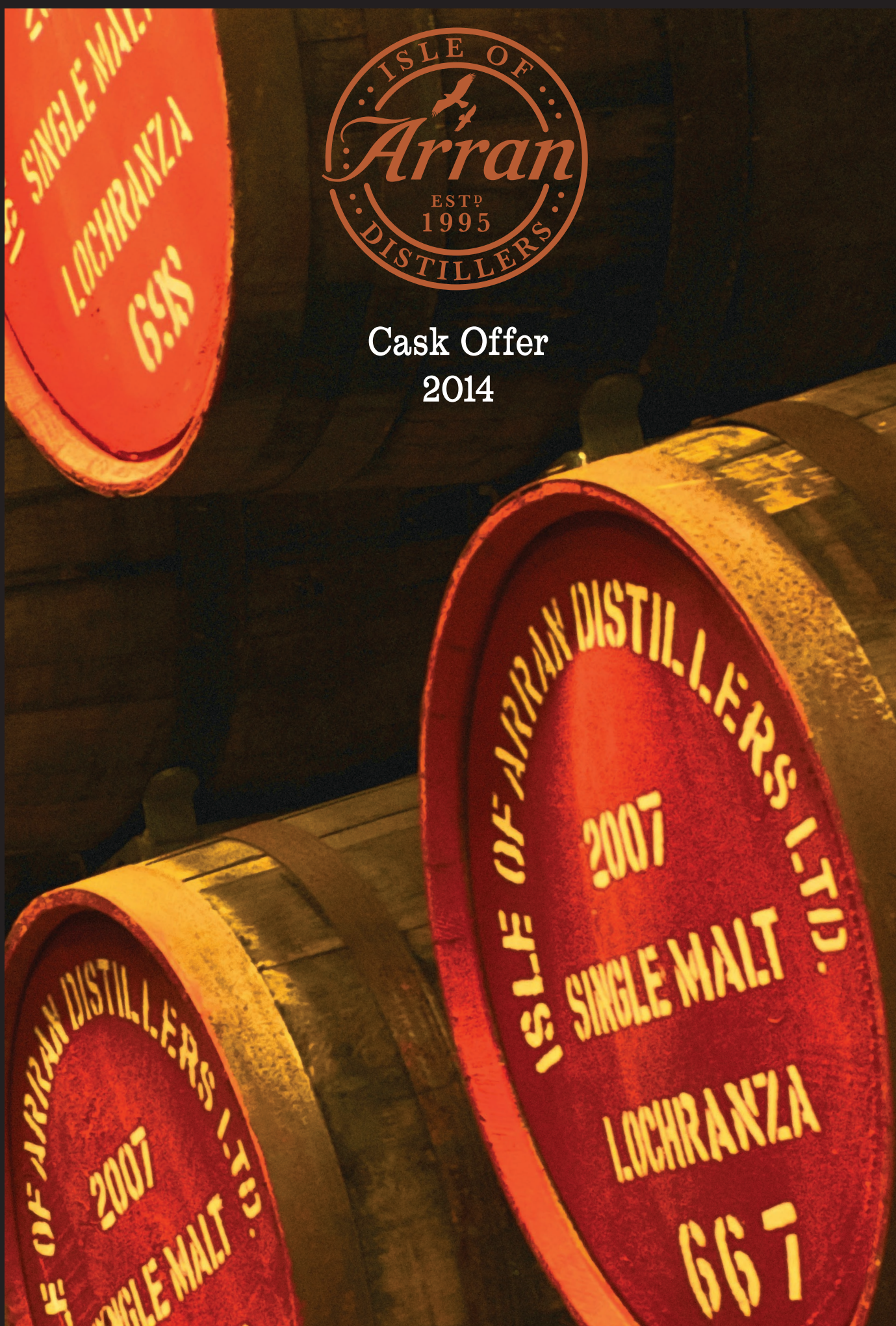




Cask Offer
2014



The Distillery

The Isle of Arran Distillery opened in 1995 at Lochranza, on the north-west tip of the island, where the perfect elements for making single malt were discovered. Although a modern Distillery our single malt is hand-crafted by traditional methods and the full production process is overseen by our experienced Master Distiller, James MacTaggart who has worked in the whisky industry for over 30 years.

In recognition of the quality of our single malt Scotch whisky the Isle of Arran Distillery was named in 2007 as both 'Scottish Distiller of the Year' and 'Scottish Drinks Producer of the Year'. In addition the company was awarded the Queen's Award for Enterprise in 2005 whilst our products regularly receive high ratings from whisky writers and industry panels, including several medals from the International Wine & Spirit competition.

The Cask Offer is an opportunity to lay down your own stock of the Arran Single Malt, to witness its development from new make spirit to full maturity and ultimately have access to a personal supply of our award-winning whisky. Please note we do not encourage the purchase of our casks for financial investment as the market price for bulk whisky is subject to fluctuation.

For the first time ever we are offering a small parcel of Peated Arran Casks to the public. Each year since 2004, we have produced a limited quantity of single malt from barley peated to a level of 20ppm. In 2014, 20 barrels of Peated Arran will be offered on a first-come-first served basis.

Purchase

1. Select the size of Cask you wish to order.
2. Complete an order form and enclose your payment. This can be sent via Post, Email or Fax.
3. A receipted invoice, stock certificate and display certificate detailing the cask number, capacity (expressed in litres of pure alcohol – l.p.a), strength and cask type will be forwarded to you.

Cask Type	Approximate Capacity	Price
First Fill* Ex-Bourbon Barrel	200 Bulk Litres	£1,500
First Fill* Ex-Sherry Hogshead	250 Bulk Litres	£2,000
Peated First Fill* Ex-Bourbon Barrel	200 Bulk Litres	£1,850

(Prices quoted are per cask UNDER BOND, excluding Duty & VAT, lying in warehouse)

*First Fill denotes this is the first time these casks have been used to mature Scotch whisky and therefore they will have a much greater influence on the spirit in terms of both flavour and colour.

Cask Types

- Availability and distillation dates for specific cask types may vary.
- Aged casks are sometimes available, a quotation can be provided on request.
- Second fill casks are sometimes available, a quotation can be provided on request.
- Volumes quoted are approximate, as casks will vary slightly.

Storage and Insurance

A 10 year storage and insurance charge is included in the purchase price; further charges will be made thereafter on an annual basis which will be charged at the current rate at the time. The Company will insure your cask under its group policy.

Casks are stored with other Arran stock at one of our warehouses; this may not be on Arran. Unfortunately we are unable to guarantee that private casks can remain on Arran.

Paperwork

Please direct all correspondence regarding the purchase of casks to Isle of Arran Distillers Ltd, Offices
4&5, Touch Business Centre, Touch Estate, Stirling, Scotland FK8 3AQ

If you have any questions, please contact: gillian@arranwhisky.com

If you wish to order a cask, please print and complete the attached form.

UPON MATURATION - BOTTLING PROCEDURE

Bottling

We recommend bottling at ten years of age but the whisky can be left to mature for longer if required.

As we do not have our own bottling plant, we cannot bottle your whisky for you. However, we can recommend two bottlers who can bottle for you; please find their contact details below. Bottling charges currently amount to approximately £29 per case of 12 bottles. This price includes bottles, corks, capsules, cartons and basic labels.

If you are considering bottling your whisky, we would recommend the following procedure:

1. Order a sample from your cask. Current sample charges amount to £50/£60 for a small sample, including UK taxes and postage and packaging. Please contact us for a quote if you live overseas as the postage and packaging charge will differ.
2. Decide if you wish to have your whisky bottled and contact one of the bottlers to discuss the bottling. The bottlers will inform you about their bottling prices and discuss the details with you.
3. Inform us that you wish to have your cask bottled, which bottler you wish to use and when you would like to have your whisky bottled. For operational reasons, we would ask you to let us know as soon as possible if you wish to have your cask bottled so that we can co-ordinate cask removals at a convenient time.

Recommended Bottlers

Craigton Packaging - Contact: Kevan Jones
43-45 Scotts Road, Paisley, PA2 7AN
Tel: 0141 887 0244, Fax: 0141 887 5462
E-mail: info@craigton.com, www.craigton.com

Premier Bond - Contact: David Killin
87 Carron Place, Kelvin Ind. Estate, East Kilbride, PA28 6EX
Tel: 01355 268 643, Fax: 01355 268 645

Strength

We recommend bottling at 46% alcohol but whisky can be bottled to a minimum of 40%. The whisky can also be bottled at cask strength (between approximately 55% and 60%, depending on the age of the whisky) - the cask will yield fewer bottles if the whisky is bottled at cask strength.

Angels' Share

Approximately 2% of the cask contents evaporate per year (the so-called 'Angels' Share'); at the same time the strength decreases. There may be spillage when the contents of the cask are bottled but this should not exceed 1% of the total volume. Please note the evaporation rate of each cask will vary and the losses may be higher than outlined above.

Number of Bottles

This depends on a number of factors such as maturation rate, age of the whisky, etc. On a very approximate basis, you should assume that a hogshead (250 bulk litres), bottled at 46% alc. vol., in 70cl bottles, after 10 years would yield 360 bottles and a barrel (200 bulk litres) would yield 280 bottles.

Partial Bottling and Further Warehousing

Some of the bottlers may be able to bottle part of a cask and store the remainder on their premises. Please ask the bottlers directly about this and request information about further storage from them.

Labelling

As we have registered the rights to the names 'The Arran Malt', 'Lochranza' and 'Isle of Arran Distillers' worldwide, it is not possible to use this name for the bottling of private casks. "Single Malt, produced at the Isle of Arran Distillery" is acceptable. We ask cask owners to discuss the labelling with the bottling plants and to provide their own labels to the bottling plants. However, the bottling plants might be able to supply simple labels and will be able to advise cask owners regarding label and legal requirements. Please send us a draft of the label for approval.

TAXES AND DISTRIBUTION

Duty and VAT

Duty is the charge made by HM Customs & Excise based on the percentage of pure alcohol. The current rate in the UK is £28.22 per litre of pure alcohol (valid at 25/03/13). This is £109.04 per case of 12 bottles (70cl) at 46% alc. vol.

UK VAT is currently 20%. This is charged on the purchase price of the whisky together with the Duty rate prevailing at the time of removal from bond and the storage and insurance charges paid over the years. Both Duty and VAT are due after the cask has been bottled and the finished goods are removed from the bonded warehouse.

Taxes are subject to change by the UK government. Various different rates of Duty apply throughout the EU and the rest of the world.

Export

As of the 23rd November 2012, Single Malt Scotch whisky by law (Scotch Whisky Regulations 2009), can only be exported from Scotland in bottled form, labeled for retail sale. If the whisky is exported under bond, Duty and VAT can be suspended (but not avoided) subject to the exporter being registered for both Duty and VAT, and being registered as a bona fide exporter. Duty and VAT would be payable in the country of final destination at the rates prevailing in that country at that time. It is up to the cask owner to find a suitable importer in the destination country and to arrange the export but the bottling plants may be able to assist with this. Please note it is the responsibility of the cask purchaser to be aware of all regulations prevailing in their country of residence regarding the importation of alcohol plus any issues regarding labelling. Planned legislation in the UK will mean that the spirit can only be shipped out of the country in bottled form.

Capital Gains

For UK tax payers, UK Capital Gains Tax is not applicable as whisky is regarded as a “tangible”, “moveable” and “wasting asset”. Whisky purchased in cask for personal use, as gifts for family, godchildren and friends, etc. would therefore be exempt from Capital Gains Tax on realisation of the asset.

Price Calculation

For your convenience, please find below a model calculation at current rates, which gives you an idea of the total costs for an ex-Sherry Hogshead, bottled in 10yrs time at 46% alc. vol., in 70cl bottles:

Equivalent price per bottle = £20.41 (current RRP for The Arran Malt 10 Years Old: £32.99)

Purchase Price of First Fill Ex-Sherry Hogshead – including 10 years storage and insurance	£2,000.00
Bottling Charge (approx. £29 x 30 cases of 12x70cl)	£870.00
Cask removal charge, transport to bottler & documentation	£130.00
Duty on estimated yield of 116 L.P.A @ £28.22 per Litre	£3,273.52
Sub-total	£6,273.52
VAT on above @ 20%	£1,254.00
Total	£7,527.52

To this you have to add the transport and handling charges for shipping the whisky from the bottling plant to the delivery address and the cost of the labels.

Prices correct at 1st January 2014 – Subject to change

ISLE OF ARRAN DISTILLERS LTD - CASK PURCHASE ORDER FORM 2014



Upon receiving your completed form and payment, a receipted invoice and a stock certificate, specifying the cask number and cask type, will be sent to you confirming your order. Insurance and storage for 10 years are included in the prices quoted.

Title and Name:.....
(please give full name and title)

Address:
.....

Post Code:Email:

Tel.:Mobile tel.:.....

Name and address for title (if different from above)

Title and Name:.....
(please give full name and title)

Address:
.....

.....Post Code:

I would like to purchase the following cask(s) of Arran Single Malt Whisky

Cask	Price Each	Quantity	Total Cost (£)
First Fill Ex-Bourbon Barrel	£ 1,500		
First Fill Ex-Sherry Hogshead	£ 2,000		
Peated First Fill Ex-Bourbon Barrel	£ 1,850		

DISCLAIMER: In applying to purchase this/these cask(s), I confirm that I have read the terms and conditions and fully agree not to use 'The Arran Malt' or 'Isle of Arran Distillers' or 'Lochranza' in any future use of its contents.

PAYMENT DETAILS

Please charge my MasterCard/Visa/Debit card with £ (amount) as follows:

Card No: 3 digit security no:

Start date/Issue No. (Debit only)..... Expiry date:.....

Signature of purchaser:..... Date:

Please return this form to:

Isle of Arran Distillers Ltd, Offices 4&5, Touch Business Centre, Touch Estate, Stirling FK
Fax: 0044 (0)1786 431909 Email: gillian@arranwhisky.com