BLACKS DISTILLERY - KINSALE – CO. CORK - IRELAND

Pieces of Eight
CASK CLUB

1. Introduction and Definitions

The Company

Kinsale, the gourmet capital of Ireland and the gateway to the Wild Atlantic Way is home of Blacks Brewery and Distillery since 2013. We currently produce award winning beers, Several Gins and Irelands first and only Rum. Blacks was also the first co-located brewery and distillery set up in Ireland. We have been producing whiskey since May 2020. Blacks Distillery is a trading name of Kinsale Craft Brewery LTD Est in May 2013.

The Directors of the Company are:

Sam Black
Maudeline Black

Definitions

- **"Cask Share price"**

This is a discounted price per cask share of:

1/8th Ex Bourbon	€ 995	1/8th of 200 litre cask (25 Litres)
1/8th Ex Sherry	€ 1195	1/8th of 250 litre cask (31.25 Litres)
1/16th Bourbon cask	€550	1/16th of 200 Litre Cask (12.5 Litres)
1/16th Sherry cask	€615	1/16th of 250 Litre Cask (15.6 Litres)

The cost of bottling, labelling is included in this cask share investment.

Irish Whiskey Production Process

Mashing and Fermentation

The grist of ground malted or malted and unmalted grain is added to hot water to form the mash. The hot water activates enzymes in the malt which converts the starch in the grains to sugar. After a few hours this watery, sugary soup called wort is cooled and drained into a vessel know as a wash back. Yeast is added converts the sugars in the wort content to alcohol. After several days the sugar has been converted this leaves a beer like substance of about 8% alcohol by volume (ABV) called the Wash.

Distillation into a New make Spirit

This wash is then transferred to a copper still called a wash still, distilled and then transferred over to a second still called a spirit still. Only the heart or centre portion of each distillation run goes forward to the second distillation stage. The beginning and end of each distillation run known as the heads and tails are put aside and are recirculated back into the still from where they came. This assists in maintaining consistency of character and flavour from each pot still used. Generally the early part of the heads run is discarded as it will contain some unwanted and unpleasant compounds.

Maturation into Irish Whiskey

The new make spirit is then diluted down with water to a cask strength for aging. (Normally about 65%) The spirit is then filled into oak casks and held for maturation for a minimum of 3 years and often much longer. This clear spirit will slowly mature into Irish Whiskey. The type of wood in the barrels and their previous use if any, contribute in a major way to the character, colour, nose and flavour of the Whiskey.

Bottling for Sale as Irish Whiskey

After aging for at least 3 but often up to 20 years, the matured Irish Whiskey is again diluted with pure Irish water down to a drinking strength of about 40%ABV before being bottled for distribution and sale. Sometimes a special Whiskey is left at a "Cask Strength" of 50% to 60% to present a less diluted and more flavoursome but stronger drink for aficionados. These cask strength Irish Whiskeys are generally not recommended for Irish Whiskey beginners who will probably find them over powering, expensive and difficult to drink because of their higher alcohol content.

The Irish Whiskey Market

Irish Whiskey sales are expected to hit 14 million cases by 2020. This represents a large increase in demand for Irish Whiskey which is likely to push up the price of Irish Whiskey casks. For Ireland to become a "Stable market" by way of supply keeping up with predicted demand. Experts say that we must have 900 Million LPA (Litre of Pure Alcohol) stored away. With all distilleries opened or planned to open and producing at full capacity, Ireland will struggle to produce even 120 million LPA. And currently, we are producing nowhere near this 120 million. The future looks very bright, with experts predicting Irish Whiskey to become the most valuable of all Whiskeys. The first bottle of a 3-year-old Dublin Whiskey sold for $10,000 at auction in September 2018. The potential is massive when we compare Ireland to Scotland — with over 130 Scottish distilleries in operation says Irish Whiskey Association Chief Executive Miriam Mooney. Export sales for Irish Whiskey will double by 2020 and double again by 2030, the organization predicts.

2. Key Features

The Blacks Distillery Pieces of Eight Cask Club is an exclusive opportunity to secure ownership of a limited edition share of Whiskey casks from the 2021 production by the Blacks Whiskey Distillery.

These limited edition casks shares provide, a seldom seen opportunity to acquire an exceptionally rare Whiskey, with numbered casks, limited edition labelling and certificates of authentication. The Blacks Pieces of Eight Cask Club maximises the potential for significant capital appreciation in future as their Whiskey matures. The presentation, personalization and provenance of the Blacks Pieces of Eight Casks will be a boastful addition to any Whiskey aficionado's collection.

The Proposal

The Blacks Whiskey Distillery is offering Pieces of Eight Cask Club members access to ownership of a limited and unique edition of Whiskey casks, containing the first Whiskey of its kind to ever be released by the Blacks Whiskey Distillery in Ireland. The Pieces of Eight Cask Club will offer both 1/8th and 1/16th shares in casks of reserve grade single malt Whiskey or Single Pot Still Whiskey for aging with initial release in 2029.

The cask will be stored for a minimum of eight years in a bonded warehouse and insured for full replacement cost against any contingency or risk.

After eight years casks will be discharged onsite in Kinsale and bottled into personalised individual bottlings for each Pieces of eight club member. You are then free to do as they please with your own personalised, limited edition Whiskey (for example, keep it and realise appreciation over years to come, resell it or simply consume and enjoy).

Cask shares will be offered to members at a discounted prices ranging from €550 – €1195 depending on the cask type and size of share (1/16th or 1/8th share).

This price includes the relevant cask, the Whiskey and its ingredients, the labour of the Distiller, plus storage and insurance for the 8-year period, the bottling, labelling and packing of your personalised Whiskey.

The aims of the Pieces of Eight scheme is to offer a unique opportunity to a limited number of members while raising capital which will enable the Distillery to build a larger inventory for future years and to further expand the brand.

Additional Benefits

Pieces of Eight Cask Club members will receive 15% discount for on Blacks Pieces of Eight Cask Club members can re-visit the distillery bar at any stage over the next eight years to take a tour of the facility and enjoy some samples of beers and spirits. Moreover we plan to hold an annual Pieces of Eight Cask Club party in Kinsale every year at the distillery starting from 2022 when the new production facility is constructed.

KEY MILESTONES

Blacks Brewery opens in Kinsale	May 2013
Blacks Distillery begins Gin production	May 2015
Blacks Distillery begins Rum production	Nov 2015
Installation of Frilli Twin Whiskey Stills on Site	Jan 2020
Blacks Distillery begins Whiskey production	May 2020
Pieces of Eight Cask Club Cask filling begins	June 2021
Cask Contents Become Irish Whiskey	3 years from Fill
Pieces of Eight bottling begins	8 years from Fill

3. Subscriptions and Redemptions

Entry

- The subscription price or minimum cask share price is €550 per 1/16th cask share, (other cask prices vary by type).

- The minimum term for is eight years.

- Applications should be made in writing by completing the application form at the end of this document and forwarding it by post or fax to the address set out in the Application Form.

- Once the application form is complete and submitted and payment is received you will be issued with a cask share certificate for a certain

numbered cask. (Specific Numbers are available on request) You will also receive your personalised oak cask head slice

- Your cask head slice will be marked with your personalised, name/motto etc.

- Once the cask is filled it will be transferred to a bonded warehouse for maturation.

- Six months from maturation (approx. 7 1/2 years from fill date) we will contact you to finalise your personalised Whiskey label.

- The additional duty and VAT will be required to be paid before delivery. For members outside of Ireland local taxes may apply in your country.

Bottle Your Cask Share

Eight years after filling the content of your Whiskey cask share will be bottled. These unique and special edition bottles of Whiskey could be then kept for the future, resold via retail channels, exported or consumed. The Cost of bottling. Labelling, boxing is included in your initial cask share investment.

Table 1 below shows the potential costs and results in choosing this option. Please note this is a sample calculation, using standard Bourbon Whiskey casks; Whiskey casks are hand made and can vary slightly in size.

The original contents of the Whiskey in the cask are 63.5% abv. from the distilling process, giving 200 litres per cask (for a bourbon cask). Estimated evaporation of the Whiskey while in-situ (called the "angels share") is approximately 2% per year that stacks up to 30 Litres over 8 years, reducing the contents to approx. 170 litres by the end of year eight @ 56.5% abv.

Members can choose to bottle the Whiskey at "cask strength" (56.5% abv), or add pure water to reduce its strength for bottling to 43% abv. The bottling strength effects the number of bottles your share will yield.

Example Bourbon cask share

Type	Share type / cost	Litres on filling	Approx. L after angles share @56.5%	Approx. Bottles @43% abv	Cost per bottle	RRP of your whiskey
Bourbon cask 43% bottling	1/8th Share @€995	25L* 63.5%	20	40	€995/40 = €25	40*€153 =€6120
Bourbon cask	1/16th Share @€550	12.5L 63.5%	10	20	€550/20 = €27.5	20*€153 =€3060

This premium limited edition Whiskey in its own distinctive Pieces of Eight Cask Club bottle, with a personalised label (including the individual bottle number and members name or motto is just €25 at regular retail strength, 43% abv. (Not including VAT or Duty). The RRP of Blacks eight year old whiskey is €153 per

bottle (€188 incl VAT). The total retail value of your cask share is over €6000. However you have to wait for eight years to get your hands on your whiskey!

If a smaller investment and smaller vol of finished whiskey is a better option 1/16th shares are also available, this will essentially net you half of the packaged whiskey in 2029.

If members choose to sell the Whiskey in Ireland however, duties and taxes need to be added. If members choose to export the bottles, no duty will be paid in Ireland but local duty may apply at their destination. Members selling Whiskey bottles should hold the required license or permission to do so in the market they wish to sell. All Whiskey sold in Ireland will be liable for Irish excise duty and VAT.

For Irish Members

The current rate of excise duty is €42.57 per litre at 100% abv which equates to €16:83 per 700ml bottle at 56.5% abv and €11.91 per 700ml at 40% abv. VAT is due at the standard rate of 23% per bottle in Ireland.

Everywhere else – the local duty and taxes would apply on arrival at your destination.

Risks of Blacks Pieces of Eight Cask Club

The remaining risks associated with the Pieces of Eight Cask Club include:

Limited Trading History

Although the Kinsale Craft Brewery have been operating successfully since 2013, Blacks Distillery is a new venture launched in May 2015. It has been producing a super premium gin (Blacks Irish Gin) and Rum (Blacks Spiced Irish Rum) which is currently available in over 200 outlets. Potential members should consider the Company's prospects in light of the risks associated with companies in their early inception and launch stages.

The information provides you with a general description of the nature and risks associated with the Pieces of Eight cask club, but it cannot explain all of the risks nor how such risks relate to your personal circumstances. You should not become a member unless you understand the nature and the extent of your exposure to risk.

It is important that you fully understand the risks involved before deciding to become a member. If you choose to become a member, it is important that you remain aware of the risks involved, that you have adequate financial resources to bear such risks.

Past performance is not an indication of future performance. The value of whiskey may fall as well as rise. When investing in whiskey there is a risk that you may lose some or all of your original investment. You should consider whether investing in whiskey is suitable for you in light of your individual circumstance and taking account of your objectives, experience and financial position.

There is a risk that the Customer’s whiskey may be or become subject to tax and/or any other duty for example, due to changes in legislation or Customer's personal circumstances. We do not offer tax advice.

The Customer is responsible for any taxes and/or any other duty which may accrue in respect of their whiskey.

We provides no guarantees of profit nor of avoiding losses. Customer has received no such guarantees from us or from any of its representatives.

Customer is aware of the risks inherent and is financially able to bear such risks and withstand any losses incurred.

Insurance

Insurance cover will be provided to cover direct physical loss or physical damage of the Whiskey in storage. Details on application.

Terms and Conditions for Blacks Pieces of Eight Club

These Terms and Conditions (and the Contract) (including any non-contractual matters and obligations arising therefrom or associated therewith) shall be governed by, and construed in accordance with, the laws of the Republic of Ireland. If you are unsure as to the meaning of any of these conditions and would like more clarification please get in touch at founder@blacksbrewery.ie. Nothing in the contract will grant you and rights in or license to the Blacks brand or any of the company's intellectual property rights. Terms and Conditions govern the sale of goods by us and will form the basis of the Contract between Blacks of Kinsale Distillery and you (the Purchaser). Please ensure that you have read these Terms and Conditions carefully. If you are unsure about any part of these Terms and Conditions, please contact us for clarification. Nothing provided by us including, but not limited to, sales and marketing literature, price lists and other documents constitutes a contractual offer capable of acceptance. Your Order constitutes a contractual offer that we may, at our discretion, accept. A legally binding contract between us and you will be created upon our acceptance of your Order, indicated by our Order Confirmation. Order Confirmations will be provided in writing.

1. On receipt of a completed and signed application form together with payment for the ordered Pieces of eight Club cask, an Order Confirmation will be provided, your cask allocated and this agreement between Blacks of Kinsale and the named purchaser will be deemed binding.
2. A receipt, countersigned copy of the application form will be issued to the purchaser on completion of the order transaction and sent out in your welcome pack.
3. Cask head slice will be created and sent out along with a sample of your New make whiskey (single malt or pot still).
4. It is the responsibility of the cask share owner to advise Blacks in writing of any changes in address or contact details.
5. A Payment Plan may be offered on application: however, title of the cask share will not transfer until final payment has been received.
6. All correspondence to be sent in writing to Blacks of Kinsale, Farm Lane, Kinsale, Co. Cork Ireland Or by email to founder@blacksbrewery.com
7. The Purchaser warrants and represents to Blacks that the purchaser has complied, are complying and will comply with current Revenue regulations applicable to a contract of this nature. including that (a) the Purchase is a private customer who is purchasing the product for private non-commercial use, or (b) the Purchaser is a Revenue recognized licensed spirits trader and a licensed bonded warehouse user in the Republic of Ireland , or (c) The Purchaser is an overseas trader of spirits and has appointed or will appoint a Republic of Ireland board representative in compliance with all revenue requirements.
8. Blacks entire liability under or in connection with this contract shall be an amount equivalent to the initial price paid.
9. Blacks shall not be liable for any delay in performing its obligations under this contract where the delay is caused by circumstances beyond its control.
10. All Casks are insured against fire, theft and spoilage. No guarantees are given by Blacks to the compensation paid out by insurance companies if a total loss occurs. In the event of a complete or partial loss of your cask, Blacks will endeavour to offer you a replacement of the nearest available cask share in terms of type, product and distillation date.
11. The Purchaser acknowledges that by entering into this contract he/she has not relied on any statement, representation, warranty, undertaking or other assurance given or made by any person (whether a party to the contact or not) other than as expressly set out or referred to in the contract. The Purchaser waives all rights and remedies whatsoever arising which, but for this clause, might otherwise be available to it in respect of any such undertaking, warranty, representation or any other assurance.
12. The information provides you with a general description of the nature and risks associated with the Pieces of Eight cask share club, but it cannot explain all of the risks nor how such risks relate to your personal circumstances. You should not become a member unless you understand the nature and the extent of your exposure to risk. The Pieces of Eight cask club is not suitable for many. If you are in doubt you should seek professional advice.
13. It is important that you fully understand the risks involved before deciding to become a member. If you choose to become a member, it is important that you remain aware of the risks involved, that you have adequate financial resources to bear such risks.
14. Past performance is not an indication of future performance. The value of whiskey may fall as well as rise. When purchasing whiskey casks there is a risk that you may lose some or all of your original fee. You should consider whether purchasing whiskey is suitable for you in light of your individual circumstance and taking account of your objectives, experience and financial position.
15. There is a risk that the Customer’s whiskey may be or become subject to tax and/or any other duty for example, due to changes in legislation or Customer's personal circumstances. We do not offer tax advice.
16. The Customer is responsible for any taxes and/or any other duty which may accrue in respect of their whiskey.
17. We provides no guarantees of profit nor of avoiding losses. Customer has received no such guarantees from us or from any of its representatives. Customer is aware of the risks inherent and is financially able to bear such risks and withstand any losses incurred.
18. The Purchaser is solely responsible for any shipping costs, VAT, excise duty and any other taxes caused by the removal of their whiskey stock from the distillery.
19. Each cask ordered will be filled with reserve grade single malt Spirit or Single Pot Still Irish Spirit, 63.5% ABV at the time of filling. The casks will be warehoused under bond at a government approved bonded warehouse the Distiller and the purchaser having agreed the terms herein.
20. Small amounts of evaporation takes place through the wood of the cask as whiskey matures - this is known as the 'angels share'. At the same time, the strength (ABV) decreases slightly also. Blacks have assumed a 2% loss (decreasing) year on year and this is reflected in the volumes and prices quoted for whiskey being bottled after 8 years quoted in the prospectus. The purchaser acknowledges and agrees to this and no claim shall be made against Blacks Distillery for any loss of value in the Whiskey or decrease in quantity due to the effect of the Angel's Share.
21. Prices include warehousing for 8 years from the date of filling of the purchased cask(s)but excludes VAT and Excise Duty.
22. The Pieces of Eight Cask Club Casks are insured against fire, theft and spoilage.
23. The minimum term for members is 8 years. Pieces of Eight Casks with remain under bond for a minimum of 8 years.
24. Maturation for the Pieces of Eight Cask programme will be defined as 8 calendar years from the date of filling of the purchased cask(s).
25. All casks will be bottled at 8 years 'from the filling date of the cask(s). Unless otherwise stated.
26. All labelling options (wording/spelling) to be agreed 6 months in advance of bottling.