whisky everyone wants to drink.”

Karen Betts, SWA Chief Executive.



Global Exports of Scotch Whisky, 2019

Value (£m)

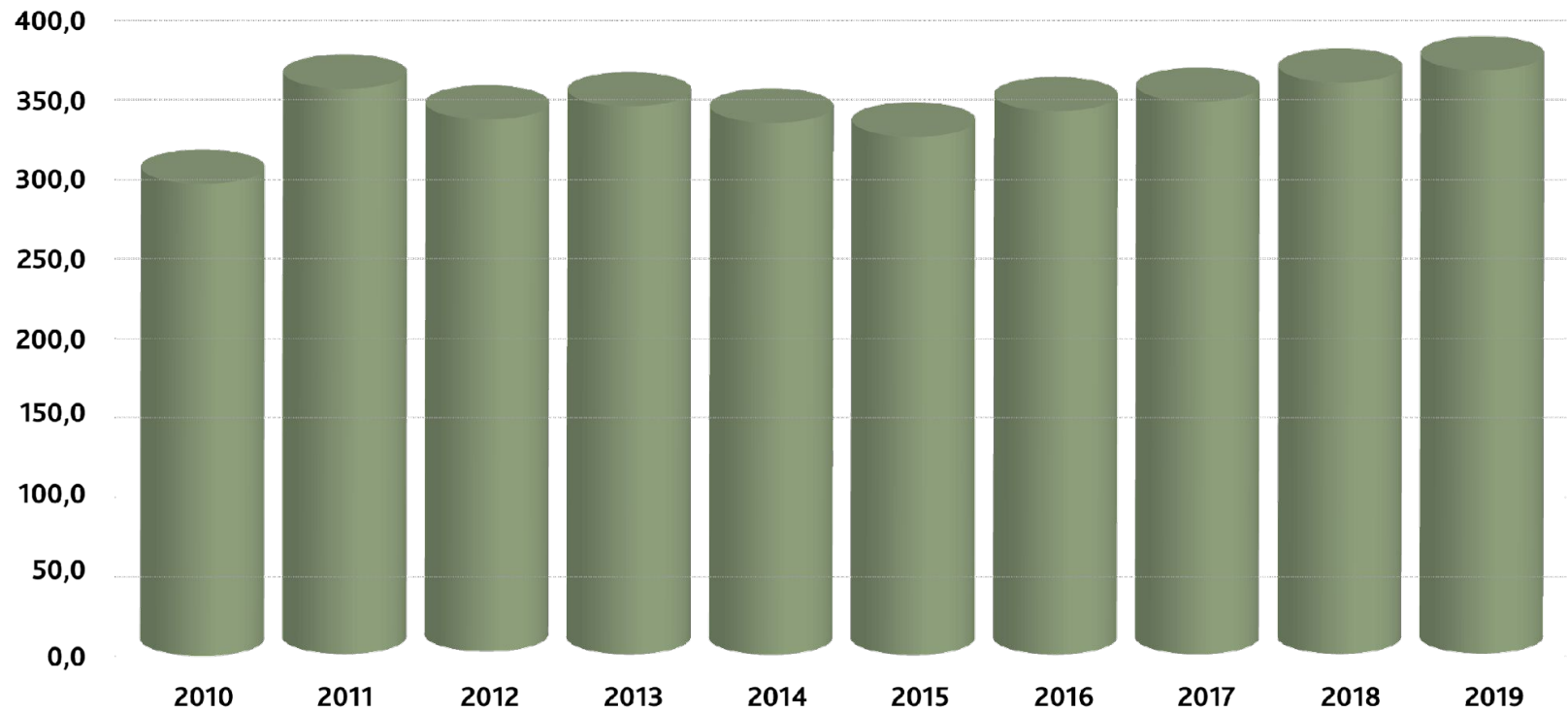


Source HMRC



Global Exports of Scotch Whisky, 2019

Volume (million Litres of Pure Alcohol)



irect | Source HMRC



According to the Wealth Report 2019 of international consulting company Knight Frank
whisky became

the Number 1 Object of Desire .

Whisky is far ahead of wine, coins, art objects, watches and cars in the Knight Frank Luxury
Investment Index.

***“Values for certain old vintage rarities
of Single Malt Scotch Whisky soared
past previous records, achieving
almost unimaginable new auction
highs”***

Andy Simpson, Rare Whisky
101



According to "The Scotch Whisky Industry Review" which for several decades has been the leading publication on developments in the Scotch whisky industry, total sales of malt whisky in China increased by 85% over the period 2011-2015, and in Singapore by 123%. On average, deliveries to Asia over these 5 years increased by 67.8%..

The middle class in emerging economies will also double over the next 20 years. Many of these new rich, especially in fast-growing urban centers, are looking for products that bring status and that can properly reflect their newly acquired wealth.

Recently, we have seen how whisky is transformed from a commercial product to an investment product, especially in relation to the European continent. There is less room for emotions (smell, taste, type of bottle and packaging) and more for annual cost increases.

These figures reflect growth that the Scotch whisky industry did not expect fifteen years ago. If this were the case, then Scottish distilleries would have had to start additional production at least twenty years ago to meet today's growing demand for high-quality malt. You just can't make an extra 20-year-old whisky today, this will take 20 years of waiting. Limited supply (deficit) is one of the reasons why the market mechanism of supply and demand is active, and the price and demand for Scotch whisky is growing every year.

***This Makes Investing In Whisky Very
Attractive***



But to get directly to the point - the investment case - you really only need to know these essential facts:

- All Scotch Whisky must be aged in oak casks for at least 3 years, an average of 12.
- During maturation, whisky is constantly improved, becoming more valuable for owners, up to 18 years and more. This improvement is the main economic force behind investment in aged Scotch.
- Two types of whisky are produced: malt (smaller volume, piece production and higher price), and grain (larger volume, industrial production and lower price).
- Two types of whisky are sold to consumers (please note the difference): malt (premium, 8% by volume of world demand) and blend (grain/malt mix of 75%/25% and 92% by volume of world demand).
- The blending industry is huge. It accounts for about 22% of British exports. This is so important that there is a significant market for lesser-known whiskies that are sold for use as ingredients in blends. Unlike the premium malt brands, these lesser-known alcoholic beverages are equally valued in many varieties and behave mainly as General-purpose goods.
- For all whisky sold, their age (time spent in the barrel, not in the bottle) indicates quality, and older whisky achieves higher prices.
- Maturation takes place in official bonded warehouses in Scotland before the government applies alcohol taxes and VAT.
- The risks seem unusually low when compared with typical modern investments that generate such income, especially against the background of the economic downturn that began in 2020.



While the world is wondering what's next, whisky is not just rising in price, but breaking all records. And here is one of the most impressive examples:



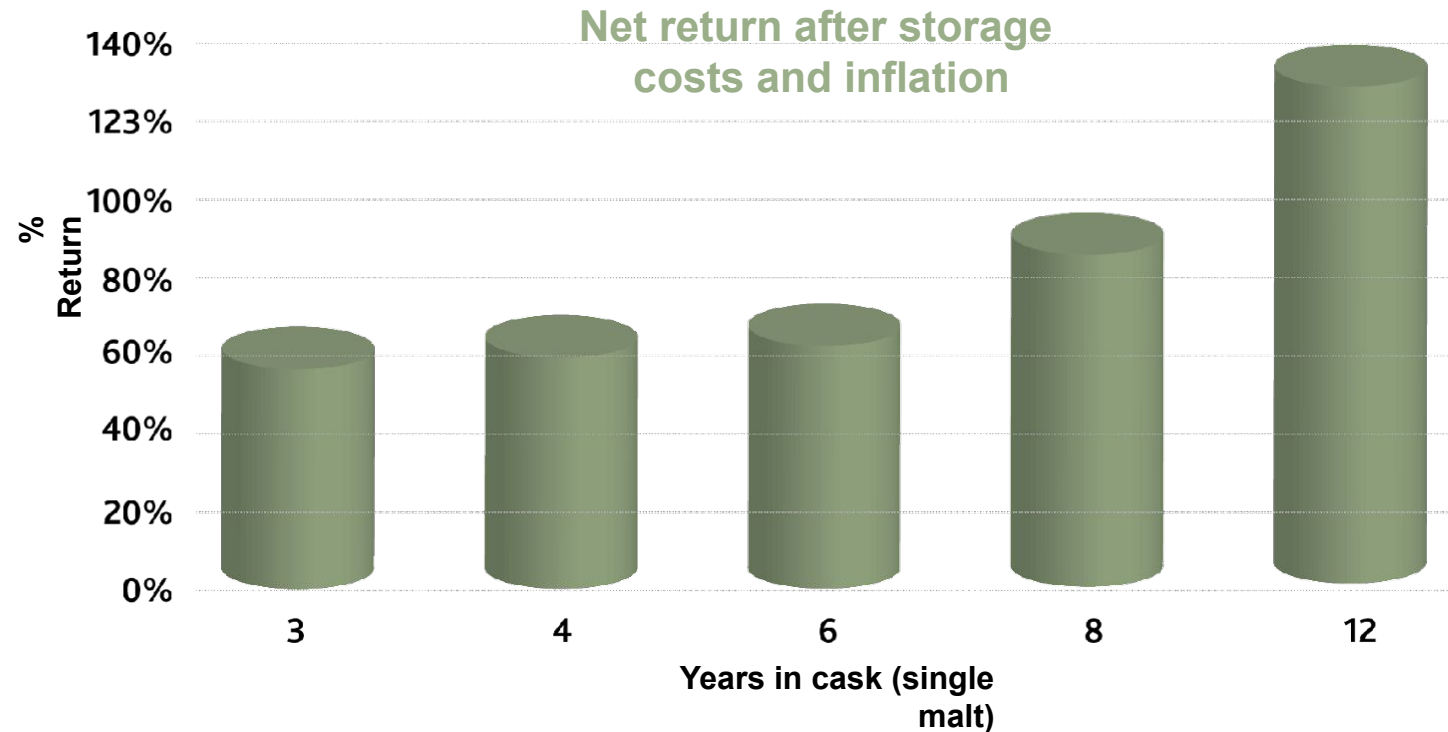
In March 2020, instead of the expected \$ 260.000, a bottle of Japanese vintage Whisky from the already defunct Karuizawa Distillery, 52 Year Old Cask #5627 Zodiac Rat 1960, went to auction at Sotheby's for \$435,273.

This jump of + 67.41% is simply breathtaking.

Whisky can save not only physical, but also stabilize mental health, because investments of this kind give a person confidence in the future and reduce stress levels.



Unlike most goods stored for many years, whisky in casks becomes a different and more valuable product with age, and the profit received by owners will be more noticeable in an era of low interest rates.



Source: Scotch Whisky Industry Review (Alan S Gray) and UK RPI from the Office for National Statistics





DIFFICULTIES INVESTING IN WHISKY AND HOW THEY WERE SOLVED



Investors usually invest in financial products and avoid commercial ones, usually because they lack the flexibility and experience needed for specific commercial investments. Fortunately, with whisky, the commercial aspect mostly involves waiting, rather than any technically difficult work. So this is really something to invest in. However, until now, private investors have not invested any serious funds in it.

Why?.....*For private investors whisky aging:*

- **Can be complex** (*types of barrels, units of measurement, evaporation, taxation*)
- **Capital intensive** (*requires large storage facilities*)
- **Requires special knowledge** (*which of the 120 different sources of whisky should investors buy, and who should they avoid?*)
- **Strict industry regulation** (*licenses, permits*) *to protect the government's substantial tax share in the final product (due to the storage of whisky under deferred excise duty).*

The result of these difficulties was a low level of investment from outside the distilling industry in the creation of whisky reserves



With Cask House you will not encounter the listed problems that have held back private investment:

- Investing is now a simple purchase based on a completed application that allows you to choose the type of whisky and its quantity, as well as the storage period. For your convenience, we have created optimal packages of options, in our opinion, to simplify your decision-making.
- Our experts pre-select a reasonable range of single malt and single grain whiskies of good quality from the available offers on the market. When buying barrels or parts of them, we guarantee the number of bottles (0.7 liters of the certain age) that you will receive if you decide to fill them. To help you navigate the prices below, we will provide some examples based on the calculation of the price of whisky, based on the prices of bottled whisky achievable in the market.
- With Cask House, you will have access to one of the most profitable price offers on the market, close to wholesale. Our price immediately includes the cost of storage and insurance for the period of your choice. You will not need to worry about periodic payments and bear the risks of increasing costs.
- Cask House uses warehouses that are already available, so there is no need to rent, build or purchase warehouses.
- Cask House allows private investors to store their own whisky in customs warehouses in Scotland under the control of customs warehouse operators who have all the necessary HMRC permits.



Perhaps many people will think that buying whisky in casks can only be done with a lot of money. This is not true! **Cask House** offers affordable options for those who have less funds to invest. One lot is equal to six bottles, or 4.2 liters of whisky. You can buy the right number of lots from different casks, collecting the optimal portfolio in order to comply with the golden rule about eggs in different baskets. The cost of a share in a cask is proportional to the cost of the entire cask, but at a more affordable price.

These opportunities make the potential profit from buying whisky available to private investors.



Here you will find examples that clearly show the potential return on investment in whisky.

MILTONDUFF

Type of whisky:	Single malt
Cask number:	22181
Type of cask:	Barrel
Current age:	years 6
Distillation date:	04.03.14
Optimal Anticipated	6 years
Maturation:	12 years
Age when bottled:	£18,45
Investment per bottle:	6
Number of bottles:	£ 110,7
Total investment:	£ 40
*Expected value per bottle after bottling:	19% per
Profitability:	year

* Based on the historical yearly value increase

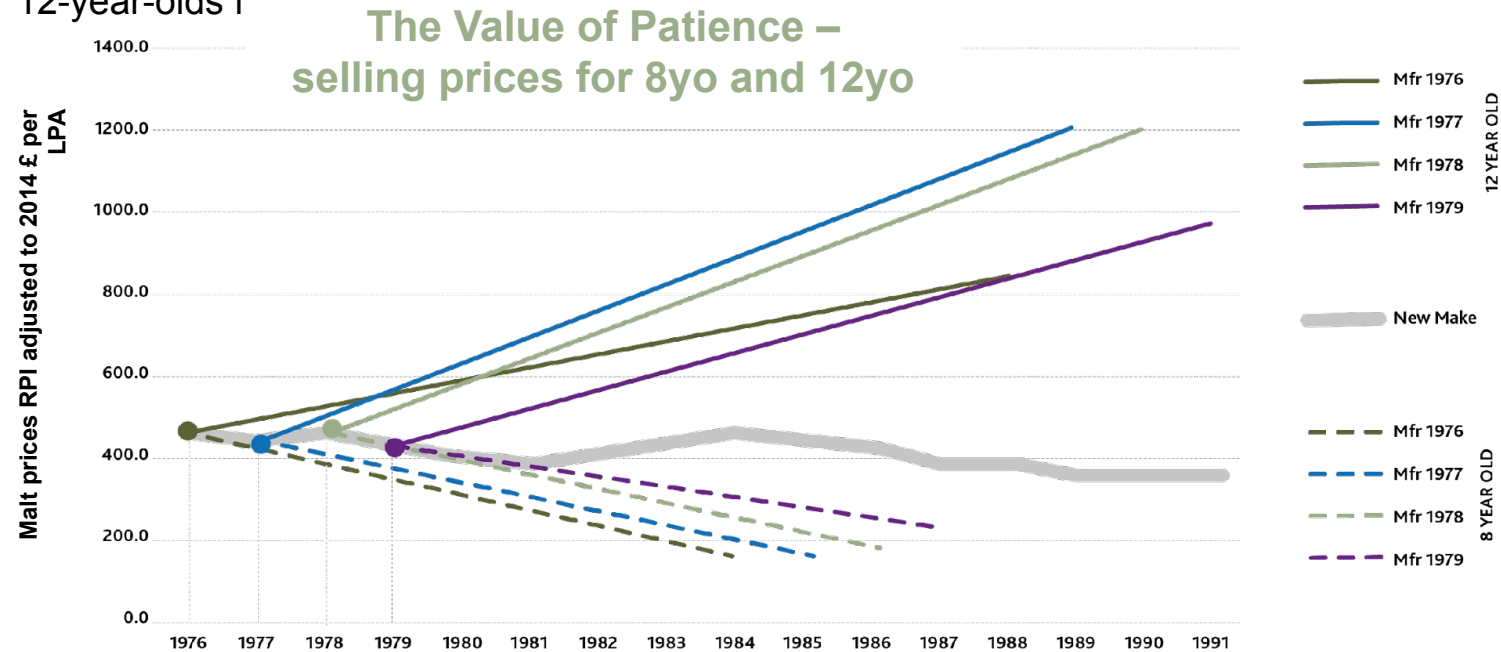
GIRVAN

Type of whisky:	Single grain
Cask number:	2371
Type of cask:	Hoghead
Current age:	6.5 years
Distillation date:	28.10.2013
Optimal Anticipated	5.5 years
Maturation:	12 years
Age when bottled:	£2,42
Investment per bottle:	6
number of bottles:	£ 14,52
Total investment:	£4,52
*Expected value per bottle after bottling:	16% per
Profitability:	year



WHISKY CAN'T GO BANKRUPT

Any property of any type can lose value, but it cannot go bankrupt. Companies can. The tangible assets you own will not go bankrupt, which makes them less worrisome than bonds and stocks in the face of the sharp financial downturn we are seeing in March 2020. And because products, unlike organizations, can't go bankrupt, their prices can recover. It is striking (below) how disappointing sales prices for 8-year-old whiskies from 1984 to 1987 soared to impressive profits when sold as 12-year-olds f



All data provided by Scotch Whisky Industry Review (Alan Gray) with adjustments for official UK RPI from the Office for National Statistics



A strong price recovery was inevitable, because as soon as it became cheaper for producers to buy old stocks than make new ones, the market self-corrected, and investors who could afford to be patient were rewarded with higher prices.

According to the available data, which applies to 12-year-old whiskies, there has not been a single year of production since 1976 that any particular year of whisky was not actually profitable at some point in the next 12 years. The worst years of 8 year old whisky (77, 78, 79, 85, 86, 95, 96 and 97) showed very strong growth when selling them as 12-year-olds.

Overall, the worst years were from 1991 to 1994. During this period, investors may have been bored, but their returns over 4, 8, and 12 years generally returned their original capital - including adjusting for inflation. Moreover, if you had any 25-year-old scotch (that is, produced at that time), you would really have a very scarce and valuable product.

And yet-you are not buying the dividends from the whisky, but the whisky itself. In other words, you buy a tangible product that becomes your property. It is the subject of a responsible storage service provided by its custodian - the operator of a bonded warehouse.





EXIT OPTIONS



Selling your whisky is getting easier. Anyone - a shareholder or brand owner- can buy and sell wholesale whisky directly to anyone else at any time. In recent years, the number of platforms that offer Scotch whisky has increased significantly, for example:

www.thewhiskyexchange.com www.whiskymarketplace.com
www.whiskybase.com

In addition, there are sites where whisky can be offered at auction, for example:

www.whiskyhammer.co.uk www.worldwhiskyindex.com *one of the most famous platforms that facilitate both the purchase and sale of whisky.*

You can make an offer to buy or sell **Cask House** to other investors by contacting Us. In essence, it's like a stock exchange for aged and maturing whisky. All of our investors get a genuine advantage of open, competitive offers and offers that tend to give both end buyers and end sellers a better price than they get through mediation.



You will also have the opportunity to bottle the whisky and to sell it as your own brand, corporate or family gift. We will be happy to help you organize end-to-end process, from the selection of bottles and labels to the actual delivery, so you can enjoy your own whisky.

Aged whisky is also in constant demand by brand owners. **Cask House** cooperates with many producers who occasionally need to buy whisky for bottling. They are not reasoned to invest in capital and stocks, but to buy whisky as needed. Brand owners will profit from the sales, leaving the ownership of the stock to others until they are ready for the bottling





INVESTING IN WHISKY -SUMMARY OF THE ADVANTAGES

VAT

Usually, those who decide to invest in tangible goods will suffer greatly from VAT. VAT usually makes such investments extremely unprofitable.

The principle of VAT (in ordinary non-whisky companies) is that a business pays VAT on what it buys, then adds value to what it sells, and pays VAT on the difference. This is 20% of the added value.

But for private investors, since they can't refund the VAT they paid when purchasing tangible goods, they end up paying 20% of the entire investment amount, which is much more. This leads to the fact that almost all material goods become completely irreversible for private investors, which makes it difficult to diversify in modern financial markets.

The great advantage of whisky is that it is not subject to VAT when stored in customs warehouses. Thus, an individual who is not registered to pay VAT can switch from saturated financial markets to commercial products without incurring a non-refundable 20% of their capital.



Comparison with Crowdfunding

As we all know, banks charge their borrowers much more than they pay their depositors. As a result, there has recently been a significant increase in "crowdfunding", when money is raised directly from depositors and distributed in the form of micro-loans to several commercial borrowers. The disadvantage for a lender is that there is usually a direct risk of default on each of the micro-loans, each of which has a limited credit check. This significant risk is attracting more and more negative comments.

In comparison, owning whisky may be a safer way to save capital. Once again, a product can lose value, but it can't go bankrupt.

Moreover, the recent revenue from whisky during its maturation exceeded the revenue received from the vast majority of offers. Of course, this is not a guarantee that they will continue to do so.

Independent Research

The majority of independent analysts predict continued stable growth in demand, which correlates with the demographic expansion worldwide of the number of main consumers of whisky, which are successful middle-aged men.

The consensus is that global consumption will grow by about 2% a year in the medium term.



Supporting an important British export industry

You will support a major British industry. 93% of Scottish produce is sold abroad, accounting for 25% of all British food and drink exports. The industry employs 40,000 people in the UK.

The spread of international demand

Scotch has a wider international customer base than any other alcoholic beverage. Its condition is not closely linked to any national market.

Reliable storage

Since the government receives £ 3 billion a year in taxes from the sale of whisky, it keeps a very close eye on bonded warehouses. This ensures the integrity of the storage system and low insurance premiums.

The effectiveness of the taxes for casks comparing to bottles

The absence of tax during maturation leaves the money you invest in cask whisky more effective than in bottled whisky, where a significant portion of your investment is spent on tax already paid to the government. In the statistically unlikely event that your investment goes wrong, you can bottle it, pay the tax, and enjoy it.





CONCLUSION



Whisky is certainly an “alternative” investment.

But that doesn’t mean it shouldn’t be

Whisky Investment offers three special defensive qualities that make it really profitable as a cautious long-term game: ***taken seriously.***

1. This is only a recently developed investment product.
2. The Insurance covers the corresponding threats to one's own physical property (theft, damage, destruction, etc.).
3. At the end of the maturation period, there is a genuine commercial reason for competitive demand, which should determine good exit prices.



From independent and authoritative data sources, we see that whisky has brought good returns to long-term shareholders.

Yes, there are risks. Demand can fall, and prices can always fall. But the real measure of investment sense is risk versus reward. Other, larger investments - even monetary ones-now carry serious downside risks. Few of them offer a reliable history and forecast of 6-8% average annual return.

Expert whisky investments offers attractive rewards. This reduces investors dependence on liquidity in financial markets and is likely to remain a marketable commodity even in very difficult future scenarios if people continue to consume whisky.

In an era of widespread downside risks, it seems to offer a fairly high probability of positive real returns from largely uncorrelated investments that are available at prices close to 40 years lows.

If you are interested in our offer, please contact _____
and request an application form.

