

# Fractionalised Whisky Cask Investment Opportunity



KARUIZAWA  
WHISKY

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If you choose to submit an Application Form (via the Trustee direction to acquire) and accept the Offer, please be aware of the Terms of Offer (contained in this document) which apply to your acceptance.

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# A Unique Opportunity

Invest in a remarkably rare cask from **Karuizawa** – the legendary Japanese Whisky Distillery



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Our cask (which is 1st fill Oloroso) was filled in September 2023 with 223.7 litres of liquid at an ABV (alcohol by volume) of 63.5%.



## Opportunity Summary:

Initial Outlay:	\$10,000**
Time Frame:	10 years
Expected Return:	\$30,000
Forecasted Annual Return:	12%*

*Based on IRR*

*\*\* If any units are still available after the cask's first "birthday" on 20/9/24, the price of remaining units may be increased to \$11,000*

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# Investing in Whisky

Whisky casks have been one of the best-performing asset classes in recent years, with prices rising steadily. In 2022, the average price of a Scotch whisky cask increased by 14.9%, according to Knight Frank. This outpaced the performance of other asset classes, such as stocks (7.5%) and bonds (1.1%).

The global whisky market is worth an estimated \$75 billion and is expected to grow by 5% per year over the next five years.

[See Article](#)

Asia and Oceania were the fastest growing regions (by both volume and value) for imported Scotch Whisky in 2022.

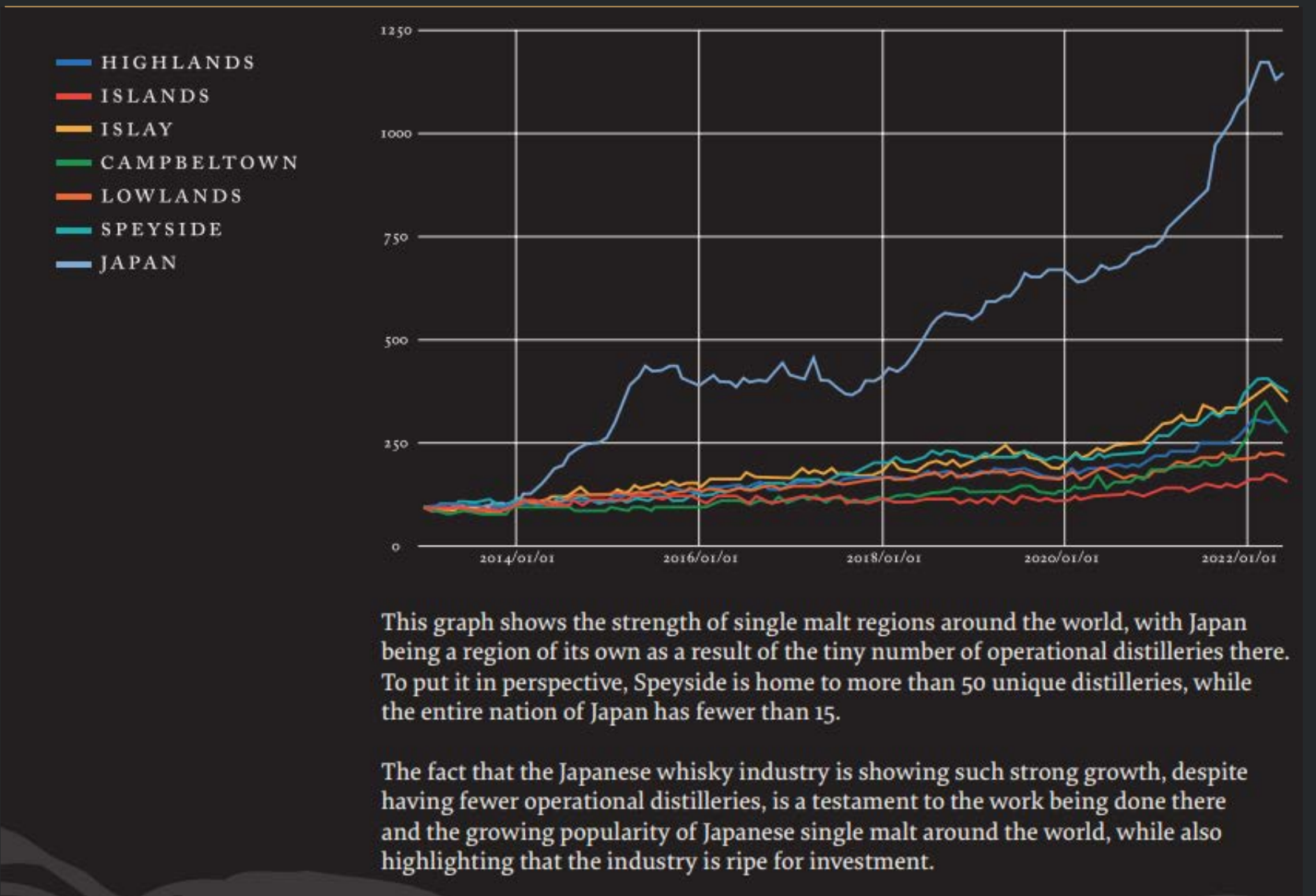
The Whisky stats Whisky Index—which tracks the auction value changes of the 500 historically most-traded whiskies each month—gained nearly 80% between January 2020 and March 2022.

Between 2011 and 2021 the Knight Frank Luxury Investment Index had Scotch whisky as the best-performing asset class, with an appreciation of 428% among “luxury collectibles.” Classic cars, by comparison, appreciated 164% over that same period.

According to Forbes, there is one other characteristic of whisky as an alternative asset class that makes it attractive. To date, it does not seem to correlate with financial markets. The exception was in the second quarter of 2020 when prices at auction dropped modestly during the COVID-induced general market meltdown that occurred in the spring. Otherwise, whisky prices seem little affected by the gyrations of financial markets.

[See Article](#)

The Japanese whisky market is still in its relative infancy when compared other spirits industries, including Scotch, however it is already outperforming them in terms of growth.



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# Karuizawa Distillery

The legendary Karuizawa Distillery is only known to the keenest of whisky enthusiasts and collectors.

It was built in 1956 at the foothill of Mount Asama (located 2 hours' train ride north-west of Tokyo). Initially, the spirit they produced was added to blends and they then started to produce their own single malt whisky in 1972, before the distillery was mothballed in 2000 and shut down in 2011.

Since then, their stock has continued to mature in casks and be periodically bottled, becoming some of the most sought-after and expensive whisky in the world. In fact, a set of 3 bottles containing 35 year old whisky from Karuizawa is available for around \$220,000 at The World of Whisky in Sydney's Double Bay!

The Distillery was reopened in 2022, laying down in casks their first new make spirit in December of that year. The new distillery includes several staff members from the original Karuizawa including the distillery manager. They plan to produce only 250 – 350 barrels of sherry-cask-matured whisky each year - a tiny outturn for a distillery (by way of comparison, Suntory's Yamazaki Distillery produces around 100 times this amount).

This gives us great confidence that bottles from our cask will be rare, valuable and highly sought after.



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## Top 10 Distillery Index From a Total of 112 Ranked Distilleries

POSITION	DISTILLERY	6/2022
1 (-)	Karuizawa (Japan)	701.52
2 (-)	Rosebank (Lowlands)	571.80
3 (-)	Yamazaki (Japan)	518.09
4 (-)	Macallan (Speyside)	490.58
5 (-1)	Hanyu (Japan)	425.51
6 (-1)	Brora (Highlands)	418.85
7 (-1)	Glendronach (Highlands)	291.51
8 (-1)	Springbank (Campbeltown)	283.85
9 (-)	Ardbeg (Islay)	274.27
10 (-)	Port Ellen (Islay)	247.18

\*Whiskystats.com, October 2022

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# The Details

This exceptionally rare cask has been divided into 18 lots,  
each for sale at only **\$10,000 AUD\***.

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10 years of storage and insurance at the  
Karuizawa Distillery

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Certificate of Ownership from TWE

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Cask can be visited at the distillery (with notice)

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Samples will be periodically distributed during  
maturation

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Cask can be bottled any time after 10 years of  
maturation, by the distillery

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*\* If any units are still available after the cask's first "birthday" on 20/9/24,  
the price of remaining units may be increased to \$11,000*



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# Exit Strategy

Our cask will mature for 10 years at the distillery before being bottled.

At that stage, each investor can decide how many bottles:

- They wish to keep (Either to collect from Japan, or to import into Australia, either for their own consumption or to sell locally),
- They wish to sell overseas.

Other options:

On-sell cask to another investor – a possibility with stock from this distillery being so scarce and in such high demand.

Keep maturing beyond 10 years and bottle later to produce an even better whisky and command a higher price per bottle.



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# FAQs

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**Q:** How much liquid is in the cask?

**A:** The cask was filled in September 2023 with 223.7 litres of newly distilled spirit with an ABV (Alcohol by Volume) of 63.5%. If bottled (undiluted), that would produce around 320 x 700ml bottles.

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**Q:** How much whisky will the cask produce after 10 years of maturation?

**A:** The expected Angel's Share (the amount of whisky lost to evaporation each year) at the Karuizawa distillery is typically around 1 - 2%. So after 10 years, the cask would be expected to hold around 192 litres (excluding any samples taken during those 10 years). When it is ready to be bottled, it will be decided at what strength the whisky will be bottled – this could be anywhere from 40% (which would yield around 436 x 700ml bottles) to natural cask strength (which would yield around 275 x 700ml bottles) - or anywhere in between. While the idea of producing more bottles from the cask is always attractive, whiskies at higher ABVs usually command higher prices. Note that these are estimates based on the expected Angel's Share but should only be used as an indication.

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**Q:** So how much will each share receive?

**A:** Again, this depends at what strength the whisky is bottled. After 10 years, if bottled at 40% ABV, each share (which owns 1/18th of the cask) will be allocated around 24 bottles. If bottled at natural cask strength, each share would be allocated around 15 bottles. Again, consider that these are estimates based on the expected Angel's Share and should only be used as a general indication.

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**Q:** How much will the whisky be worth?

**A:** Based on recent sales of other similar whiskies (regarding age statement, rarity, distillery status, ABV, etc), the expected value of each bottle will be worth over \$2,000 AUD. Note that this is only our estimate and no promises can be made regarding the value of the whisky.

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**Q:** Who (and how) makes decisions about the cask?

**A:** The Trustee has appointed Ben Kresner from The Whisky Experience to manage and administer the trust's assets and affairs. This may include decisions regarding whether or not to accept any offers from other parties to purchase the cask; when to bottle the whisky; or at what strength to bottle the whisky. The trustee will consult investors before making any decisions.

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**Q:** How is my investment protected?

**A:** Firstly, the cask comes with insurance so the distillery will make their best endeavours to replace any damaged or lost casks.

Secondly, certification from the distillery details that they do not own the cask so if the distillery is sold or goes into administration in the future, we have exclusive claim to the cask

Lastly, each unit (owning 1/18th of the cask) will be set up as a separate Bare Trust so the cask will not appear on the register of assets of The Whisky Experience, ensuring the protection of both the asset and the investor should TWE either be sold or go into administration.

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**Q:** Can I visit the cask at the distillery?

**A:** Absolutely. We will be happy to liaise with the distillery to arrange your visit. We'd love to see any photos of you with our cask and your thoughts on any samples tasted. They simply ask for notice.

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**Q:** How can I receive my bottles?

**A:** After bottling, all bottles will be made available in Japan. We will gladly help arrange the delivery of any bottles to Australia (or any other locations) as investors desire. Any costs incurred in such arrangements (such as delivery fees) will be borne by investors.

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**Q:** If I want to sell some (or all) of my bottles, what options are available to me?

**A:** The market for premium whisky is far greater in Asia than in Australia and selling in Asia is likely to command a far higher price than if the bottles were sold in Australia. We already have a relationship with the largest online seller of rare and premium Japanese whisky in the world who is very excited to offer the bottles from our cask to their extensive customer base. Alternatively, investors are welcome to arrange sales of their own bottles in Japan, Australia or anywhere else.

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**Q:** Will any other costs apply?

**A:** While the cask matures for these 10 years, no other costs should apply. If/when the cask is bottled, shareholders will be required to pay a small fee for bottling, labelling, etc. Also, if it is decided for the cask to mature for more than 10 years, a small fee will be levied for the extra warehousing and insurance, however this fee should be more than offset by the additional value achieved through the longer maturation.

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# Welcome to The Whisky Experience!

The only thing we love more than whisky is sharing our passion and expertise for “the water of life” – through tastings and masterclasses, tours to distilleries and investments in whisky casks.

Whether you are looking to secure access to exceptional, rare and valuable Japanese whisky, or looking for a fun and profitable investment (or a bit of both), this opportunity will perfectly suit your palate (pun definitely intended).



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