



# WHISKY CASK PROSPECTUS

DIVERSIFY THROUGH CASKS  
— START YOUR EXOTIC JOURNEY.



## Table of **CONTENTS**

|   |      |
|---|------|
| ABOUT US  | — 3  |
| MESSAGE FROM MANAGEMENT   | — 4  |
| CO-FOUNDERS   | — 6  |
| EXPERIENCED MANAGEMENT TEAM                                     | — 7  |
| OUR ADVISORY BOARD  | — 9  |
| WHY WHISKY?   | — 10 |
| HISTORY   | — 12 |
| REASONS TO INVEST IN CASKS WITH PEB                             | — 16 |
| FROM “MAYBE FOR ME” TO “YES INDEED” – YOUR<br>TIME IN OUR WORLD | — 20 |
| DECIDING WHICH CASK IS RIGHT FOR ME?                            | — 22 |
| THE EXIT STRATEGY   | — 26 |
| IMPORTANT DISCLAIMERS   | — 27 |
| WHY CHOOSE WHISKY IN MY ALTERNATIVES?                           | — 28 |

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# ABOUT US

Welcome to the World of Whisky

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In 2019 a group of experienced, like-minded entrepreneurs came together to form a unique alternative asset collection experience via Paladin Exotic Beverages Ltd (PEB), acting ethically transparently and truly diversified. One of the most exciting asset classes is the opportunity to own whisky (a/k/a whiskey), including Single Malt Scotch, Irish, Welsh and English casks and bottles. Although this is not all! PEB is also able to offer some Bourbons and Rums from its catalogue too. Our marketplace brings together exceptional whisky expertise with consummate market knowledge. We bring together rare and untapped casks both from known and hard to access names thus offering something unique to even the most ardent of connoisseurs.

The genesis. You probably see the prices on bottles of malt whisky rising year on year, and our

PEB team got thinking about the source of those bottles and how we could enhance this journey of enjoyment to entice the average collector. Hence, PEB's goal is to bring this highly lucrative market to the attention of all who have heard the stories and folklore of people selling their collections for dizzying sums. We have a truly global and dynamic team based out of the United States (overseeing operations in North and South America), United Kingdom (overseeing sales of casks, warehouses, bottling, etc.), Dubai (overseeing the Middle East) and Hong Kong and India (overseeing the Asia Pacific region), covering some of the most lucrative client bases and markets.



# MESSAGE FROM MANAGEMENT

With operations in the US, UK, Dubai, Hong Kong and India and via our global partners, PEB is able to diversify a collector's whisky portfolio in various ways. PEB provides its customers with a true representation of the markets from fact-based research compiled from objective and independent third-party sources giving each customer an informed insight into their potential purchase options. PEB was conceived from the notion that every person, no matter their economic means, should be able to have access to physical assets to collect, just like the very wealthy do. We believe you don't need to be a billionaire to own like one.

The top investing minds recommend that a certain portion of one's overall portfolio (e.g., 10%) should be in physical assets. This strategy is all the more important in a post COVID-19 world when it is smart to diversify one's risk. At PEB, we want all of our customers to have the assurance that they are purchasing

via a platform that is managed ethically, provides transparent information and supports a diverse portfolio to hedge the risks associated with traditional investment options (stocks, ETFs, etc.). We want to provide you with exceptional access to diverse global asset classes that you can be passionate about and proud to own. As two former compliance officers from the financial services, commodity and derivatives trading industries, we want you to feel secure in our leadership.





# OUR CO-FOUNDERS



**STEVE ARIYAN**  
CO-FOUNDER

Based in the US, a trained lawyer, Steve has over 22 years of experience advising executive management on legal, regulatory and compliance issues in the blockchain, energy, commodity derivatives and financial markets. One of Steve's passions is collecting and driving exotic automobiles. He is also focused on digital tokenization of commodities through the use of blockchain technologies. Look for our non-fungible token (NFT) based platform called Paiverse.io.



**TIM BHATNAGAR**  
CO-FOUNDER

Based in the UK, Tim has over 15 years of experience in Energy Trading, Investment Banking and Asset Management. Over the last several years Tim has been working in the regulatory Compliance field. Passionate and active in beverages circle already, Tim has built consummate knowledge in exotic beverages and other alternative asset classes (art and real estate). Together with a world class management team, Tim is very passionate about educating the world about the benefits of alternative assets.



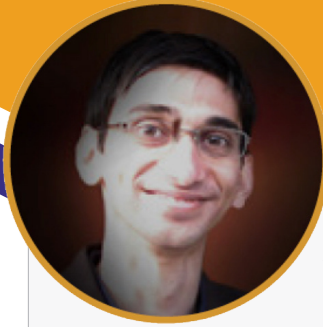
# OUR EXPERIENCED MANAGEMENT TEAM



**ECKHART  
MEHLER**

Chief Information & Security

Based in Germany, Eckhart is known in the European investment banking world as a top-class IT security professional. He is an expert on IT related consulting especially on platform vulnerabilities and buildouts.



**SID  
HEGDE**

Chief Data Scientist

Sid comes to PAI with an exceptionally strong background in academia and research. Armed with a doctorate in astrophysics and over ten years of experience, Sid has worked to address complex problems at institutes such as NASA, University College London, Max Planck Institute, and Cornell University, among others. At PAI, Sid provides strategic advice and help building statistical and forecasting models across a range of our asset class offerings.



**JASON  
SINGH**

Chief Disruption Officer

Based in Hong Kong, Jason has over 20 years' experience in trading in Europe and Asia across Energy, Agriculture, Metals and most recently Crypto currency. Jason has a passion for Crypto currency market and he has been involved the area since 2017.



# OUR EXPERIENCED MANAGEMENT TEAM

## ARVIND IYER

MD, Global Operations

Based in India, Arvind has over 13 years of experience in financial markets across investment banking and regulatory compliance operations.



## ANDRES QUINTERO

Head of Sales, Latin America & Caribbean

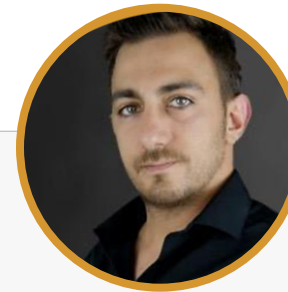
Based in Colombia, Andrés recently joined the PAI team. He has a passion for whisky and is ready to take the Latin American and Caribbean customers on this passion journey.



## GEORGE TOUMASIOU

Head of Sales, EMEA

Based in the UK, George has over 15 years of experience in sales; predominantly in real estate and has taken on cask sales for the last two years. A dynamic and highly motivated individual who is extremely conscientious, patient and service driven. Operating with transparency, attention to detail and clear communication. George is keenly customer-focused, an empathic listener who understands the needs and wants of a diverse client base.



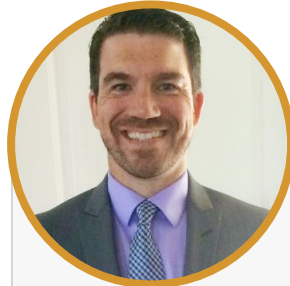
# OUR ADVISORY BOARD



**PAUL  
ROBERTSON**

Marketing and Events  
Expert

Mr. Robertson has over 20 years working with premium brands with a focus on the Information Technology, Healthcare and Retail Sectors. Driven to deliver unbeatable value to his clients and developing innovating engagement solutions for Sr. leadership in marketing, sales, C-Suite.



**STEPHEN  
MCINTYRE**

Leadership Advisor

Mr. McIntyre is a Chief Executive Officer with a demonstrated history of working in the telecommunications industry. He is skilled in Business Development, Wireless Technologies, Telecommunications, Wholesale, and Sales Management. He brings a strong business development background with a MBA-International Management focused in International Business from Thunderbird School of Global Management.



**ROBERT  
GRENON**

Art Expert

Mr. Grenon has been in the Fine Arts industry for 30 years. He has worked with numerous blue-chip and emerging artists in the primary and secondary markets, focusing on modern and contemporary art. Robert has operated numerous galleries and worked extensively with auction houses around the world developing opportunities for clients and artists alike. This breadth of experience has enabled him to evolve with the art markets as they have expanded from the more traditional gallery and auction houses to the online auctions and platforms.

# WHY WHISKY?

A major sales channel of PEB's investment strategy is to partner with "established" and "up and coming" distillers to offer an "at source" investment for PEB's portfolio of global clients. Our aim is to assist producers as well as our investors to build long-term income and value, by building bespoke arrangements with individual producers. This could take the shape of long-term off-take agreements, fixed-income 'Repo' arrangements to assist in cash-flow, storage solutions and most importantly of all, access to Paladin's global client-base.





PEB's product strategists aim to build long-term relationships with the whole beverage infrastructure, from producers, through storage and on to sales/marketing and other distribution channels.

We intend to build multiple revenue opportunities across the PEB channel. Right now, PEB investors have the option to invest outright in casks and store in a warehouse for desired periods. We also offer bottles which are fully verified and are absolutely unique to find.



# THE HISTORY (PT.1)

Whisky (or whiskey) is a type of distilled alcoholic beverage made from fermented grain mash. Various grains (which may be malted) are used for different varieties, including barley, corn, rye, and wheat. Whisky is typically aged in wooden casks, generally made of charred white oak.

The art of distillation spread to Scotland and Ireland no later than the 15th century, as did the common European practice of distilling “aqua vitae”, spirit alcohol, primarily for medicinal purposes. The practice of medicinal distillation eventually passed from a monastic setting to the secular via professional medical practitioners of the time, The Guild of Barber Surgeons. The earliest mention of whisky in Ireland comes from the seventeenth-century Annals of Clonmacnoise, which attributes the death of a chieftain in 1405 to “taking a surfeit of aqua vitae” at Christmas. In Scotland, the first evidence of whisky production comes from an entry in the Exchequer Rolls for 1494 where malt is sent “To Friar John Cor, by order of the king, to make aqua vitae”, enough to make about 500 bottles.

James IV of Scotland (r. 1488–1513) reportedly had a great liking for Scotch whisky, and in 1506 the town of Dundee purchased a large amount of whisky from the Guild of Barber Surgeons,







which held the monopoly on production at the time. Between 1536 and 1541, King Henry VIII of England dissolved the monasteries, sending their monks out into the general public. Whisky production moved out of a monastic setting and into personal homes and farms as newly independent monks needed to find a way to earn money for themselves.

The distillation process was still in its infancy; whisky

itself was not allowed to age, and as a result tasted very raw and brutal compared to today's versions. Renaissance-era whisky was also very potent and not diluted. Over time whisky evolved into a much smoother drink.

With a license to distil Irish whisky from 1608, the Old Bushmills Distillery in Northern Ireland is the oldest licensed whisky distillery in the world.



# THE HISTORY (PT.2)

In 1707, the Acts of Union merged England and Scotland, and thereafter taxes on it rose dramatically. After the English Malt Tax of 1725, most of Scotland's distillation was either shut down or forced underground. Scotch whisky was hidden under altars, in coffins, and in any available space to avoid the governmental excisemen or revenueurs. Scottish distillers, operating out of homemade stills, took to distilling whisky at night when the darkness hid the smoke from the stills. For this reason, the drink became known as moonshine. At one point, it was estimated that over half of Scotland's whisky output was illegal.

In America, whisky was used as currency during the American Revolution; George Washington operated a large distillery at Mount Vernon. Given the distances and primitive transportation network of colonial America, farmers often found it easier and more profitable to convert corn to whisky and transport it to market in that form. It also was a highly coveted sundry and when an additional excise tax was levied against it in 1791, the Whisky Rebellion erupted.







The drinking of Scotch whisky was introduced to India in the nineteenth century. The first distillery in India was built by Edward Dyer at Kasauli in the late 1820s. The operation was soon shifted to nearby Solan (close to the British summer capital Shimla), as there was an abundant supply of fresh spring water there.

In 1823, the UK passed the Excise Act, legalizing the distillation (for a fee), and this put a practical end to the large-scale production of Scottish moonshine. In 1831, Aeneas Coffey patented the Coffey still, allowing for cheaper and more efficient distillation of whisky. In 1850, Andrew Usher began producing a blended whisky that mixed traditional pot still whisky with that from the new Coffey still. The new distillation method was scoffed at by some Irish distillers, who clung to their traditional pot stills. Many Irish contended that the new product was, in fact, not whisky at all.



By the 1880s, the French brandy industry was devastated by the phylloxera pest that ruined much of the grape crop; as a result, whisky became the primary liquor in many markets.

During the Prohibition era in the United States lasting from 1920 to 1933, all alcohol sales were banned in the country. The federal government made an exemption for whisky prescribed by a doctor and sold through licensed pharmacies. During this time, the Walgreens pharmacy chain grew from 20 retail stores to almost 400.

# REASONS TO PURCHASE A CASK FROM PEB

## **Quantifiable**

Each year every distillery no matter how big or small has a production limit. This is measured in the sort of stills they are running. One can easily measure how much supply is coming into the market. However, do not forget three years is the minimum time this product needs to mature to be called Whisky.

## **Demand**

Contrary to the supply story, current demand seems is insatiable (and we at PEB agree). But this glut in supply and storage means that even whilst the cask is maturing, its value is rising. Because it takes three years to qualify as whisky and to then start blending in non-aged flavours, another 30 to 50 years will get the cask to be valued in hundreds of thousands of pounds (£). While you can see the spectrum of growth throughout this process, it is truly an investment worth savouring or for a future inheritance.

## **Useable**

You can both look to the potential monetary upside on these fine casks and also look to savour it for yourself. You can choose to bottle part and resell the remainder of liquid at the time of sale. There are many ways one can continue their journey with Paladin Exotic Beverages.

## **Origin**

Scotch is the most famous of whiskies! However, it is not the only one. With the love for “water of life” growing exponentially, a lot of whisky producers have sprung from all over the globe each with their own unique flavours. At the time of going to print, Paladin Exotic Beverages, however, is looking to give our investors an opportunity to invest not just in Scotch but the whole United Kingdom by offering your pick of Scotch, English, Welsh and

Irish flavors! Further to this we have already started adding other beverages which either belong directly to the whisky tree (e.g. Bourbon) or used in the aging lifecycle (e.g. Rum -rum casks are used to age many whisky).

## **Monetization**

This is why you are purchasing a cask! PEB through its extensive network, industry knowledge and relationships can place your casks at your time of choosing to be monetized. Throughout the journey you will be able to log onto our partner NFT platform (Paiverse.io), get periodic updates, view your cask inventory by visiting the distilleries and warehouses until you sell your cask(s) and relinquish ownership. Do read the section on Exit Strategy further down this document.

## **The Journey**

This, in our opinion, makes us the most unique out of every other cask brokerage company- an experience.

For example, depending on your portfolio level you could be invited to attend a music festival at the distillery’s premise; a private dinner with master distiller; fly fishing in the rivers distillers use for their spirits and then enjoying a tour of distillery, and more. Private opportunities to invest in rare vintages (not accessible to others) is also available. Like any prudent investment, there is a time to realise the hard earned gains. This is where you get a multitude of options as defined below.

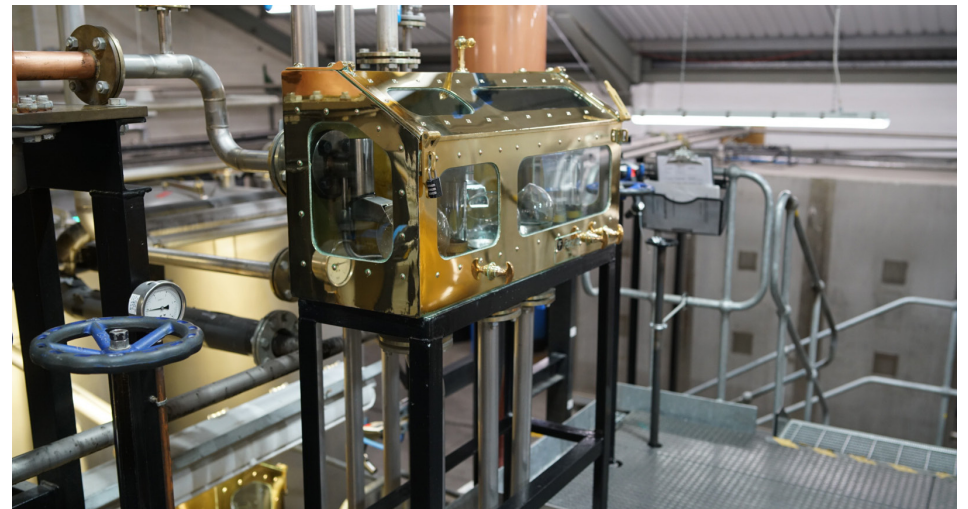














# FROM “MAYBE FOR ME?” TO “YES, INDEED!”

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## **Interest**

You learn about the opportunity to invest in whisky by reading our literature, through industry knowledge, online masterclasses, independent sources or perhaps you already invested via our other channels such as Paladin Precious Metals.

## **KYC - “Know Your Customer”**

You will be reviewed and onboarded to the PAI platform. There is only one KYC process when you join to start your journey with Paladin. Say if you get approved to buy cask, you can go ahead and buy gold down the line too and vice versa.

## **Cask List**

Depending on your personal taste, preference, knowledge or perhaps budget Paladin will suggest various casks for you. The casks range in value from a few thousand to several hundred thousand (read about type of casks below). We have something for everyone!

## **Attainment**

The stage of pure joy! Where you have decided which cask to purchase and have bought it!

### **Storage**

Paladin is unique such that each cask comes with 5 years fully insured, bonded storage! This is truly dynamic and goes to show our commitment of your passion. The last thing you will have to think of is worrying about storage once bought. We can keep track of it for you.

### **Lifetime**

Enjoy your journey with us. Whether its visiting a distillery or warehouse to view your cask, being invited to various events (exclusive or non-exclusive to whisky), attending master-classes, or other opportunities, the time you will spend as part of our whisky community is truly going to make you feel special.

### **Exit**

Sell it! Pass it on to someone in your family! Bottle it and savor for that special event! You name it, we will plan your exit as graciously as we got you into it! The beauty is, once you buy from us if you prefer to part ways thereafter that is fine with us too. It is your cask; do as you wish.



# DECIDING WHICH CASK IS RIGHT FOR ME?

## Stage 1 – The “New-Born”

Just distilled – 0-3 years

Typical investment –  
Between £2,500 - £5,000

**Character** – Usually this sort of cask comes to market with the up-and-coming distilleries who want to enable a good cash flow as the process of aging is long term.

**Why** – Think of this as the gifted soul who can hit the right notes but is not quite ready for primetime. The investment to start a distillery is to the tune of millions of pounds so these guys are already committed. You enter relatively early into cask and with PEB the entry comes with at least 5 years storage cost guaranteed at the price (entry to Stage 3 – read below).

## Stage 2 – The “Toddler”

Bonafide whisky now 3-10 years

Typical investment –  
Between £5,000 – £10,000

**Character** – The liquid is officially able to call itself whisky now. It has aged 3 years and depending on demand from the market it is ready to be called to action for single bottling, blending etc.

**Why** – Think of this as the up-and-coming artist! They have made a one hit single and are ready to be signed by the big label. A good distillery will marry these casks to be blended in their own creations, sell it on to other big blenders or independents, etc. You have now officially got the inside scoop.



**Remember:** You can buy into any of these stages. This is merely a guide to categorize a point of entry. Ideally someone who is truly passionate could take it from “New-born” (Stage 1) to “SWAG” (Stage 5). However, most will enter and exit at one of the prior stages (e.g. Stage 3 to Stage 4). You own the cask you decide!

### Stage 3 – The “Teenager”

Coming of age between 10-18 years

Typical investment –  
Between £10,000 – £20,000

**Character** – The liquid is now the amber nectar. It has aged 10+ years and can hold its own. It is ready to be bottled by itself with an “age” statement!

**Why** – Think of this as the artist which has belted out multiple hits and is signed by the record label that only invest its resources in true stars! Off to stardom you

### Stage 4 – The “Adult”

Handsomely preserved to this age 18-21 years

Typical investment –  
Between £20,000 – £35,000

**Character** – Usually this sort of cask comes to market from the up-and-coming distilleries who want to generate good cash flow as the process to age is a long road travelled.

**Why** – Think of this as the artist who has gone platinum. The Elvis and Sinatra of whiskies! If you are able to invest in this sort of cask, you will be considered holding one of the legends. Truly letting it mature into the stratosphere and beyond in value.

### Stage 5 – The “Swag”

Serious Whisky Aged Gracefully!  
21 years plus

Typical investment –  
over £25,000 to Millions!

**Character** – The liquid is now only spoken softly about! It has aged 21+ years and mere mention of it will get the serious collectors bowing down in humble adoration. Very, very, very few casks come to this age.

**Why** – This is serious territory. Only for those few who know what it’s all about. Bottles have been known to sell in multiple thousands of pounds and, in some cases, million. Just imagine that!







# THE EXIT STRATEGY

## Option 1 – Cask Sale

Through PAI's extensive network of its client base, distilleries, warehouses, auction houses and other partners, we can assist you to ensure that you get accurate market prices. At PEB, we make exiting your investment simple. One-You agree to a sale price, Two-the cask ownership is transferred within the existing warehouse to the new buyer. Done!

## Option 2 – Bottling

An intriguing opportunity and certainly one that requires meticulous planning. A higher reward potential which can take time to shift the inventory. Also, there are additional costs ranging from £3-15 per bottle (depending on preference) to design, label and seal the bottles.

Each cask has 'x' amount of "Regauged Litres of Alcohol" (RLA) in each cask. This is then bottled at a desired strength- For example 55% (55% alcohol + 45% water). Assuming a cask has 65% strength of 250 litres of RLA inside, one can dilute it down to 55% and get approximately 300+ 1L bottles or maintain the cask strength and have 250 1L bottles. A second example - Let's assume it is a 21 year old cask, with the market value of each bottle retailing at £150. Thus, one can expect an open market wholesale value between £75-100. As a conservative estimate, £75 X 250L would yield £18,750.

In the above example, it is assumed the bottles are still within the bonded facility and no VAT / Duty, etc. has been paid to the UK government as no delivery has been taken.

## Option 3 – Take Delivery

This is taking option 2 above to the next level. If you decide to take delivery of your consignment, all duties and taxes will be payable

to the UK government. However, you also have the option to sell your bottles independently (or via PAI) in the open Market or savour them at your leisure.

The realised price of your sale will be higher as it is now out in the open market for every connoisseur to savour and buy from you (at fair market value).

PAI can also facilitate your sales at this stage as you can maintain secure storage of your bottles while being sold to the market thus drip feeding both your bank balance as well as not to over supply the market.

## Option 4 – Resale Back to Distillery

This is an exciting prospect especially if you are using PAI services to sell. Many whiskies are used for blending, some are vaunted by the distiller themselves

as the market dynamics might have changed and certain vintages are now in popular demand. Through PAI you have the confidence that you will be best placed to have these options presented on your behalf and ensure the returns are in line with market conditions.

## Option 5 – Continue to Mature

Pass it down to generations, make it rarest of the rare, or simply continue to assess the market at your leisure. This is an option to allow for the whisky to continue to mature under bond knowing that whenever you are ready, so will PAI.

However, as previously described, at the time of cask purchase you get 5 years of storage included in your purchase price. Post year 5, there is an annual charge to continue to hold your cask in a warehouse.



# IMPORTANT DISCLAIMERS

(A) PEB IS NOT AN INVESTMENT ADVISOR NOR IS IT AN INVESTMENT COMPANY. PEB DOES NOT PROVIDE INVESTMENT ADVISE. IF YOU HAVE ANY INVESTMENT QUESTIONS REGARDING CASK OWNERSHIP, PLEASE CONTACT A LICENSED INVESTMENT PROFESSIONAL.

(B) The cask(s) are owned outright by YOU from day one of purchase. PEB shall act in the capacity as CUSTODIAN of the cask(s) to oversee all administrative matters, inventory management, and look after your cask(s) as they mature and until you exit via a sale.

(C) At the time of exiting, if the sale is facilitated by PEB, you will be charged a commission rate tied to value appreciation of your cask. We call this "YOUR success is OUR success".

(D) All sales and prices shall be agreed to by the cask title holder and PEB before being sold. Thus, you will fully know what you are getting before any exit process is finalized.

(E) All profits realized by you may be taxed in your country of domicile. (e.g., a Cask (not bottles) is considered as a wasting asset by the UK government and thus any profits are exempt from Capital Gains tax within a certain period of time (50 years) for UK citizens. PEB is not a tax advisor and therefore strongly recommends that you discuss all potential tax implications with an independent tax advisor before investing through PEB .

(F) Depending on the method of exit chosen, there can be additional fees that apply such as bottling, regauging, diluting, etc. All such charges at the time of exit shall be borne by the cask owner.

(G) To maintain cask(s) in optimum condition and to check the quality of the liquid inside, it will need to be inspected from time to time at the storage facility.

PEB, as your custodian, may provide these services at an additional charge. These are called Ancillary Services. Each of these activities are individually charged and the price will be confirmed with you before carrying out any of these services. For a list of what is included as part of these Ancillary Services, see the Ancillary Services List.

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CONTACT US FOR  
VALUE ADDED  
SERVICES WHICH  
ARE CHARGED  
SEPARATELY AND  
INCLUDE THINGS  
SUCH AS REGAUGING,  
SAMPLES,  
RE-RACKING ETC.

”

# WHY CHOOSE WHISKY IN MY ALTERNATIVES?

**To answer this, we have to break it into 2 parts:**

(A) Financial Markets – According to Frank Knight Research, the past 10 years whisky has consistently outperformed financial markets by several 100 percentage points.

(B) Alternative Markets – When combined with other asset classes within your PAI portfolio (e.g., gold, fine art, rare automobiles, etc.) you will find that whisky is a natural partner and would be typically found in any High Networth clients' portfolio.

At PAI, we treat everyone like High Networth Clients and we give every client the opportunity to grow your portfolio within whatever asset class you favor - Mortlach to Monet to Miami villas.

**Now you can participate too!**











CHEERS!

