



RARE SCOTCH WHISKY SALES EXCEED ALL EXPECTATIONS AMID SOARING DEMAND

THE 2017 FULL YEAR COLLECTORS AND
INVESTORS SINGLE MALT SCOTCH REVIEW

RARE | 101
WHISKY

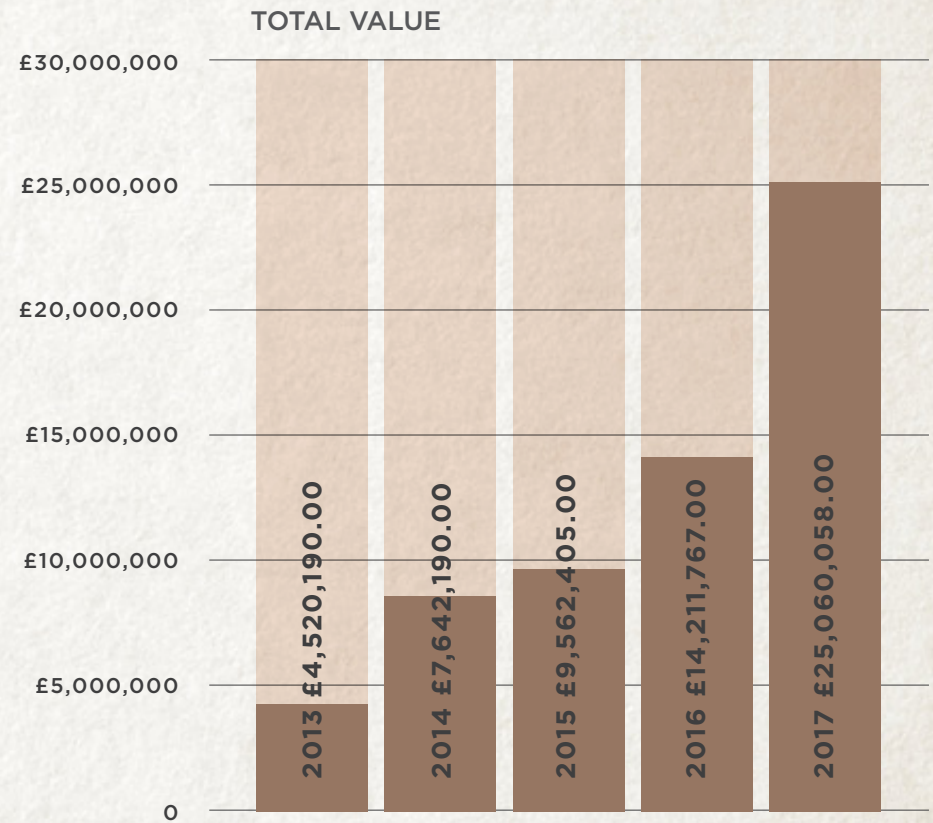
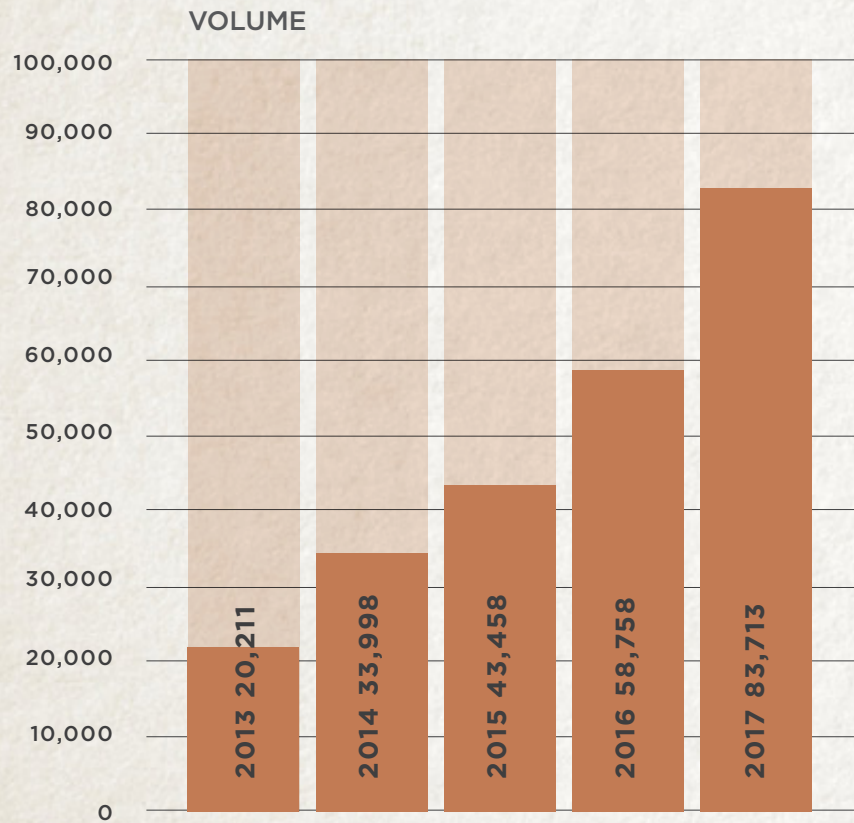
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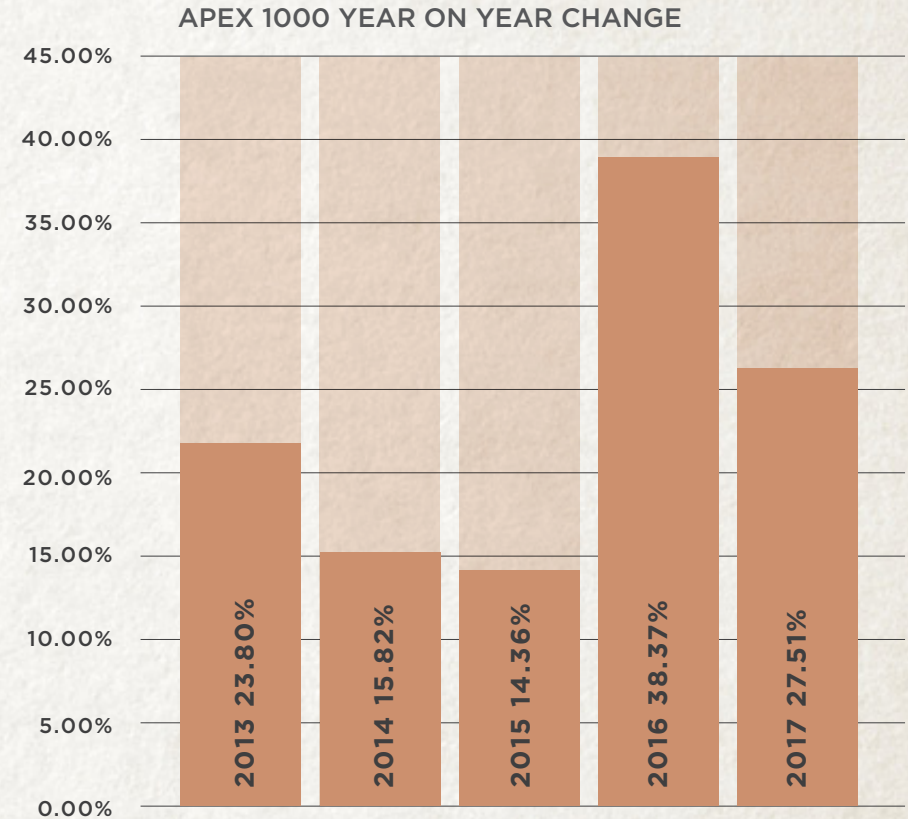
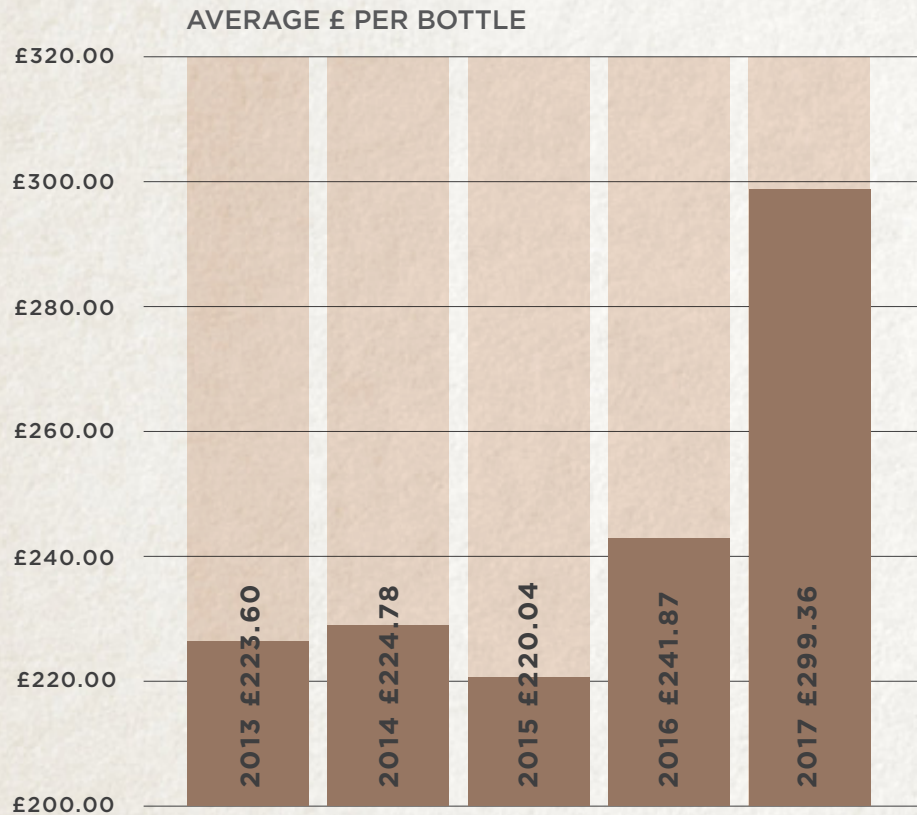


EXECUTIVE SUMMARY

FULL YEAR 2017



The number of bottles of Single Malt Scotch whisky sold at auction in the UK increased by 42.47% to 83,713 (58,758 sold in 2016). The £ value of collectable bottles of Single Malt Scotch whisky sold at auction in the UK rose by 76.33% to a record high of £25.060 million (2016 £14.211 million), the first time £20 million has been breached. As would be expected, the average per-bottle price has risen to a new record of £299.36, up from 2016's £241.87.



The value of the broadest measurement of the market, the Apex 1000 Index, gained further traction through the second half of 2017 (11.50% increase at the 2017 half year) as it grew 27.51% from 505.98 points at the end of 2016 to 645.15 points at the end of 2017. This is lower than 2016's increase of 38.37%.

The most expensive bottle of Scotch sold during the period was a bottle of 62-year-old Dalmore (one of 12 originally released) which realised £95,000.

The Macallan finally relegated Brora and took a clean sweep of number one position for the most investible brand as well as the most heavily traded.

Amid re-opening announcements for all three distilleries, Port Ellen, Brora and Rosebank values (for official bottles) flattened with each index experiencing its worst annual performance in five years at +5.59%, +7.31% and +0.48% respectively.



SUPPLY AND DEMAND 2017

OUR HALF YEAR ESTIMATES - “WE ANTICIPATE APPROXIMATELY 82,000 BOTTLES WORTH AN ESTIMATED £23.6 MILLION TO BE SOLD THROUGH THE WHOLE OF 2017” - WERE EXCEEDED AS THE FULL YEAR NUMBERS CAME IN AT 83,713 BOTTLES WORTH JUST OVER £25 MILLION.

We were fully expecting £20 million in value to be exceeded for the first time in 2017; however, £25 million shows the level of pure demand in the market at the moment. The volume of bottles on the open market is clearly at a record high, but demand, for now, continues to exceed these record levels of supply (for the right bottles from the right distilleries).

December alone saw 8,848 bottles of Scotch sold at auction in the UK, a record month and a large portion of the 25,123 bottles sold through the final quarter of 2017. Just four years ago, 2013 saw a total of 20,211 bottles for the full year. From a value perspective, December saw £3.148m sold, slightly ahead of 2012's full year sales value of £2.911m.

At the end of 2016, ten distilleries had seen a single bottle sell at auction in the UK for more than £10,000. One year on and that number has grown to fourteen. The list is opposite, along with the maximum values for that distillery where at least one bottle has been sold for over £10,000.

| DISTILLERY | MOST EXPENSIVE |
|---------------|----------------|
| DALMORE | £95,000 |
| MACALLAN | £65,210 |
| BOWMORE | £61,000 |
| GLENFIDDICH | £55,000 |
| SPRINGBANK | £27,200 |
| BALVENIE | £23,300 |
| MORTLACH | £17,800 |
| ARBEG | £15,100 |
| GLENLIVET | £15,000 |
| HIGHLAND PARK | £14,500 |
| GLENFARCLAS | £12,500 |
| PORT ELLEN | £12,100 |
| LAGAVULIN | £11,500 |
| TULLIBARDINE | £10,000 |

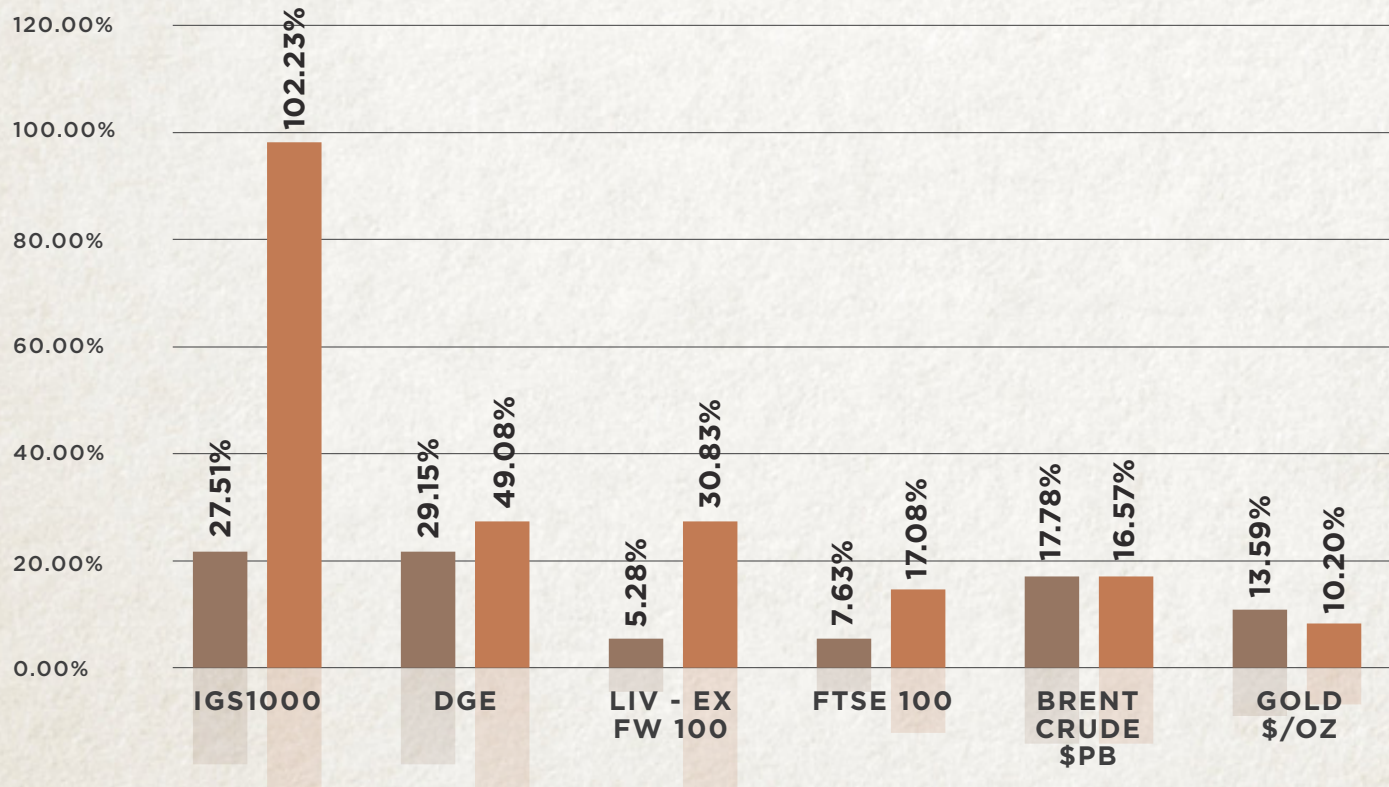


We are experiencing increasing demand from almost all parts of the globe. South East Asia remains a key factor for the market, but is by no means the exclusive driver. Demand from the domestic market, central Europe and further afield is higher than we have ever seen.

From a rare whisky perspective, approaching on the horizon are the dynamic economies and the burgeoning middle classes of mainland China and India; neither have got to the starting blocks yet, let alone begun to try and win the rare whisky acquisition race. As, when, and indeed, if they do, we are expecting demand to hit levels unlike anything previously seen.

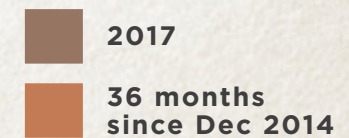
The growing importance, almost dominance, of the UK's secondary (auction) market, which is the largest in the world, is cemented in the fact that a rapidly increasing number of rare whisky retailers now have an auction running in parallel to their traditional retail business. The Whisky Exchange, Whisky-Online, The Whisky Shop, Robert Graham and Royal Mile Whiskies have all started auctions, confirming the proliferation of this channel. The rare-whisky acquisition landscape has changed forever as the consumer, no longer the retailer, now decides what price they will pay for a bottle of rare /collectable whisky.

INVESTMENT COMPARISON 2017



This comparison started at the end of 2015, comparing performance figures from the 31st of december 2014 to the same date in 2015. We continue to provide these as a running commentary on scotch whisky's performance as an alternative asset-class in its own right.

The annual total figures are charted alongside the three year running total.





For the first time ever, Diageo's actual stock price performance outstripped their bottled stock, as the drinks giant significantly outpaced the traditional equities market and its bottled brethren. The Liv-ex fine wine 100 took a slight breather through 2017, but longer term three-year growth remained strong.

Solid gold gains are almost exactly one-tenth of those seen by liquid gold over the past three years.

A worthy note of caution though, as the Negative 1000 index fell a further -8.92% and the Negative 100 index (the worst performing 100 bottles of Scotch) tumbled -17.22% through 2017. Since 2008 the Negative 100 index has moved from its starting point of 100.00 to 25.57, resulting in total losses of almost 75% for these bottles. This serves as a stark reminder of the deep polarisation in the collectible/investment grade scotch market; buy the wrong bottles and the losses can be devastating.



MARKET SHARE BY VOLUME

Each distillery is measured according to its percentage market share of the number of bottles sold on the open market. This is then ranked as a league table and compared to the full year 2016. The half year 2017 is also retained for information.

The top 30 distilleries account for 74.58% of the total number of bottles sold (2016 - 73.20%).

It's maybe scant surprise that Macallan remain the most traded brand of bottles by volume, although their percentage market share has stepped back since the mid-year point.

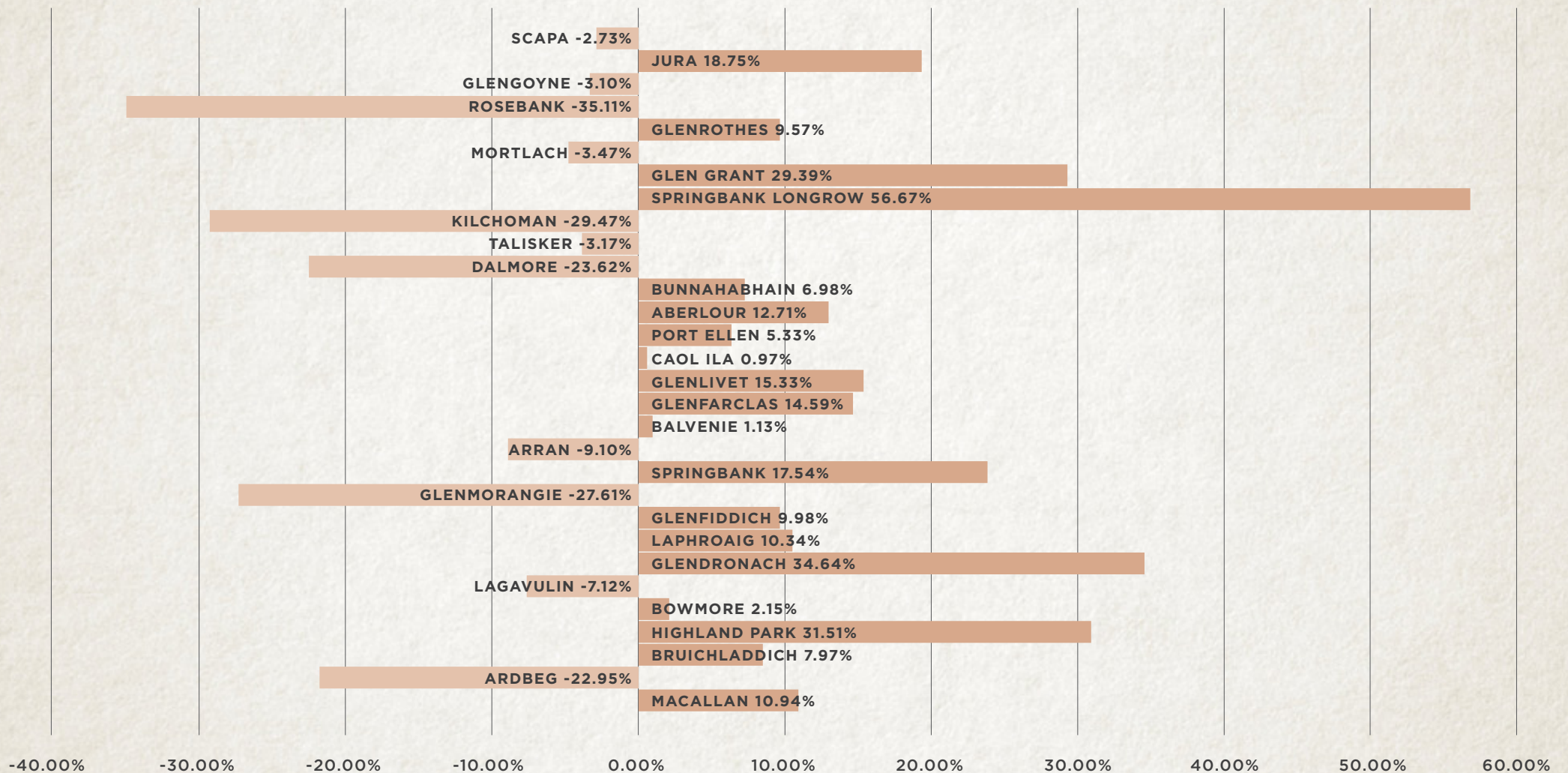
Driven by the current raft of collectable single casks and limited editions, Edrington stable-mate, Highland Park, take a significant additional 1% market share.

GlenDronach also take almost 1% additional market share as they move up five places, further highlighting the growing popularity of this heavily-sherried brand.

At the 2017 half year, Glenmorangie were down four places; at the year end, they moved down two more places as their market share of volume moved from 4.34% at the end of 2016 to 4.14% at the end of 2017.

MARKET SHARE – VOLUME RANKED BY DISTILLERY

| FY 2016 | % OF TOTAL | HY 2017 | % OF TOTAL | FY 2017 | % OF TOTAL | RANK | CHANGE TO FULL YEAR 2016 |
|----------------|-------------------|----------------|-------------------|----------------------|-------------------|-------------|---------------------------------|
| MACALLAN | 10.26% | MACALLAN | 12.71% | MACALLAN | 11.39% | 1 | = |
| ARDBEG | 7.27% | ARDBEG | 6.41% | ARDBEG | 5.60% | 2 | = |
| BRUICHLADDICH | 4.34% | BRUICHLADDICH | 4.67% | BRUICHLADDICH | 4.68% | 3 | = |
| GLENMORANGIE | 4.34% | BOWMORE | 4.47% | HIGHLAND PARK | 4.53% | 4 | UP 3 |
| BOWMORE | 4.12% | LAPHROAIG | 3.68% | BOWMORE | 4.21% | 5 | = |
| LAGAVULIN | 3.92% | LAGAVULIN | 3.61% | LAGAVULIN | 3.64% | 6 | = |
| HIGHLAND PARK | 3.45% | HIGHLAND PARK | 3.55% | GLENDRONACH | 3.42% | 7 | UP 5 |
| ARRAN | 3.16% | GLENMORANGIE | 3.26% | LAPHROAIG | 3.39% | 8 | UP 1 |
| LAPHROAIG | 3.07% | GLENFIDDICH | 3.19% | GLENFIDDICH | 3.26% | 9 | UP 1 |
| GLENFIDDICH | 2.97% | ARRAN | 3.17% | GLENMORANGIE | 3.14% | 10 | DOWN 6 |
| SPRINGBANK | 2.54% | SPRINGBANK | 3.07% | SPRINGBANK | 3.12% | 11 | = |
| GLENDRONACH | 2.54% | GLENDRONACH | 3.03% | ARRAN | 2.87% | 12 | DOWN 4 |
| BALVENIE | 2.42% | BALVENIE | 2.52% | BALVENIE | 2.44% | 13 | = |
| CAOL ILA | 1.63% | GLENFARCLAS | 1.88% | GLENFARCLAS | 1.85% | 14 | UP 1 |
| GLENFARCLAS | 1.61% | CAOL ILA | 1.67% | GLENLIVET | 1.75% | 15 | UP 1 |
| GLENLIVET | 1.52% | GLENLIVET | 1.59% | CAOL ILA | 1.65% | 16 | DOWN 2 |
| DALMORE | 1.41% | ABERLOUR | 1.56% | PORT ELLEN | 1.40% | 17 | UP 2 |
| KILCHOMAN | 1.41% | PORT ELLEN | 1.45% | ABERLOUR | 1.40% | 18 | UP 2 |
| PORT ELLEN | 1.33% | DALMORE | 1.04% | BUNNAHABHAIN | 1.09% | 19 | UP 4 |
| ABERLOUR | 1.24% | TALISKER | 1.03% | DALMORE | 1.08% | 20 | DOWN 3 |
| ROSEBANK | 1.09% | KILCHOMAN | 1.00% | TALISKER | 1.03% | 21 | UP 1 |
| TALISKER | 1.07% | ST MAGDALENE | 1.00% | KILCHOMAN | 0.99% | 22 | DOWN 4 |
| BUNNAHABHAIN | 1.02% | BUNNAHABHAIN | 0.98% | SPRINGBANK (LONGROW) | 0.94% | 23 | UP 10 |
| MORTLACH | 0.89% | ROSEBANK | 0.94% | GLEN GRANT | 0.91% | 24 | UP 5 |
| GLENGOYNE | 0.79% | GLEN GRANT | 0.87% | MORTLACH | 0.86% | 25 | DOWN 1 |
| GLENROTHES | 0.77% | LONGROW | 0.87% | GLENROTHES | 0.84% | 26 | = |
| LITTLEMILL | 0.75% | MORTLACH | 0.85% | ROSEBANK | 0.83% | 27 | DOWN 6 |
| SCAPA | 0.75% | GLENROTHES | 0.81% | GLENGOYNE | 0.77% | 28 | DOWN 3 |
| GLEN GRANT | 0.71% | JURA | 0.80% | JURA | 0.76% | 29 | UP 3 |
| BRORA | 0.70% | GLENGOYNE | 0.77% | SCAPA | 0.73% | 30 | DOWN 2 |



PERCENTAGE CHANGE FROM 2016 - 2017

Looking at the year on year changes we see dramatic movements down for Rosebank, Kilchoman, Dalmore, Glenmorangie and Ardbeg, with significant increases for Springbank (Longrow), Glen Grant, GlenDronach and Highland Park.

FROM THE HEATH COVERED

MOUNTAINS OF SCOTIA I COME

HIGHLAND



MALT SCOTCH

WHISKY

PRODUCE OF SCOTLAND.

GLENLIVET.

GRANT

STRATHSPEY

75cl

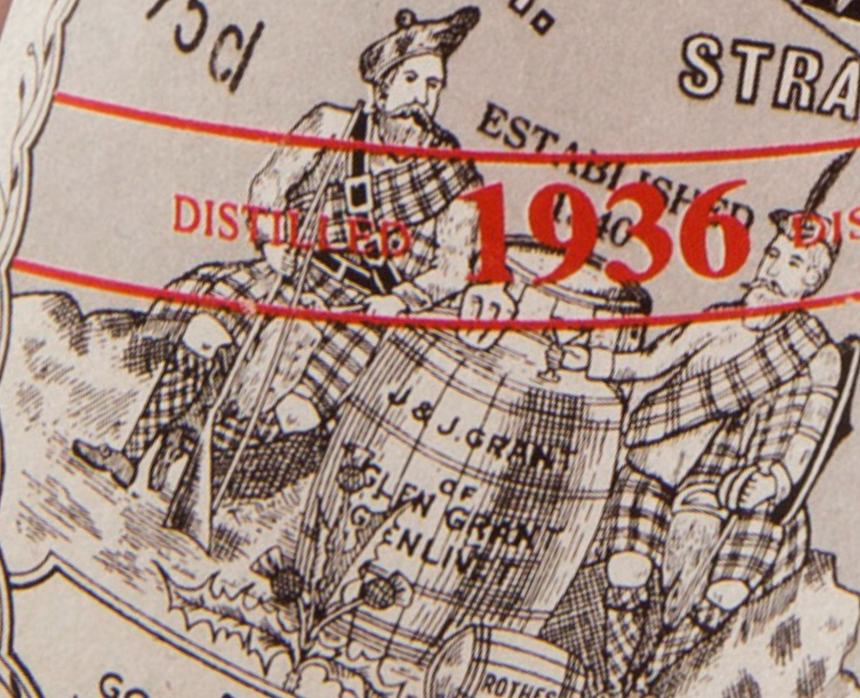
ESTABLISHED 1840

DISTILLED

1936

DISTILLED

40%vol



MARKET SHARE BY VALUE

Used in conjunction with volume, the £ value 'share-of-wallet' figures can be insightful for the collector/investor. If volume for a particular distillery remains static or increases and the £ value declines, this could signal a softening in the market for bottles from that distillery.

Conversely, if volumes decrease but values increase or remain the same, this could indicate a hardening of prices and increasing demand.

The top 30 distilleries account for 85.95% of the £ value of the market (2016 - 83.11%).

Bowmore are notably taking a greater proportion of the £ wallet, apparently at Ardbeg's expense as the gap between the two has shown almost a reversal of market share throughout 2017.

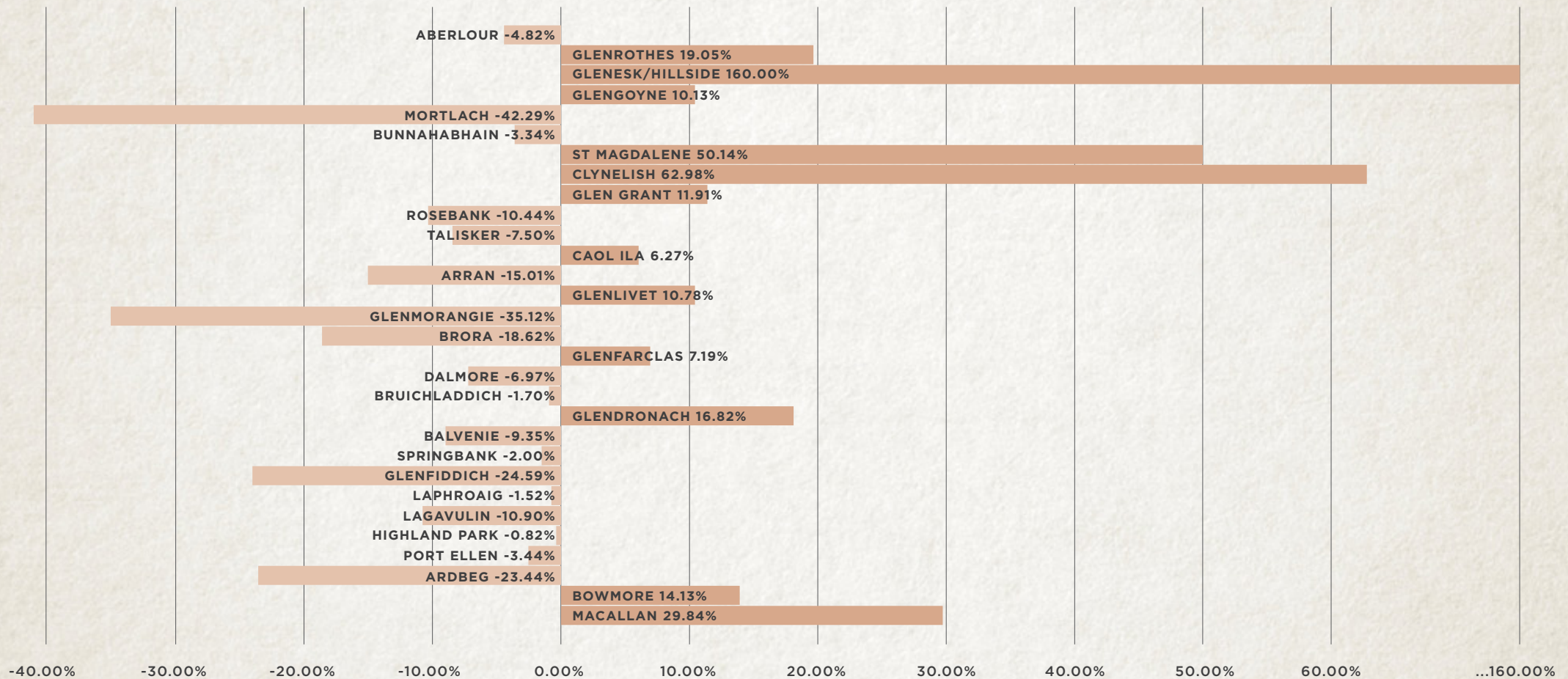
Again, GlenDronach appear to be one of the clear winners through 2017. Both volume and value share have increased significantly.

It is also pleasing to see Clynelish moving up the table. From a volume perspective, the distillery sits just outside the top 30 at 31, so is punching above its weight in the £ value stakes.

In spite of attaining the top spot for the most expensive bottle of Scotch to sell at auction in the UK for 2017, Dalmore dip across both volume and value.



| VALUE RANKED BY DISTILLERY | FY 2016 | % OF WALLET | HY 2017 | % OF WALLET | FY 2017 | % OF WALLET | RANK | CHANGE TO FULL YEAR 2016 |
|----------------------------|---------------|--------------|---------------|------------------|---------------|-------------|--------|--------------------------|
| | MACALLAN | 21.85% | MACALLAN | 28.90% | MACALLAN | 28.37% | 1 | = |
| | ARDBEG | 6.89% | BOWMORE | 6.08% | BOWMORE | 6.31% | 2 | UP 1 |
| | BOWMORE | 5.53% | ARDBEG | 6.03% | ARDBEG | 5.28% | 3 | DOWN 1 |
| | PORT ELLEN | 4.34% | PORT ELLEN | 4.43% | PORT ELLEN | 4.19% | 4 | = |
| | HIGHLAND PARK | 3.79% | LAGAVULIN | 3.52% | HIGHLAND PARK | 3.76% | 5 | = |
| | LAGAVULIN | 3.54% | HIGHLAND PARK | 3.49% | LAGAVULIN | 3.16% | 6 | = |
| | GLENFIDDICH | 3.51% | LAPHROAIG | 3.29% | LAPHROAIG | 3.06% | 7 | UP 1 |
| | LAPHROAIG | 3.10% | BALVENIE | 3.02% | GLENFIDDICH | 2.65% | 8 | DOWN 1 |
| | BALVENIE | 2.88% | SPRINGBANK | 2.88% | SPRINGBANK | 2.62% | 9 | UP 1 |
| | SPRINGBANK | 2.69% | BRUICHLADDICH | 2.62% | BALVENIE | 2.61% | 10 | DOWN 1 |
| | DALMORE | 2.50% | GLENFIDDICH | 2.61% | GLENDRONACH | 2.49% | 11 | UP 4 |
| | BRORA | 2.44% | GLENDRONACH | 2.44% | BRUICHLADDICH | 2.39% | 12 | UP 1 |
| | BRUICHLADDICH | 2.44% | GLENFARCLAS | 2.40% | DALMORE | 2.32% | 13 | DOWN 2 |
| | GLENMORANGIE | 2.33% | BRORA | 1.79% | GLENFARCLAS | 2.16% | 14 | UP 2 |
| | GLENDRONACH | 2.13% | GLENMORANGIE | 1.68% | BRORA | 1.98% | 15 | DOWN 3 |
| | GLENFARCLAS | 2.01% | DALMORE | 1.43% | GLENMORANGIE | 1.51% | 16 | DOWN 2 |
| | ARRAN | 1.25% | ARRAN | 1.22% | GLENLIVET | 1.18% | 17 | UP 2 |
| | MORTLACH | 1.19% | ROSEBANK | 1.10% | ARRAN | 1.06% | 18 | DOWN 1 |
| | GLENLIVET | 1.07% | CAOL ILA | 1.08% | CAOL ILA | 1.04% | 19 | UP 3 |
| | ROSEBANK | 1.06% | ST MAGDALENE | 1.06% | TALISKER | 0.97% | 20 | UP 1 |
| | TALISKER | 1.04% | GLENLIVET | 0.96% | ROSEBANK | 0.95% | 21 | DOWN 1 |
| | CAOL ILA | 0.98% | TALISKER | 0.92% | GLEN GRANT | 0.84% | 22 | UP 1 |
| | GLEN GRANT | 0.75% | GLEN GRANT | 0.89% | CLYNELISH | 0.82% | 23 | UP 4 |
| BUNNAHABHAIN | 0.74% | CLYNELISH | 0.71% | ST MAGDALENE | 0.81% | 24 | UP 2 | |
| LITTLEMILL | 0.57% | BUNNAHABHAIN | 0.65% | BUNNAHABHAIN | 0.72% | 25 | DOWN 1 | |
| ST MAGDALENE | 0.54% | MORTLACH | 0.60% | MORTLACH | 0.69% | 26 | DOWN 8 | |
| CLYNELISH | 0.50% | GLENGOYNE | 0.58% | GLENGOYNE | 0.53% | 27 | UP 2 | |
| ABERLOUR | 0.49% | ABERLOUR | 0.54% | GLENESK/HILLSIDE | 0.52% | 28 | UP 34 | |
| GLENGOYNE | 0.48% | GLENROTHES | 0.51% | GLENROTHES | 0.50% | 29 | UP 3 | |
| KILCHOMAN | 0.47% | LONGMORN | 0.39% | ABERLOUR | 0.46% | 30 | DOWN 2 | |



PERCENTAGE CHANGE FROM 2016 - 2017

The big year on year movements upwards are Glenesk/Hillside, Clynelish, St Magdalene and the fallers are Mortlach, Glenmorangie, Glenfiddich and Ardbeg.

TRADE



MARK

Clynelish

FINEST HIGHLAND MALT SCOTCH WHISKY

Five Years Old

Distillery, Clynelish, Brora N.B.

Established 1819.

Bottled by

James Watson & Co. (Distillers) Ltd.
Glasgow, Scotland

ACQUAVITE DI CEREALI
GRADI 43

ID 247

100% SCOTCH WHISKY

M. Sole Distributore

Imbottigliato da FINE...

RARE WHISKY COLLECTORS' RANKINGS

The collectors' ranking is a league table based on an equal weighting for Volume and Value sold at auction in the UK using all data from the entire database, rather than the annual numbers used for showing market share.

Laphroaig continues to climb, sending Glenmorangie down one place. Aberlour have also found favour, moving up four places. If the shorter term trend continues for Aberlour we might expect a downturn into 2018 as there seems to be an increase in the market share of volume but a decline in £ value.

Glenrothes was highlighted in the 2017 half year review, now Edrington own the brand as well as the distillery. Moving up one place seems to suggest bottles are certainly being traded more frequently.

Kilchoman moves further down the collectors index. Are there now simply too many bottles to collect? When Bruichladdich experienced a slump in secondary market prices through 2010 it was after 2009 brought too many limited editions to market. When everything is a limited edition, by the virtue of that, nothing really is. Many collectors switched off Bruichladdich as they simply did not have enough space, money and time to hunt down all bottles in all territories. The same might start applying to Kilchoman.

| RANK | Q4 2016 | Q4 2017 | MOVEMENT FULL YEAR 2017 |
|------|---------------|----------------------|-------------------------|
| 1 | MACALLAN | MACALLAN | = |
| 2 | ARBEG | ARBEG | = |
| 3 | BOWMORE | BOWMORE | = |
| 4 | HIGHLAND PARK | HIGHLAND PARK | = |
| 5 | BRUICHLADDICH | BRUICHLADDICH | = |
| 6 | GLENFIDDICH | GLENFIDDICH | = |
| 7 | LAGAVULIN | LAGAVULIN | = |
| 8 | GLENMORANGIE | LAPHROAIG | UP 3 |
| 9 | PORT ELLEN | GLENMORANGIE | DOWN 1 |
| 10 | SPRINGBANK | PORT ELLEN | DOWN 1 |
| 11 | LAPHROAIG | SPRINGBANK | DOWN 1 |
| 12 | BALVENIE | BALVENIE | = |
| 13 | ARRAN | GLENDRONACH | UP 1 |
| 14 | GLENDRONACH | ARRAN | DOWN 1 |
| 15 | GLENFARCLAS | CAOL ILA | UP 2 |
| 16 | GLENLIVET | GLENFARCLAS | DOWN 1 |
| 17 | CAOL ILA | DALMORE | UP 1 |
| 18 | DALMORE | GLENLIVET | DOWN 2 |
| 19 | BRORA | TALISKER | UP 1 |
| 20 | TALISKER | BRORA | DOWN 1 |
| 21 | ROSEBANK | ROSEBANK | = |
| 22 | BUNNAHABHAIN | ABERLOUR | UP 4 |
| 23 | KILCHOMAN | MORTLACH | UP 1 |
| 24 | MORTLACH | BUNNAHABHAIN | DOWN 2 |
| 25 | GLEN GRANT | GLEN GRANT | = |
| 26 | ABERLOUR | KILCHOMAN | DOWN 3 |
| 27 | GLENGOYNE | GLENGOYNE | = |
| 28 | CLYNELISH | CLYNELISH | = |
| 29 | LINKWOOD | GLENROTHES | UP 1 |
| 30 | GLENROTHES | SPRINGBANK (LONGROW) | UP 2 |

WORLD

BOTTLE
NUMBER

047

One of Five Hundred

The

W.C. CALLAN

Anniversary

RARE WHISKY INVESTORS' RANKINGS

The Investors' distillery ranking is based 80% on the pure % increase in value for all bottles, with a small 10% weighting on the highest average price (all bottles) and the overall highest price (10%) of a single bottle.

This table can highlight the brands that suddenly become hot - or icy cold - and acts as an early warning indicator to the astute buyer of where to focus.

Brora has held the top spot valiantly, and has done since 2014, but not even the Highland heavyweight could hold back Macallan after the past two years' gains.

Macallan now tops all league tables – highest volume traded through 2017, highest value traded through 2017, the collectors rankings and the investors rankings all seat Macallan at position number one.

2017 has seen some significant shifts, with not one distillery remaining in the same position as they were at the end of 2016.

Other significant movers are Springbank, up 11 places – largely powered by many of the older vintage bottles (1966 Local Barley etc.) finally seeing significant gains after traditionally lagging behind the rest of the market.

| RANK | Q4 2016 | Q4 2017 | MOVEMENT FULL YEAR 2017 |
|------|---------------|------------------|-------------------------|
| 1 | BRORA | MACALLAN | UP 1 |
| 2 | MACALLAN | KILLYLOCH | UP 2 |
| 3 | DALMORE | BRORA | DOWN 2 |
| 4 | KILLYLOCH | BEN WYVIS | UP 34 |
| 5 | PORT ELLEN | BOWMORE | UP 1 |
| 6 | BOWMORE | SPRINGBANK | UP 11 |
| 7 | CONVALMORE | ST MAGDALENE | UP 4 |
| 8 | MORTLACH | ROSEBANK | UP 17 |
| 9 | ARDBEG | LOCHSIDE | UP 11 |
| 10 | BALVENIE | ARDBEG | DOWN 1 |
| 11 | ST MAGDALENE | DALLAS DHU | UP 2 |
| 12 | GLEN GRANT | DALMORE | DOWN 9 |
| 13 | DALLAS DHU | GLENESK/HILLSIDE | UP 25 |
| 14 | GLENURY ROYAL | PORT ELLEN | DOWN 9 |
| 15 | GLENLOCHY | GLEN ORD | UP 37 |
| 16 | TALISKER | MILLBURN | UP 2 |
| 17 | SPRINGBANK | GLENUGIE | UP 9 |
| 18 | MILLBURN | GLENLOCHY | DOWN 3 |
| 19 | LAGAVULIN | TALISKER | DOWN 3 |
| 20 | LOCHSIDE | BANFF | UP 1 |
| 21 | BANFF | GLENGOYNE | UP 34 |
| 22 | GLEN GARIOCH | GLEN GRANT | DOWN 10 |
| 23 | HIGHLAND PARK | MORTLACH | DOWN 15 |
| 24 | GLENFARCLAS | GLENURY ROYAL | DOWN 10 |
| 25 | ROSEBANK | CONVALMORE | DOWN 18 |
| 26 | GLENUGIE | GLEN GARIOCH | DOWN 4 |
| 27 | JURA | GLENFARCLAS | DOWN 3 |
| 28 | GLENDRONACH | LAPHROAIG | UP 12 |
| 29 | BRACKLA | GLENMORANGIE | UP 8 |
| 30 | CLYNELISH | GLENDRONACH | DOWN 2 |



Mentioned earlier for dipping in both volume and value traded, Dalmore moves down nine places to number twelve, taking the brand out of the top ten for the first time. Dalmore's peak performance as an investment was through late 2014 and the first half of 2015, when the brand held second place.

Rosebank is also interesting. With what initially appears to be confusing/conflicting insight, the Rosebank index (purely containing official/distillery bottles) moved up fractionally by 0.48% in 2017, yet the distillery has seen an overall positive move up 17 places. This has been powered by certain independent bottles selling recently for exceptional sums. What it does maybe call for is another index charting independent values alongside values for official bottles. At the end of 2016 there were four official bottles and eight independent bottles of Rosebank in the Apex 1000 Index. At the end of 2017 there were still four official bottles of Rosebank in the Apex 1000 index but the number of independent bottles had increased by 50% to twelve.

While the overall share of the market has dipped for Glenmorangie, the rarest of its bottles still appeal to investors, with an eight place up-shift in the investors' league powered by some high value sales of its limited editions and single cask releases.

INDICES - DELIVERING INTELLIGENCE & INSIGHT

RW101 continues to track the UK auction market in forensic detail and facilitate the compilation of the industry standard indices. In this section we look at how each has performed through 2017, the last quarter of 2017 and the final month of 2017.

Critically we are looking at trends, movements and change. The table captures the movement from the 31st December 2016 to the 31st December 2017.

Our benchmark indices – Apex 1000, 250 and 100 have all performed well through the year– up 27.51%, 28.08% and 35.10% respectively. Conversely, the Negative indices (the worst performing bottles) have fallen a further 17.22%, 10.79% and 8.92% for the Negative 100, 250 and 1000 respectively.

Of particular note are the dramatic gains made by Balvenie Tun 1401 Index, rising over 40% through the year. The Macallan continues to do well with its 18-year-old and 25-year-old indices gaining 34.73% and 29.49%.

| INDEX TITLE | 12 MONTH CHANGE | 3 MONTH CHANGE | 1 MONTH CHANGE |
|-------------------|-----------------|----------------|----------------|
| ICON 100 | 22.55% | 11.25% | 2.94% |
| JAPANESE ICON 100 | 8.90% | 8.39% | 4.74% |
| VINTAGE 50 | 23.39% | 5.67% | -0.40% |
| BRORA 50 | 7.31% | 6.45% | -4.07% |
| PORT ELLEN OB | 5.59% | -4.67% | -2.94% |
| ROSEBANK | 0.48% | -2.78% | -3.23% |
| MACALLAN 18 | 34.73% | 10.00% | 6.95% |
| MACALLAN 25 | 29.49% | 4.23% | 0.63% |
| RARE MALTS | 18.84% | 8.72% | -3.01% |
| KARUIZAWA | -3.96% | 0.12% | 2.20% |
| FLORA & FAUNA | 14.44% | 1.98% | 1.22% |
| BLACK BOWMORE | 30.49% | -5.31% | -5.31% |
| BALVENIE TUN 1401 | 41.62% | 14.39% | -2.96% |
| APEX 100 | 35.10% | 14.26% | 5.73% |
| APEX 250 | 28.08% | 10.46% | 4.31% |
| APEX 1000 | 27.51% | 7.42% | 1.83% |
| NEGATIVE 1000 | -8.92% | -2.71% | -1.89% |
| NEGATIVE 250 | -10.79% | -2.59% | -1.71% |
| NEGATIVE 100 | -17.22% | -8.22% | -4.48% |



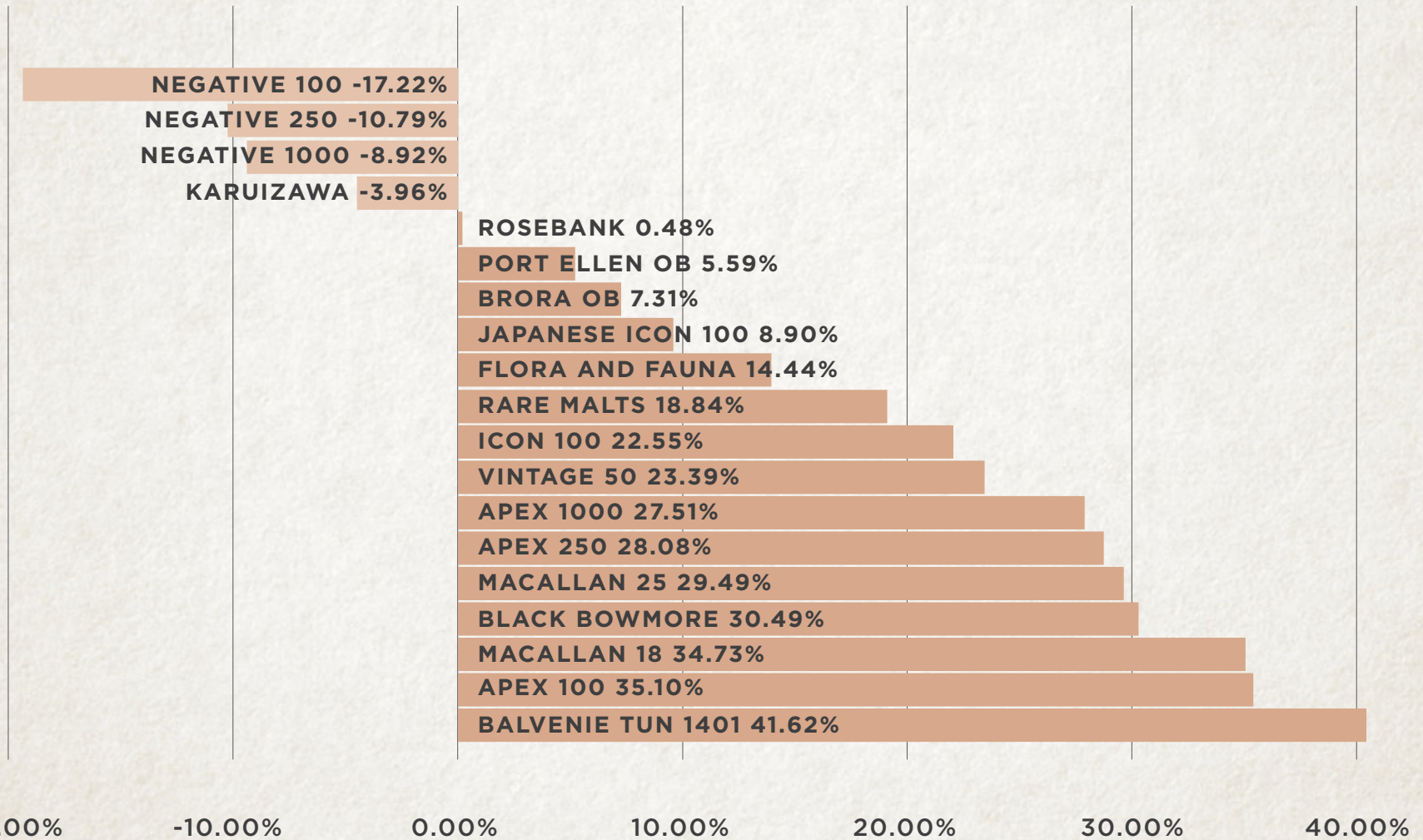


INDICES - DELIVERING INTELLIGENCE & INSIGHT

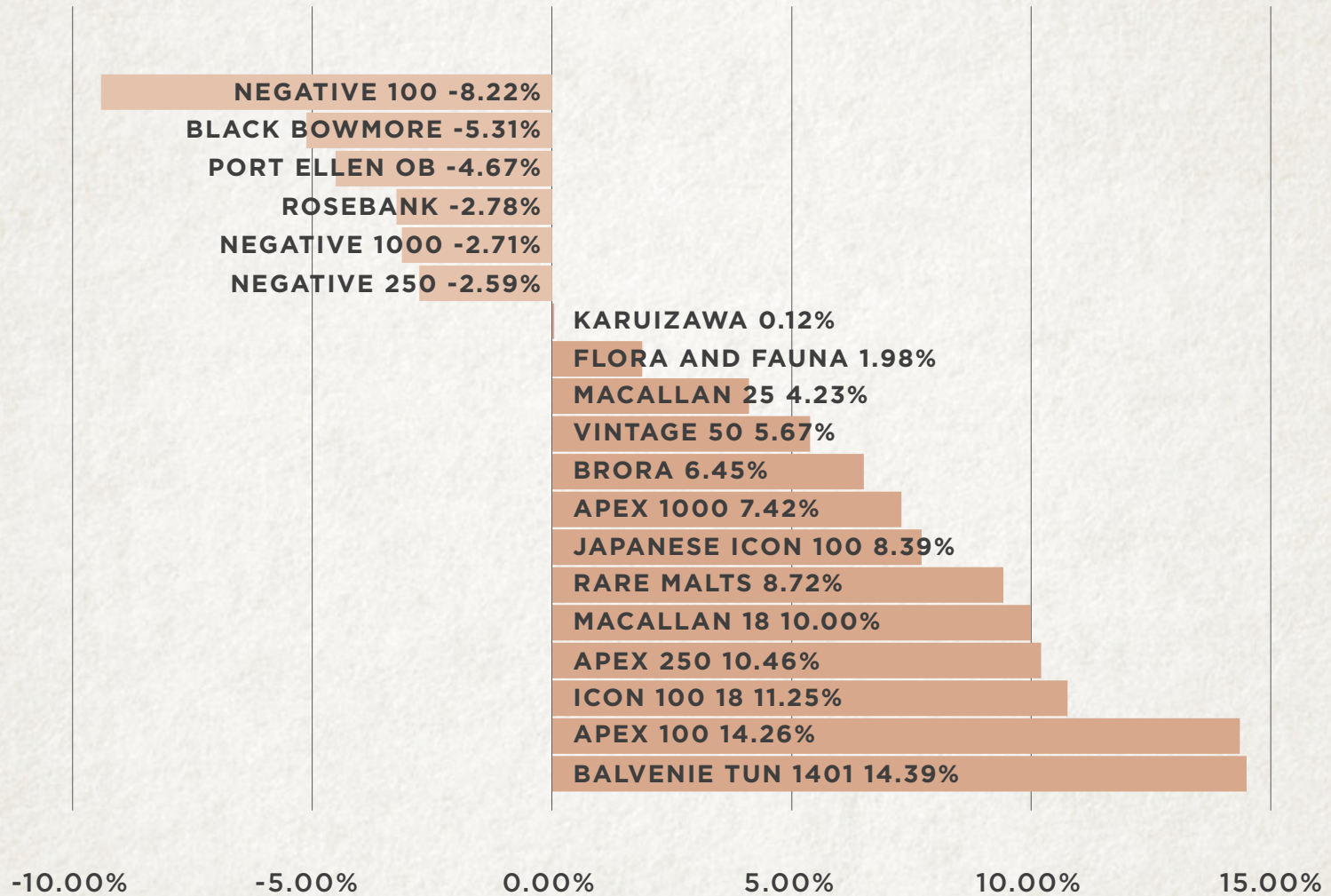
As is mentioned elsewhere in this report the Silent Stills of Port Ellen, Brora and Rosebank show more modest gains rising 5.59%, 7.31% and 0.48% over the year. Interestingly these annual figures have been impacted in more recent months with the three month and one month results.

Sorting the data from poorest performance to strongest illustrates the impressive gains made by the Balvenie Tun 1401 Index, the Apex 100 and Macallan 18-year-old's.

This stark comparison confirms that you must acquire wisely or be prepared for some painful losses. Polarisation continues to impact the rare whisky market, and will, we forecast, always be the case with the most desirable bottles from the most sought after brands outperforming bottles from less desirable distilleries.

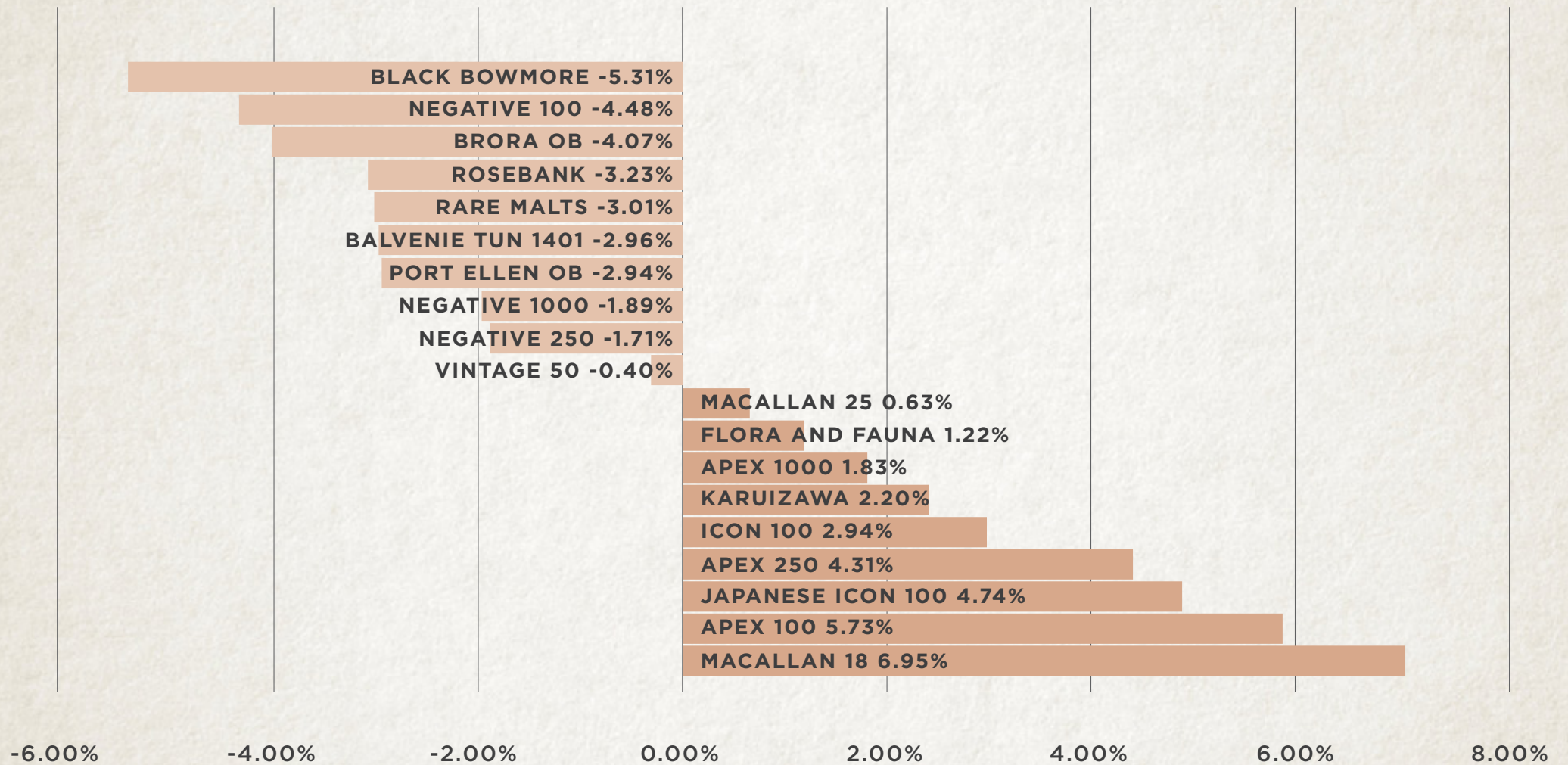


12 MONTHS



3 MONTHS

Turning to the three and one month charts and, again, the Balvenie Tun 1401 Index outperforms the pack in all but the last month of the year.



1 MONTH

In the one-month metric we see the Balvenie Tun 1401 Index give back some of its previous gains and we see a surge in the Macallan 18-year-old Index.

Interestingly, The Kariuzawa Index shows the opposite effect - a soft general performance firms up later in the year. Are silent still treasure hunters exiting Scotland and looking to the land of the rising sun once again?

Finally, looking at the negative performers we continue to see the Negative 1000, 250 and 100 losing value year on year.

Unsurprisingly, this dynamic index captures the very worst performers on a monthly basis where bottles move in and out of the index based on their performance.

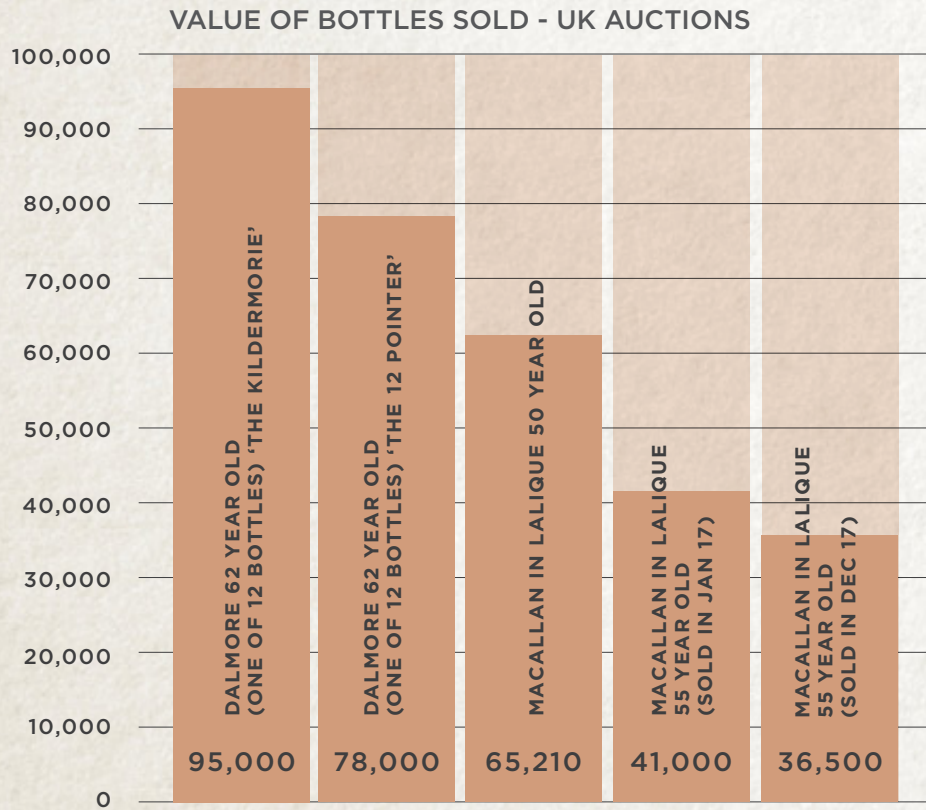
The Negative 1000 - the broadest metric we have, performs better (less badly) than the Negative 250 and Negative 100. As we often advise caveat emptor - buyer beware - and this analysis confirms that not all whisky sold in the UK secondary market will perform well from a value growth perspective. DYOR (do your own research) remains one of the key rules of investing in whisky.

| INDEX TITLE | 12 MONTH | 3 MONTH | 1 MONTH |
|-------------|----------|---------|---------|
| NEG 1000 | -8.92% | -2.71% | -1.89% |
| NEG 250 | -10.79% | -2.59% | -1.71% |
| NEG 100 | -17.22% | -8.22% | -4.48% |

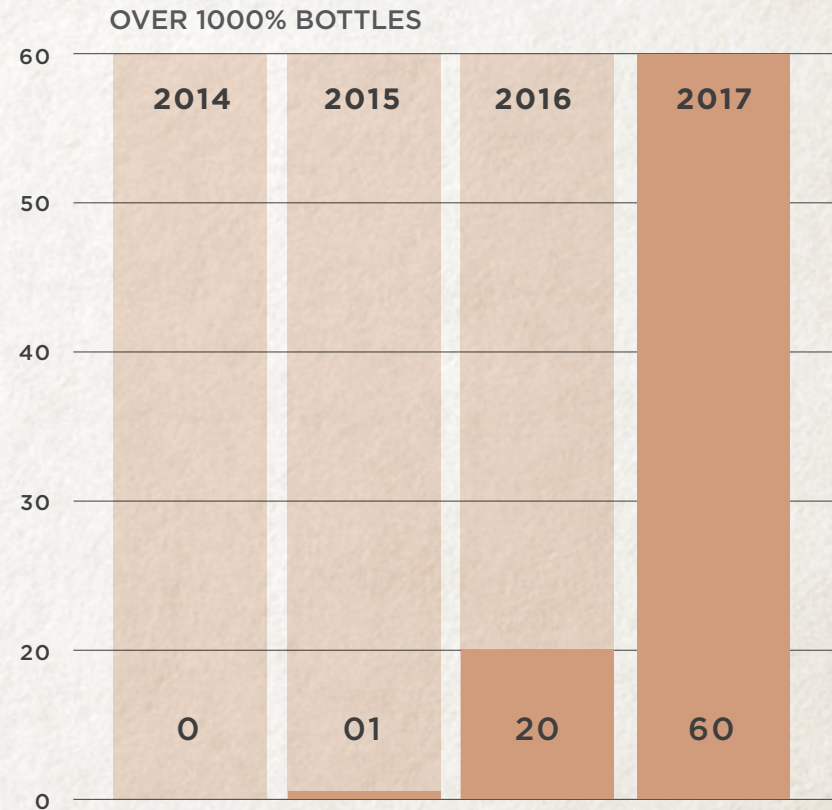


STANDOUT BOTTLES OF 2017

THE HIGHEST VALUE BOTTLES OF SCOTCH WHISKY SOLD AT AUCTION IN THE UK FOR 2017 ARE:



A bottle of Scotch still has not broken the six figure barrier in the UK auction market. Will 2018 be the year that happens? Will we see a Dalmore Trinitas? A Macallan 60 year old Adami, Blake or 1926 Fine and Rare?



2017 saw the sale of five bottles which have exceeded 2,000% growth when comparing their first UK auction sale with their most recent. 3,000% hasn't quite been reached. However, looking to 2018 if the current market dynamics continue, that will change?

FAKES UPDATE

Following on from the Laphroaig 1903 fake of 2016 we were called in to assist on the Macallan 1878 from St Moritz – and released the information to the world in late 2017 working with and for the team at the Waldhaus Hotel:

“One of the world’s only known bottles of Macallan 1878 still in circulation has been officially exposed as a fake following an investigation by Rare Whisky 101 working in partnership with Sandro Bernasconi, Bar Manager at The Waldhaus Hotel.

The Waldhaus Hotel Am See in St Moritz hit the headlines earlier this summer after a Chinese customer paid 9,999 Swiss Francs (c£7,700) for a glass of the rare Scotch whisky, thought to be the most ever paid for a poured dram of liquid gold. Were the bottle genuine, it would have carried a bar-value of around 300,000 Swiss Francs (£230,000).

Following a series of investigative and forensic tests carried out by RW101, the whisky has been shown to date back no further than 1970, deeming it almost worthless as a collector’s item. Sandro Bernasconi from the Hotel has flown to Asia in the last week to refund the paying customer in full.



One of the world's leading authorities on rare whisky, RW101 was called in by the hotel owner following publicity surrounding the sale of the dram. The eye-watering price paid for a drop of this seemingly rare vintage caused a stir among a number of experts within the whisky industry who have questioned its authenticity and asked for clarity on what exactly the bottle contains.

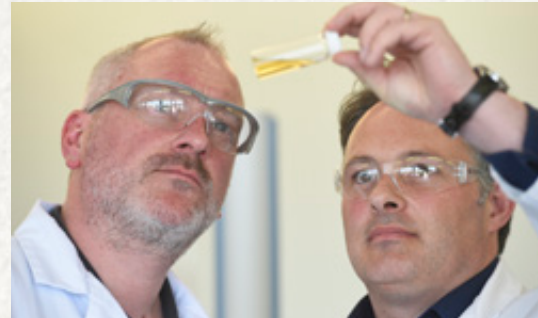
A sample of the Macallan 1878 was subsequently collected by the team at RW101, and flown back to the UK for a series of forensic tests and analysis to determine, as best as modern science allows, the precise composition of the liquid. Firstly, and most critically, the liquid was subjected to carbon dating at the University of Oxford to verify the year of distillation.

The conclusion from Rare Whisky 101's investigation is that the whisky is a modern fake. Results from University of Oxford's Research Laboratory for Archaeology and The History of Art suggested a 95% probability that the liquid was created between 1970 and 1972. Subsequent laboratory tests carried out by Tatlock and Thomson (providers of scientific services to the wine and spirits industry) showed the spirit was most likely a blended scotch comprised of 60% Malt and 40% Grain.

Ken Grier from The Macallan brand owner, Edrington Group, commented;

"As the leading brand in the fast growing secondary market for rare whiskies, with an estimated 30% share by value, we take

this very seriously. We praise the work that our partners, RW101, are doing to bring awareness of any fraud to light. We would urge consumers to buy from reputable sources at all times."



RW101 co-founder David Robertson commented;

"The Waldhaus team have done exactly the right thing by trying to authenticate this whisky. Over the past year, we have been invited by numerous bottle owners and auction houses to assess suspicious bottles. Indeed, we've noticed an increasing number of old, rare archive or antique bottles coming to market at auction, and it's difficult to know how prevalent this problem is. We would implore that others in the market do what they can to identify any rogue bottles. The more intelligence we can provide, the greater the chance we have to defeat the fakers and fraudsters who seek to dupe the unsuspecting rare whisky consumer. We're also working closely with The Macallan brand owner, Edrington Group, as they start to take a leadership position on fake whisky.

"As with any purchase, we would recommend that each buyer does their research, assesses the bottle and its

packaging presentation, and where they can afford to do so, send some of the liquid for technical evaluation and/or carbon dating. If you do have a pre 1900's bottle we suggest it's worth extracting a sample to prove if it is genuine or not (most likely not). Even if the bottle has been opened, if you can prove the whisky was distilled pre 1900, then you have some very valuable whisky to enjoy!"

Sandro Bernasconi, manager at the Waldhaus Hotel said:

"When it comes to selling our customers some of the world's rarest and oldest whiskies, we felt it was our duty to ensure that our stock is 100% authentic and the real deal. That's why we called in RW101. The result has been a big shock to the system, and we are delighted to have repaid our customer in full as a gesture of goodwill."



SO WHAT NEXT?

Critically, we are seeing more and more of these antique bottles, or relics, and we now believe that in the absence of any carbon dating documentation that any buyer should resist the temptation to acquire.

We have decided to work in partnership with a Scottish based carbon dating laboratory and are developing methods of analysis that will be useful for any sellers, buyers and brand owners that have in their possession bottles purported to be distilled pre 1920.

We remain committed to rooting out any and all fakers and fraudsters who would seek to dupe the unsuspecting rare whisky buyer.

Given the research done to date we are exploring a simple four-step process that we would implore is adopted and embraced by those operating in the rare whisky sector.

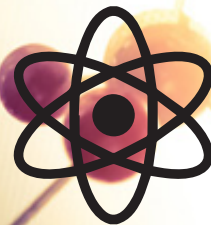
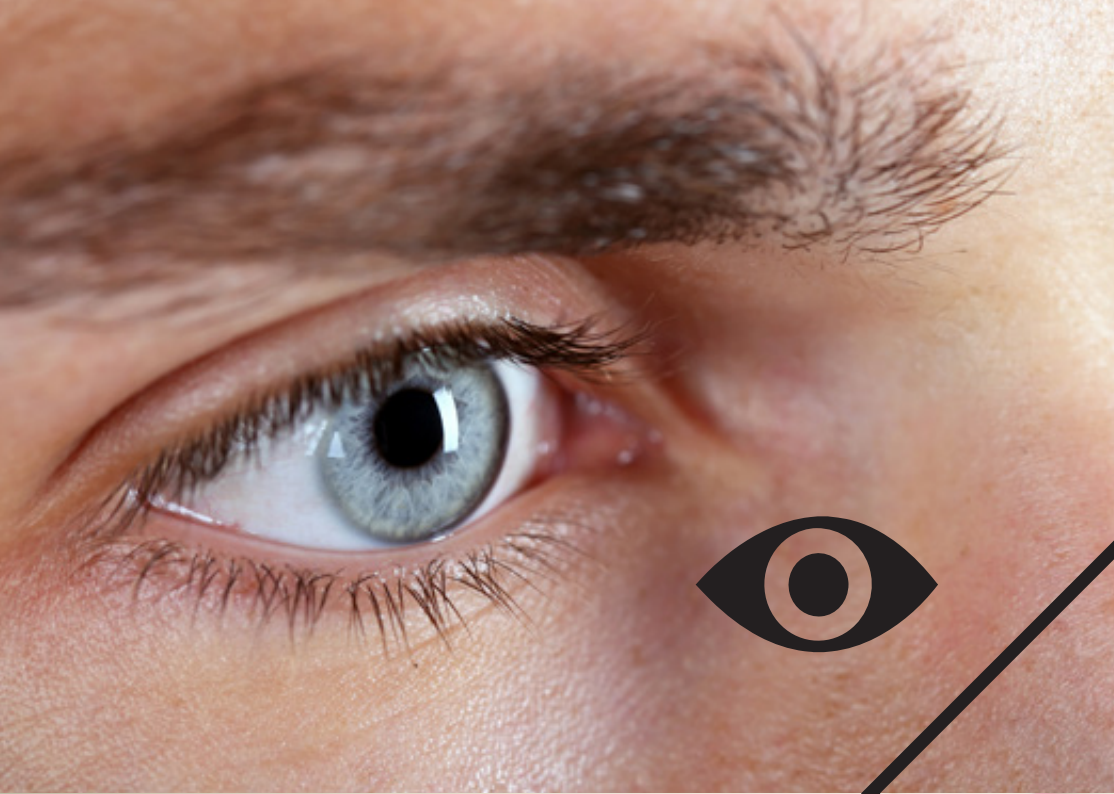
Many have suggested that by opening and testing the liquid you make the bottle unsaleable – our view is that without the confirmation of age/provenance then the bottle is worthless anyway and we believe that for many rare whisky enthusiasts if they seek to acquire old, archive, relic pieces for their collection they will now demand a certificate of authenticity.

Many of these old bottles will be acquired with a view to drinking rather than keeping. On these occasions removing a small sample (often through the stopper-cork with a syringe) to carbon date can only add value.

RULE OF FOUR

- 1. Visual Inspection.** Eyes on - Glass, labelling, capsule, cork - Assessment should be made to ensure all visual elements of the bottle match expectations. Look at previous bottles sold (at auction on line is a good place to start) and check the labels, capsules, glass and liquid colour.
- 2. Nose & Taste - Assess Liquid Organoleptically** - If you are able to get a sample from the bottle you should look to nose and taste it and confirm it is what would be expected.
- 3. Forensics - Scientific analysis of congeners, malt:grain ratio, wood extractives, colour/caramel, phenols** - We have identified a laboratory that has done this work with us on the Laphroaig and Macallan bottles and can provide analytical reports to substantiate the provenance (or otherwise) of the liquid.
- 4. Age - Carbon Dating C14 Age Assessment** - The definitive proof in time that indicates when the barley ceased living (as malted, ready for mashing and distilling) to create the whisky. This should confirm, beyond any reasonable doubt the estimated vintage/year of production.





IS SILENCE STILL GOLDEN?

WITH THE ANNOUNCEMENTS IN EARLY OCTOBER THAT DIAGEO ARE SET TO RE-OPEN PORT ELLEN AND BRORA AND IAN MACLEOD DISTILLERS ARE TO RE-OPEN ROSEBANK, ONE OF THE MOST FREQUENT QUESTIONS WE WERE ASKED IN 2017 WAS WHETHER THIS WOULD HAVE AN EFFECT ON PRICES FOR EXISTING BOTTLES?

Our initial thoughts were that the status quo would, to some degree, be maintained, but there are pros and cons.

On one side of the fence, the alluring mystique of the thought that spirit will never flow at these distilleries again has been tarnished. Whichever way it is looked at, and however it is rationalised, that has to have some impact, however small.

On the other side of the fence, rare and old bottles from Macallan, Balvenie, Clynelish, Talisker, Ardbeg, Lagavulin, Bowmore, Laphroaig and many other fully operational distilleries are still seeing very healthy increases in value; so why should these three silent distilleries be any different? We suspect to some degree they will not be.

A cask of 1972 Brora will always be a cask of 1972 Brora, which is a thing of beauty and a thing which can never be replicated.

Even for final year distillate from Port Ellen and Brora, the liquid is now c.35 years old. For anything else to come out at that age from the 'revived' distilleries it will be 35 years down the road, so how much of an impact the 'new' bottles will have on the older variants of the original distilleries is yet to be seen and we will have a very long wait.

Where we can see the advent of these distilleries having a positive/upward impact on values is comparing younger aged 'original' spirit with younger aged 'revived' spirit. There are still reasonable volumes of 8 and 12-year-old Rosebank

available on the secondary market which would be great to compare/contrast with the same aged spirit when it is ready. The same applies to the original Clynelish (Brora) 5 and 12 year old bottles from the late 1960's and early 1970's.

Port Ellen, Brora and Rosebank all under-performed the general market through 2017, but we feel it is too early to tell whether October's announcements are the cause of that. Let us not forget Macallan's vintage 18 and 25 year olds increased in value by less than 4% through 2014, so various bottles/collections have strong years and weak years.

That said, in 2017 something has changed overall demand for official bottles from the big three silent distilleries from a collector/investor perspective.



| YEAR | NUMBER OF PORT ELLEN, BRORA AND ROSEBANK BOTTLES IN THE APEX 1000 INDEX | YEAR | NUMBER OF PORT ELLEN, BRORA AND ROSEBANK BOTTLES IN THE APEX 100 INDEX |
|------|---|------|--|
| 2013 | 91 | 2013 | 8 |
| 2014 | 120 | 2014 | 10 |
| 2015 | 125 | 2015 | 15 |
| 2016 | 120 | 2016 | 9 |
| 2017 | 99 | 2017 | 7 |

If we look at the number of bottles from Port Ellen, Brora and Rosebank in the Apex 1000 and the Apex 100 indices, 2015 was a pinnacle year, following that there's been a slide.

If we then take a look at five-year performance of the Port Ellen, Brora and Rosebank indices compared with other Diageo silent stills releases (OB's only), we see the comparative index increased by 14.20% in 2017. Compare that with other non-Diageo silent stills official bottles (e.g. Glenugie, Inverleven, Littlemill etc) and those bottles have outperformed the broader market slightly, having grown by 29.82% in 2017.

| YEAR | 2013 | 2014 | 2015 | 2016 | 2017 |
|--------------------------------|--------|--------|--------|--------|--------|
| PORT ELLEN | 19.84% | 27.58% | 9.66% | 15.21% | 5.58% |
| BRORA | 41.40% | 13.81% | 26.09% | 65.54% | 7.31% |
| ROSEBANK | 12.93% | 10.03% | 15.66% | 21.52% | 0.48% |
| SILENT STILLs - DIAGEO (OTHER) | 19.19% | 14.87% | 1.77% | 36.18% | 14.20% |
| SILENT STILLs - NON DIAGEO | 14.11% | 22.16% | 30.90% | 13.72% | 29.82% |



What we suspect is happening here is that collectors/ investors have turned to where they see better value purchases in light of the recent retail price increases from Diageo and the impact this has on secondary values.

Previous years have seen the value for earlier special release Port Ellen's and Brora's increase in the secondary market, to some degree playing catch up with sharp increases in retail prices (prices which, in our opinion, were wholly needed and long overdue). Now that catch-up has happened, it is natural for price growth to ease as these bottles find their equilibrium.

2017's sub-par growth in values for official bottles from the big three silent stills could appear to be more of a natural pausing for breath rather than anything born of the re-opening announcements. If we move through 2018 and value increases for these distilleries continue to underperform the rest of the market, that could signal the decision to re-open is a negative contributing factor.

At the moment, until we have a longer period of trade to base insight upon, we remain firmly planted on the same fence. We will re-visit the big three silent stills in the half year report.

RARE WHISKY COLLECTORS/INVESTORS SURVEY 2017

HIGHLIGHTS

Private whisky collections worth an estimated £75million, and with an average value of £50,000 were identified by research carried out by Rare Whisky 101 in partnership with Whisky Auctioneer, between 17th October and 20th November 2017.

The survey of 1,542 rare whisky connoisseurs, collectors and investors from across the world revealed some startling new insights into the booming passion pursuit of rare whisky acquisition.

As well as uncovering the estimated values of individual collections which totalled some £74.547 million and 326,000 bottles, the research reveals that whisky lovers are each spending, on average, more than £10,000 every year to indulge their passion for rare whisky. A small proportion (1%) are spending more than £100,000 per annum on their treasure hunting. The average whisky collection comprises more than 200 bottles, with an average bottle value of £228.

One in ten report to be in possession of collections valued at over £100,000. The results in detail are as follows:

VOLUME - HOW MANY BOTTLES DO YOU OWN?

| ANSWER CHOICES | RESPONSES | | ESTIMATED NUMBER OF BOTTLES |
|----------------------|-----------------|-------------|-----------------------------|
| UP TO 50 | 30.16% | 465 | 11,625.00 |
| BETWEEN 50 AND 100 | 23.54% | 363 | 27,225.00 |
| BETWEEN 100 AND 250 | 25.03% | 386 | 67,550.00 |
| BETWEEN 250 AND 500 | 11.87% | 183 | 68,625.00 |
| BETWEEN 500 AND 1000 | 5.71% | 88 | 66,000.00 |
| MORE THAN 1000 | 3.70% | 57 | 85,500.00 |
| | ANSWERED | 1542 | 326,252.00 |

Unsurprisingly, most respondents (78.73%) own a small collection, comprising 250 bottles or less. A very small number (57) claim to own a collection of a 1,000 bottles or more. But of these bottles, how many are open and how many still unopened?

HOW MANY BOTTLES ARE OPENED?

| ANSWER CHOICES | RESPONSES | | ESTIMATED NUMBER OPEN |
|-------------------|-----------------|-------------|-----------------------|
| UP TO 10 | 56.23% | 867 | 4,335.00 |
| BETWEEN 10 AND 20 | 17.44% | 269 | 4,035.00 |
| BETWEEN 20 AND 30 | 10.44% | 161 | 4,025.00 |
| BETWEEN 30 AND 40 | 5.90% | 91 | 3,185.00 |
| BETWEEN 40 AND 50 | 3.11% | 48 | 2,160.00 |
| MORE THAN 50 | 6.87% | 106 | 5,830.00 |
| | ANSWERED | 1542 | 23,570.00 |

HOW MANY BOTTLES ARE STILL UNOPENED?

| ANSWER CHOICES | RESPONSES | | ESTIMATED NUMBER CLOSED/ SEALED |
|----------------------|-----------------|-------------|---------------------------------|
| UP TO 50 | 36.58% | 563 | 14,075.00 |
| BETWEEN 50 AND 100 | 20.73% | 319 | 23,925.00 |
| BETWEEN 100 AND 250 | 21.64% | 333 | 58,275.00 |
| BETWEEN 250 AND 500 | 9.55% | 147 | 55,125.00 |
| BETWEEN 500 AND 1000 | 4.74% | 73 | 54,750.00 |
| MORE THAN 1000 | 2.99% | 46 | 69,000.00 |
| ALL | 3.77% | 58 | 29,000.00 |
| | ANSWERED | 1539 | 304,150.00 |

Note: 3 respondents did not answer.

Looking at this data suggests that around 23,500 bottles are open in these collections, which is around 7%. By difference, that means most respondents (93%) keep most of their bottles sealed and unopened.

Critically, we were also keen to understand the value of people's collections of Rare Whisky and found that an incredible £74,547,000 was hoarded by global whisky enthusiasts.

VALUE OF COLLECTIONS

| ANSWER CHOICES | RESPONSES | | CALCULATED ESTIMATE VALUE | % WEIGHTED |
|-------------------------------|-----------------|-------------|---------------------------|-------------|
| LESS THAN £500 | 3.70% | 57 | 14,250.00 | 0.02% |
| BETWEEN £500 AND £1,000 | 6.23% | 96 | 72,000.00 | 0.10% |
| BETWEEN £1,000 AND £2,500 | 9.01% | 139 | 243,250.00 | 0.33% |
| BETWEEN £2,500 AND £5,000 | 12.58% | 194 | 727,500.00 | 0.98% |
| BETWEEN £5,000 AND £10,000 | 19.20% | 296 | 2,220,000.00 | 2.98% |
| BETWEEN £10,000 AND £50,000 | 30.74% | 474 | 14,220,000.00 | 19.08% |
| BETWEEN £50,000 AND £100,000 | 9.53% | 147 | 11,025,000.00 | 14.79% |
| BETWEEN £100,000 AND £250,000 | 5.38% | 83 | 14,525,000.00 | 19.48% |
| BETWEEN £250,000 AND £500,000 | 1.82% | 28 | 10,500,000.00 | 14.09% |
| MORE THAN £500,000 | 1.82% | 28 | 21,000,000.00 | 28.17% |
| | ANSWERED | 1542 | 74,547,000.00 | 100% |

From this, we see 28 respondents accounting for collections of whisky worth an estimated £21 million – over 28% of the total across all the people that were surveyed.

Broadening our reach, we can discuss that the top 286 people account for some £57 million and 76.53% of the total. It seems that there is a strong concentration of large whisky collections in a small number of hands!

HOW DO YOU KEEP TRACK OF THE VALUE?

| ANSWER CHOICES | RESPONSES | |
|--|--|--------------|
| | A GUESS BASED ON RECENT BOTTLE PRICES AT AUCTION | 62.71% |
| A GUESS BASED ON VALUATIONS WHICH I'VE READ ABOUT IN THE MEDIA | 8.69% | 134 |
| A RECENT VALUATION OF MY FULL COLLECTION | 9.01% | 139 |
| A GUESS PURELY BASED ON HOW MUCH I PAID FOR THE BOTTLE(S) | 16.54% | 255 |
| GUT INSTINCT | 3.05% | 47 |
| | ANSWERED | 1,542 |

Given the size and value of many of these collections it seemed critical for us to understand and appreciate how respondents value and keep track of the worth (upwards and downwards) of their prized possessions.

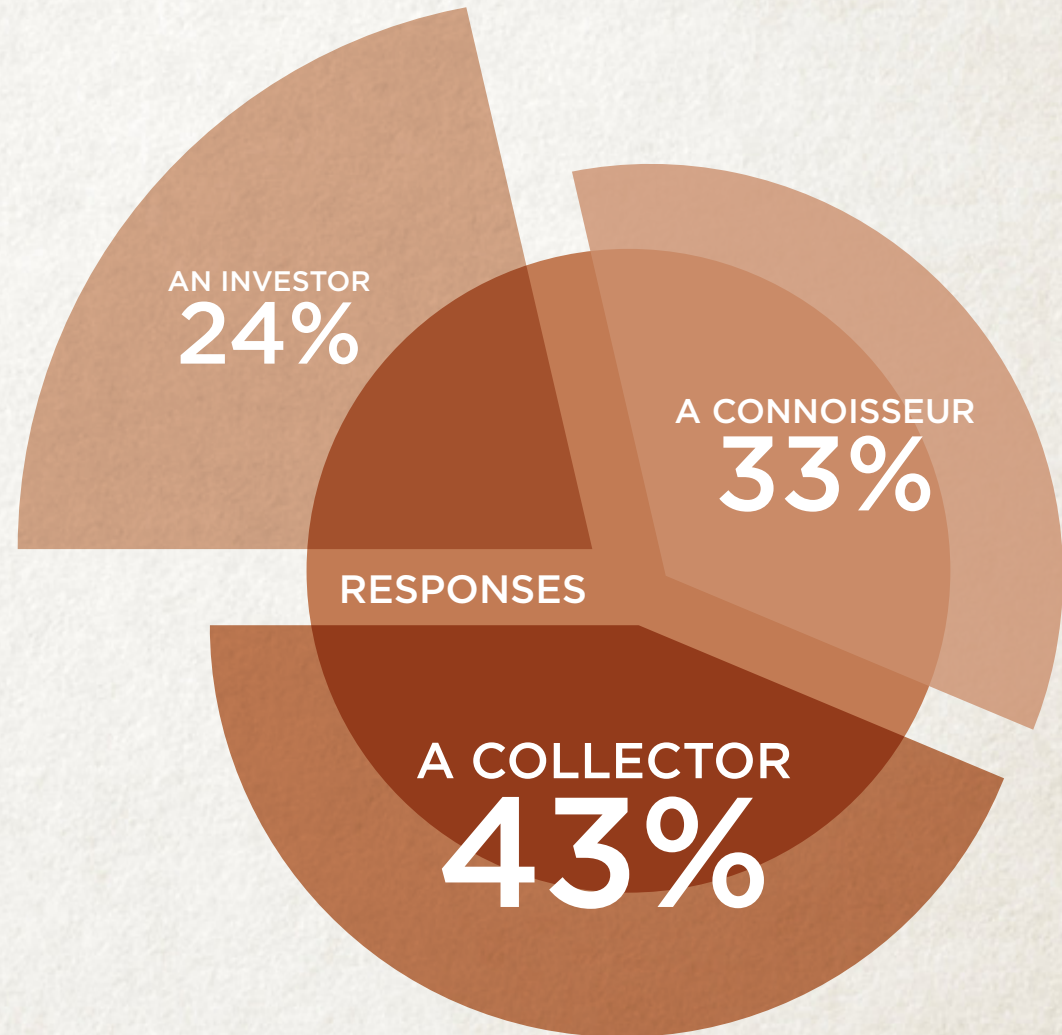
Unsurprisingly, we find that the majority use recent auction values. However, we are surprised at how few take advantage of regular full collection valuations – less than 10%. Lets hope that this 10% are the ones who are fortunate enough to hold the most valuable collections!

MOTIVATIONS FOR ACQUISITION

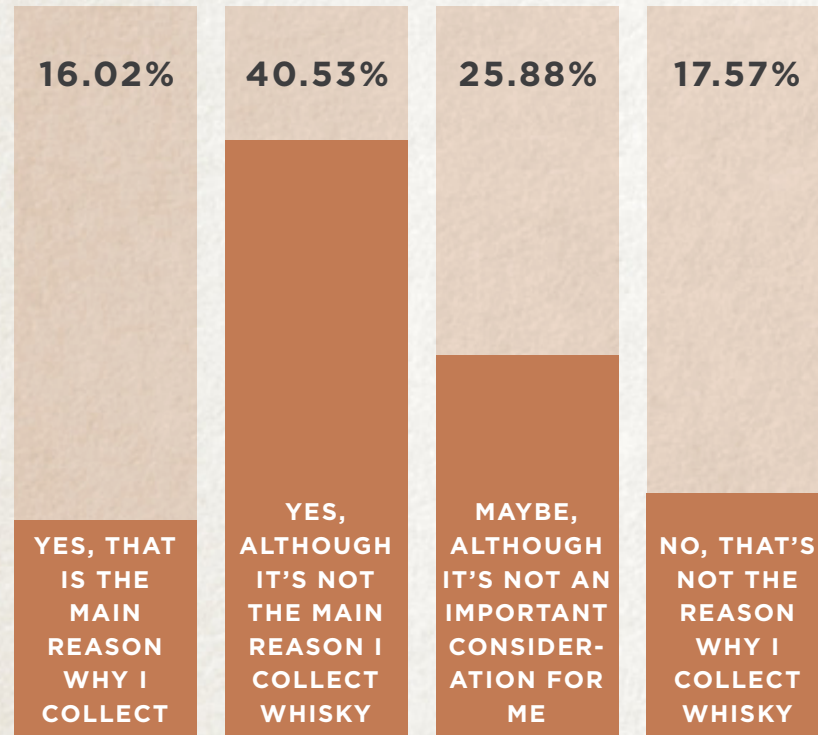
The debate continues in many social media forums about the “evil” nature of whisky collection and investing, so we thought we would ask those whom it most impacts – the global rare whisky fan and we found that there is a split of motivations as to why they do what they do.

Many are connoisseurs, some are collectors and, dare we say it, many are also investors. Of course, our survey sample will be skewed, coming as it does from our database and that of Whisky Auctioneer in Perth, but we feel many of the broader themes will ring true for the wider rare whisky market.

It will be fascinating to see how brand owners, retailers, auctioneers and brokers review their strategies, tools and tactics to capture the imagination of this seemingly ever growing group of consumers.



ARE YOU LOOKING TO MAKE A POSITIVE FINANCIAL RETURN ON YOUR RARE WHISKY COLLECTION?



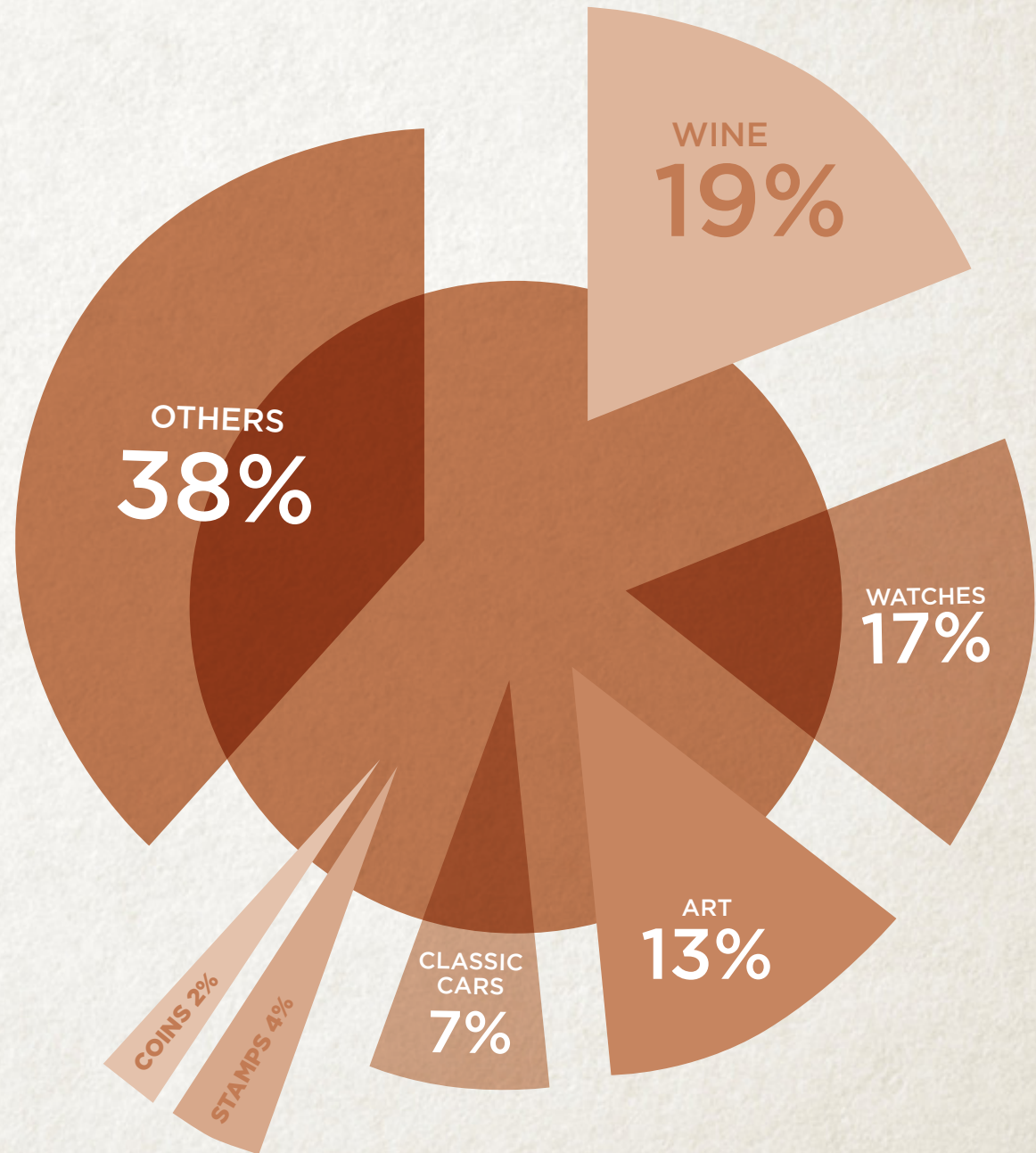
But to try and really drill down in to the detail we then asked “are you looking to make a positive return on your whisky collection?” and found:

Over 80% say that seeing value growth is pleasing. Only 17.57% say it's not important at all!

PASSION PURSUITS

We were also keen to investigate what other things the rare whisky buyer was interested in and have estimated the following, confirming that there is a tight group of adjacent and interesting collectibles.

The “3 W’s” seem critical – all respondents are whisky enthusiasts (W1) and many of them also seek out Wine (W2, 18.84%) and Watches (W3, 16.51%), in addition Art (12.99%), Classic Cars (6.99%), Stamps (3.78%) and Coins (2.48%) are also attractive and together they account for some 61.7%.



SPEND PER ANNUM

| ANSWER CHOICES | RESPONSES | | CALCULATED ESTIMATED SPEND PA |
|-------------------------------|-----------------|-------------|-------------------------------|
| UP TO £1,000 | 26.20% | 404 | 202,000.00 |
| BETWEEN £1,000 AND £5,000 | 41.37% | 638 | 1,914,000.00 |
| BETWEEN £5,000 AND £10,000 | 15.95% | 246 | 1,845,000.00 |
| BETWEEN £10,000 AND £25,000 | 9.86% | 152 | 2,660,000.00 |
| BETWEEN £25,000 AND £50,000 | 3.50% | 54 | 2,025,000.00 |
| BETWEEN £50,000 AND £100,000 | 1.88% | 29 | 2,175,000.00 |
| BETWEEN £100,000 AND £250,000 | 0.84% | 13 | 2,175,000.00 |
| BETWEEN £250,000 AND £500,000 | 0.19% | 3 | 1,125,000.00 |
| MORE THAN £500,000 | 0.19% | 3 | 2,250,000.00 |
| | ANSWERED | 1542 | 16,471,000.00 |

How much is set aside annually to be deployed to build Rare Whisky collections by our respondents?

Again, we see a concentration of value at the top of the spending range, with 102 respondents looking to deploy £9.85 million out of the total of £16.5 million - some 59.80%. That means each of these treasure hunters will be, on average, planning to spend almost £100,000 per annum - a large sum of money for most people!



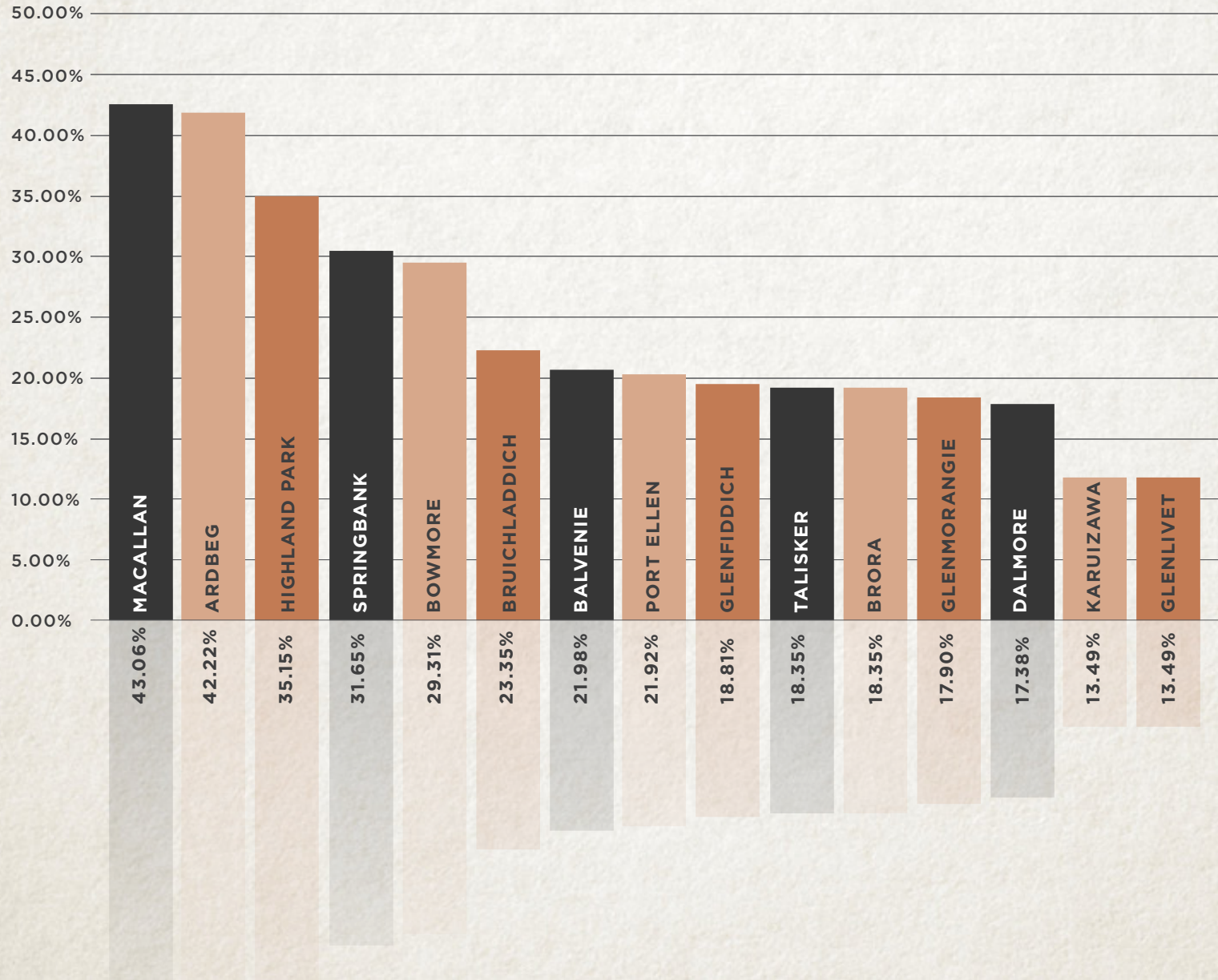
TREASURE HUNTING

WHAT BRANDS ARE THESE VORACIOUS WHISKY COLLECTORS, CONNOISSEURS AND INVESTORS LOOKING OUT FOR?

The Macallan comes out on top as the most popular brand for acquisition, closely followed by Ardbeg, Highland Park, Springbank and Bowmore.

This insight supports our wider 2017 Annual Report analytics where The Macallan dominates both the Collector and Investor tables. Proof, if yet more proof was needed, of the enduring appeal of this iconic Speysider.

WHICH BRANDS DO YOU COLLECT?

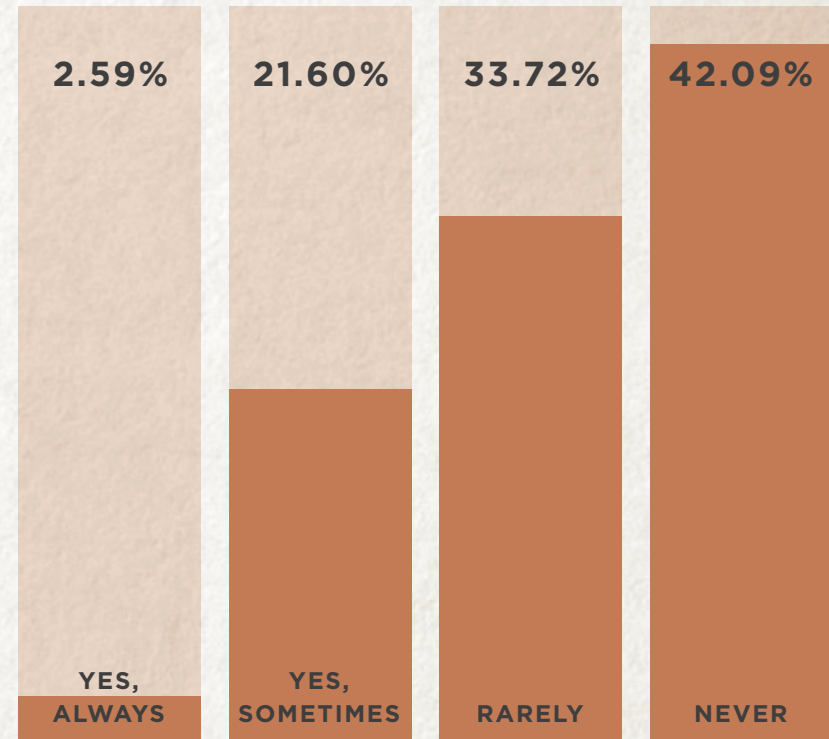


SO, HOW DO THESE ENTHUSIASTS GO ABOUT IDENTIFYING AND ACQUIRING TARGETS FOR ACQUISITION? DO THEY DO ALL THE WORK THEMSELVES? DO THEY EMPLOY PROFESSIONALS TO ASSIST?

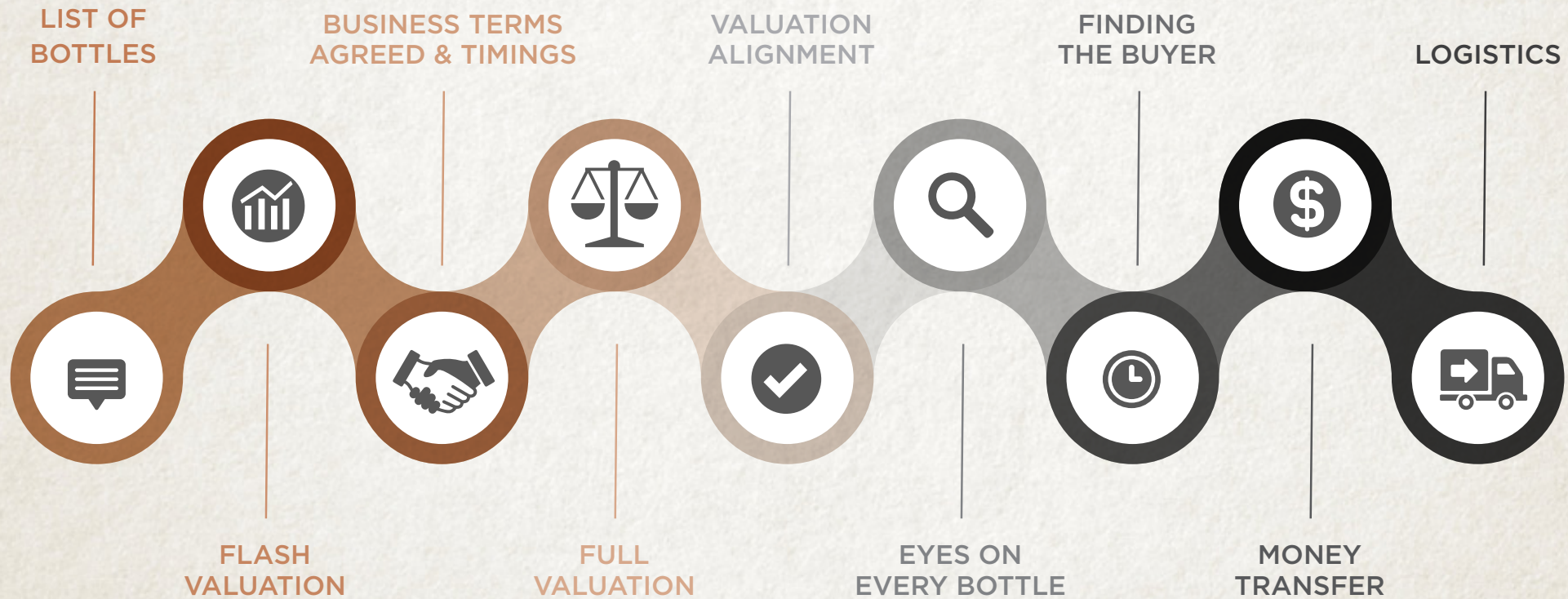
Most seem happy to do all the work on their own – some 42.09% - adding in the “rarely” (33.72%) this totals 75.81%. So, we can clearly see that three quarters of those surveyed are confident (we hope) to do their own research, provenance checking, analysis, pricing and negotiation (where appropriate) before choosing how, where and when to secure a bottle for their collection.

If we take a very simple view of the market and assume that those 75.81% own a proportionate number of bottles and value we would find that 247, 539 bottles, worth some £56.514 million could be managing their own collections with little professional assistance.

DO YOU SEEK PROFESSIONAL HELP WITH YOUR INTEREST IN RARE WHISKIES?



RARE WHISKY 101 BOTTLE BROKERAGE PROCESS

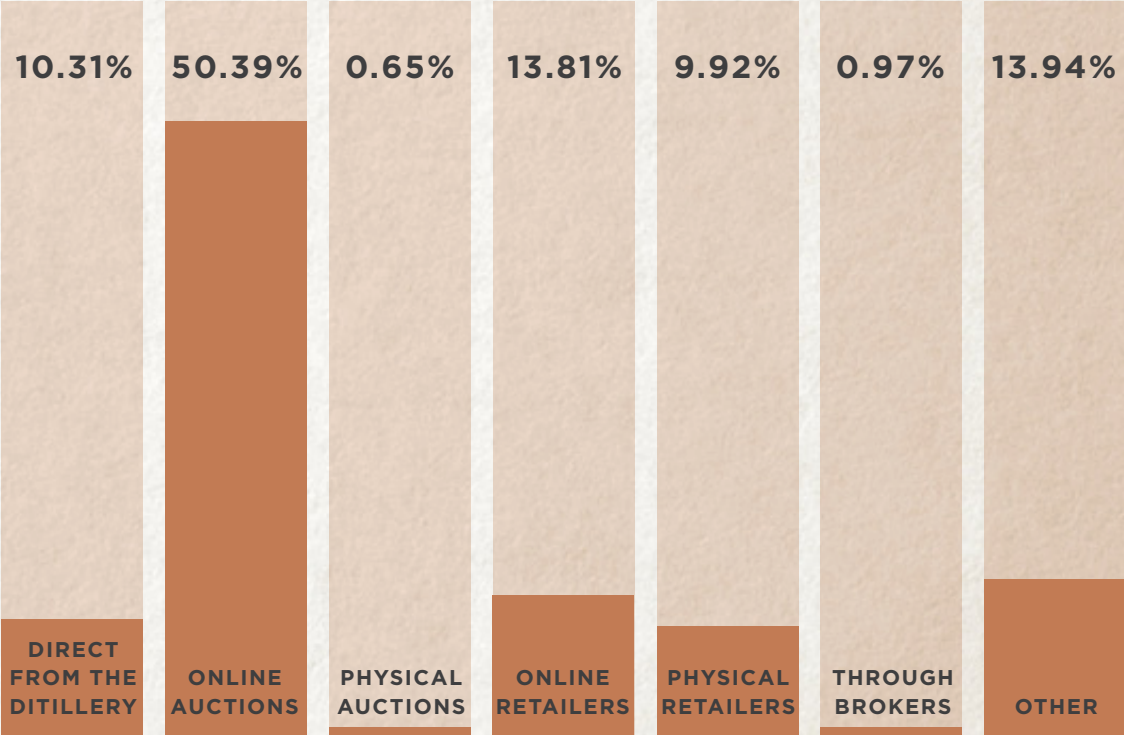


WHERE DO YOU BUY YOUR RARE WHISKIES?

WHERE DO THEY GO TO SEEK OUT THE BOTTLES THEY DESIRE TO ADD TO THEIR COLLECTIONS?

Online auctions dominate, with online retailers and then distillery and physical retailers. On more detailed analysis we can determine that most buyers use a range of channels to acquire what they want.

What is of interest to RW101 is the explosion in online auctions over recent times and how many traditional retailers are now adding an auction to their offer. The Whisky Exchange is a classic example with their Whisky.Auction site and our neighbours in Edinburgh, Royal Mile Whiskies, are following the same trend.





WHAT HAVE WE LEARNED FROM THE SURVEY?

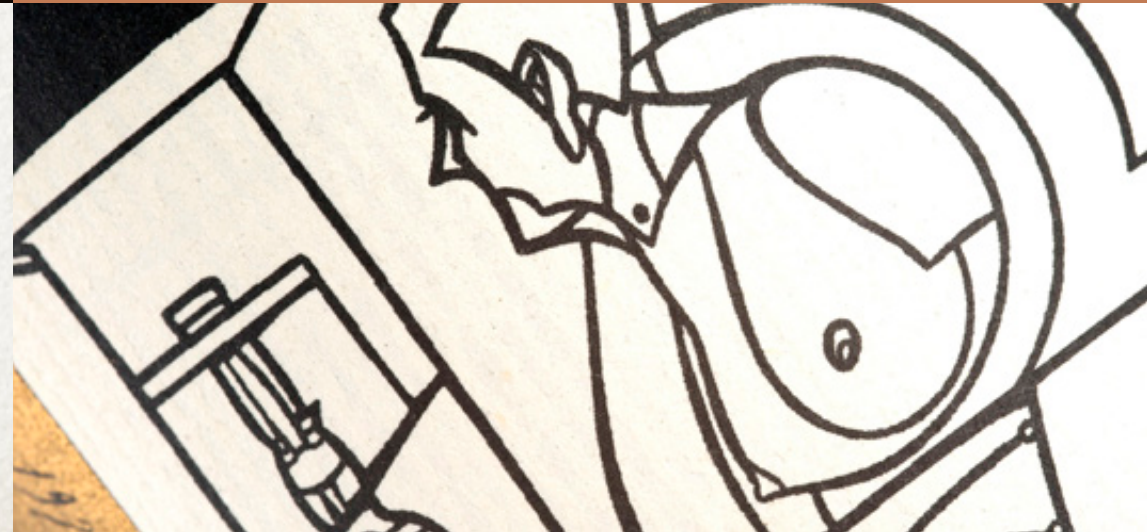
It strikes us that the range, breadth and depth of offer at on line auctions, led by Whisky Auctioneer, Scotch Whisky Auctions, Just Whisky, and others, is hugely attractive to many buyers (and sellers) with transparent fees, ease of bidding and regular sales. Accordingly, we we can foresee a time in the not too distant future where a traditional physical and online retailer will focus on contemporary releases of whisky and that auctions will totally dominate the “old and rare” releases of previous years.

Reflecting on this, as far as we know, first ever detailed Rare Whisky survey we find it pleasing to see an active, enthusiastic group of buyers who own small and large collections, some worth hundreds of pounds and some millions.



WE LOOK FORWARD TO LEARNING MORE IN 2018 ABOUT THIS DYNAMIC MARKET AND ITS PARTICIPANTS.

It is interesting to understand what other “passion pursuits” motivate. Amazingly, we see a small number of “big fish” who have large collections and an on going appetite to continue to spend big to build their portfolios – be it for consumption, collection or investment.



CRYSTAL BALL GAZING

While the pure gains of the broader market couldn't quite reach the heady record levels of 2016, >27% gains through 2017, with an acceleration towards the end of the year, suggests the recent buoyancy is set to continue. With such a large increase in the number of bottles sold at auction, if there was a year where cracks could have started to appear in demand, 2017 was surely it.

Macallan had another stunning year from a collector's perspective. Following 2016's 142.10% increase in the vintage 18-year-old bottles, it was hard to see where these would go other than stabilise or even retrace. However, we still saw 34.73% added onto the index value at the end of 2017. A lower level of increase, but a highland mile away from 2014's lacklustre flat-line performance of 3.57%. We would expect to see more modest gains for some of these iconic bottles moving forward, but in light of current demand, we expect to see gains rather than a retrace.

As a category, Scotch is appealing to more and more buyers, and the pinnacle product, single malt, is becoming ever more popular with connoisseurs, collectors and investors. Older spirit is still very challenging to come by in the cask and is commanding ever higher prices. We do not see that changing.

In certain parts of the world, collecting and investing is still very much in its infancy, but wealthy status buyers are targeting high value bottles and consuming them as they were always intended. This is in turn pushing prices north as is evidenced when we see rarities increasing in price with almost every single subsequent sale.



We have talked about rare whisky being in an almost perfect storm of diminishing stocks (through consumption) and skyrocketing demand. That situation looks like continuing as the bulls remain in control of the market.

One significant thing we have not seen is any specific brand owner looking to take advantage of the proliferation and popularity of auctions. As the auction channel continues to become the recognised route to market for rarities, it could be ripe pickings and relatively easy distribution for limited releases to be pushed through an auction rather than retail. But what then of traditional retailers? If the auction market is replacing the old-school rare whisky 'secondary' element from retail, what would be left if brand owners pushed primary rare releases through auction? Blends and entry level malts?

An interesting thought process as the traditional retail landscape changes and boundaries blur between the primary and the secondary market.

The embryonic auction market for casks held in bond and sold "in bulk" has begun to gather momentum in 2017 with casks from Tullibardine, Arran, Jura, Port Charlotte, Littlemill and The Macallan being consigned and successfully sold. Hammer prices ranged from £4,000 to almost £170,000 for whiskies distilled in the 1980s and 1990s. We expect this to gather pace in 2018.

Lastly, our outlook for Rare Whisky remains that of cautious optimism. Cautious in that we have seen significant increases in value for rare whisky, but optimistic in that demand shows no signs of slowing; quite the opposite in-fact.

WHISKIES GALORE!

“Henry Jeffreys says a rare Scotch can be a better investment bet than first growth claret.”

The Spectator

“**The fight is on** against the counterfeiters of collectable whisky.”

Alice Lascelles, FT Wealth

“Whisky aficionados are no longer just collecting rare malts by the bottle - they’re buying them by the cask and savouring the slow pleasure of watching them mature.”

*Alice Lascelles
FT How To Spend It*

“Global investors eye market for rare whisky.” *The Herald*

“SCOTLAND JUST CAN’T MAKE ENOUGH SCOTCH WHISKY.”

Alana Petroff, CNN Money

“**Rare whiskies gain ground as solid investments.**”

Robb Report

“The bulls remain in firm control: Why some investors are pouring thousands in to rare whisky.”

Ryan Browne, CNBC

“World’s most expensive dram of Scotch was a **fake.**”

Magnus Bennett, BBC

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