

**SCOTCH
WHISKY
INVESTMENTS**

Mastering the value

BESPOKE WHISKY PORTFOLIOS

INVEST IN RARE SINGLE MALT SCOTCH WHISKIES
STARTING WITH €100,000 OR MORE

**Don't take any
unnecessary risks.**

Lower risk Higher risk
Typically lower rewards Typically higher rewards

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| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
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risk indicator

**Read the Key Investor
Information Document.**

THIS IS A MANDATORY ANNOUNCEMENT

Opt for asset
management
in single malt
Scotch whisky



Growing demand, lasting scarcity

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Investing in 'alternatives' for capital growth is becoming increasingly popular. Given the stable development of the strictly controlled Scotch whisky market, it will come as no surprise that more and more investors are seeking to diversify their portfolio by adding rare Scotch whisky to it. They focus on reliable capital appreciation and stable value development in a market characterised by structural scarcity. Single malt Scotch whisky appears to be the market's most stable alternative asset.

Rare whisky has undergone remarkable development. Between 2010 and 2020, the value of rare whisky rose by 586% (source: Knight Frank Luxury Investment Index, April 2021). This amounts to an average annual increase in value of 19%. Rare whisky is occupying an increasingly prominent position in the Luxury Goods category, which includes art, wine, classic cars and watches.



Time is money

Single malt Scotch whisky has increased in value in recent years. For a relatively young whisky, the consumer will pay an average of around twenty euros, but when a whisky is 25 years old or older, the price increases exponentially. Because time plays such an important

role, the product remains limited in availability and thus exclusive: after all, 25-year-old whisky cannot be made any faster. Thus, old single malt Scotch whisky is truly a golden investment.

Positioning between property and shares

As an investment, single malt Scotch whisky is in a class of its own. It represents a whole new way of investing and spreading risk, with characteristics of both real estate and stocks. On the one hand, it is a tangible investment that can generate annual income, with bottles or casks (or parts of casks) being kept and registered by name. On the other hand, The SWEX (exchange for Scotch single malt whisky), makes it possible to trade bottles and casks internationally. It is easier to trade than real estate, for instance.

The following factors influence an investor's specific choice for single malt Scotch whisky:

- the historical development of the value of whiskies for consumption: between 1936 and 2008 the value of a representative number of bottles increased annually by an average of 6.6% (*source: research of Scotch Whisky Investments*)
- From 2008 to 2020, the average value development per year of the investment whisky category rose by 15.3% (*source: Scotch Whisky Investments*)
- growing scarcity
- minimal risk of depreciation



Let the dynamics of scarcity work to your advantage

As much as the craft and authenticity of Scotch single malt whisky may appeal, the primary concern is the potential value development. This is directly related to rarity and age. Whisky with these characteristics has a scarcity dynamic, which is the most attractive aspect for the investor. With bespoke portfolios starting at €100,000, Scotch Whisky Investments places the value appreciation of these top-quality whiskies within your reach.



Content of your portfolio

A whisky portfolio contains only physical goods. Your investment makes you the owner of

- bottles of whisky and/or
- casks of maturing whisky and/or
- parts of a cask of maturing whisky

that are individually described and registered by name. Scotch Whisky Investments keeps the bottles in a secure and insured storage facility. The same applies to the casks, which are kept in a bonded warehouse in Scotland.

Maturity and scale of the investment

It generally takes whisky portfolios about five years for their value to appreciate. A term of seven years offers even better prospects for development. When the agreed maturity expires, Scotch Whisky Investments will help you monetise your portfolio. However, it does take time to successfully sell an entire whisky portfolio. Finding the right buyers at the right price may take more time with larger portfolios. Possible options for sale include:

- via The SWEX (exchange for Scotch single malt whisky)
- offerings to new investors
- sales at luxury hotel chains in partnership with Scotch Whisky Investments
- buybacks by Scotch Whisky Investments

The structure of each and every whisky portfolio is unique. You will have the opportunity to own bottles and casks no longer held by anyone else. That increases the likelihood of a faster sale to investors looking to build a whisky portfolio worth less than €100,000 (directly on The SWEX).

If these channels do not lead to a sale within the desired period, selling through auction houses is always an option. Bear in mind that the sales costs will increase in that case.



Result and expected return

The following characteristics determine your result:

- the amount invested (€100,000 or more)
- the contractual term (5 or 7 years)
- market developments
- the option of an interim exit (at the expense of returns)
- the expected annual net yield is between 9% and 11%.

Performance bar

When we determine your requirements, we outline the expected return. We work with a *performance bar* (also known as the hurdle rate). The return up to the level of the performance bar (expressed as an annual

net return) goes in full to the portfolio owner. A return above this benchmark is considered outperformance, for which Scotch Whisky Investments receives a performance fee.

No management or custody fees

Scotch Whisky Investments covers the costs of storing and insuring bottles and casks, managing the maturing casks, administration and reporting.



BLACK
BOWMORE



DISTILLED

1964

Black Bowmore 1964 The black gold of the whisky industry

This special whisky with its deep dark colour was launched in 1993 and immediately seen as a true winner. The price tag was 339 guilders (€145) at the time. Only 2,000 bottles of the whisky distilled in 1964 have been bottled. Most of these bottles will have been consumed by now, but a small part is still in private possession. The Black Bowmore has rapidly increased in value. In 2018, another bottle of Black Bowmore was auctioned for USD 17,000. The current market value is estimated at approximately 20,000 euros.

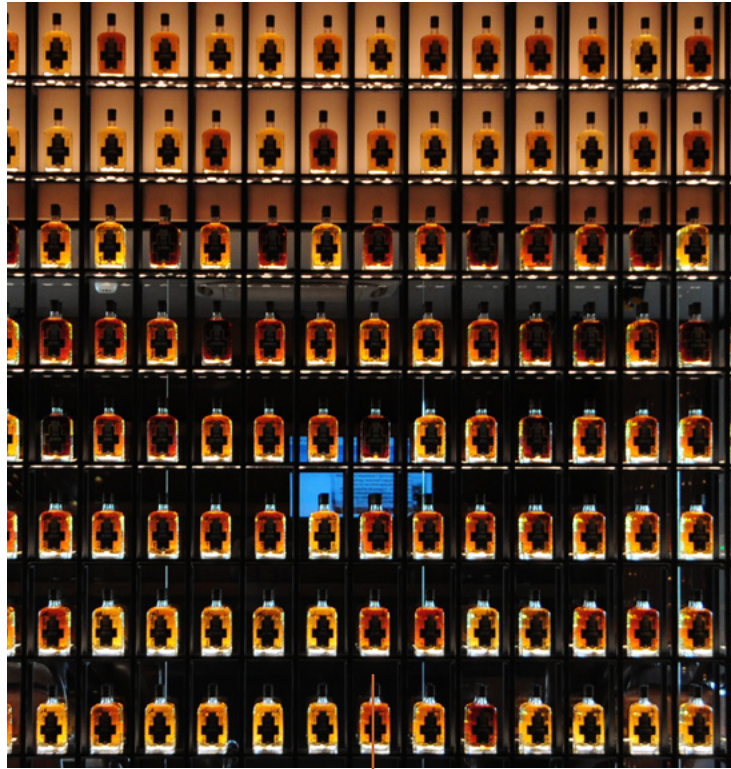
FINEST
ISLAY SINGLE MALT
SCOTCH WHISKY

DISTILLED AND BOTTLED IN SCOTLAND

MORRISON'S BOWMORE DISTILLERY
ISLAND OF ISLAY
SCOTLAND

70cl e

50%Vol



Interim exit

You can terminate your contract prematurely if you wish. However, the agreements made will be voided. We will make every effort to trade your whisky portfolio within a fixed sales period. Scotch Whisky Investments charges a

commission of 5% on the sales proceeds to compensate for the work involved. In addition, any agreed fixed benefits will be voided and/or your performance bar will be reduced to 0%.





Meet our Scotch Whisky Investors Club

Looking to get even more out of your investment? Clients investing €250,000 or more are admitted to our Scotch Whisky Investors Club. That way, you enrich not only your portfolio but also your network and your experience.

Take advantage of golden opportunities

As a member of the Scotch Whisky Investors Club, you are offered better investment terms as well as unique investment opportunities. Our strong purchasing position in Scotland means that we are regularly offered special

bottles and casks. These 'golden opportunities' ensure optimal returns – historically about 15% per year. You'll also be entitled to participate in unique experiences that money can't buy.

Whisky portfolios for family offices

While the characteristics of Scotch single malt whisky as an investment item are strong (low cost, long shelf life, not cyclical), it is primarily the structural scarcity that provides a solid foundation. Whisky portfolios worth

€10,000,000 or more are offered exclusively to family offices and asset managers, with customer-specific service based on the investor's needs.



Know the risks before you invest

Like any investment, whisky as an investment item comes with risks. Under financial regulatory legislation, investing in whisky, like unlisted property, is rated at 6 out of 7 on the risk index. We therefore recommend that you invest no more than 10% of your investable capital in whisky.

Liquidity risk

Marketability ('liquidity') presents a significant risk. As with unlisted property, whisky can take time to sell.

Market risk

In addition, the value or yield depends heavily on the maturity. Expected returns may come under pressure, especially if you wish to dispose of your whisky products within three years.

This investment item is therefore particularly suitable for investors with an investment horizon of at least five years.

Maturity risk

During the period that whisky is stored in casks, its volume will decrease by 2% a year. This evaporation loss is poetically known as *the angels' share*. Scotch Whisky Investments minimises the risk of loss during maturation* by guaranteeing investors a predetermined number of bottles.

**Only applicable to casks of whisky*



INVEST IN RARE SINGLE MALT SCOTCH WHISKIES

Looking for more information?

Are you wondering what Scotch Whisky Investments could mean to you in your specific situation?

Feel free to consult one of our whisky investment experts. They're always at your service.

Call +31 (0)25 22 22 011 or mail to info@scotchwhiskyinvestments.com



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