



The Distillery

Urban Distilleries opened in 2010 in Kelowna, BC. The Okanagan valley, where many of the world's best wines come from and now Canadian Single Malt whisky, the perfect elements for making single malt were discovered. Although a modern Distillery our single malt is hand-crafted by traditional methods and the full production process is overseen by our experienced Master Distiller, Mike Urban who has worked in the whisky industry for over 20 years.

In recognition of the quality of our single malt whisky, Urban Distilleries was named in 2013 as 'Canadian craft Distiller of the Year' and In addition the whisky was awarded medals at the 2012 SIP Awards whilst our products regularly receive high ratings from whisky writers and industry panels, including several medals from International Wine & Spirit competitions.

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

For the first time ever, we are offering a small parcel of Urban Casks to the public. Each year since 2010, we have produced a limited quantity of single malt from barley and wheat. In 2017, 8 barrels of Urban Single Malt will be offered on a first-come-first served basis.

Purchase

1. Select the size of Cask you wish to order.
2. Complete an order form and enclose your payment. This can be made through our online store or sent via Post, Email or Fax.
3. A receipted invoice, stock certificate and display certificate detailing the cask number, capacity (Expressed in liters of absolute alcohol – LAA), strength and cask type will be forwarded to you.

Cask Type	Approximate Capacity	Price
First Fill new virgin American oak Barrel	50 Bulk Liters	\$1200
First Fill new virgin American oak Barrel	100 Bulk Liters	\$2400

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

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

Cask Types

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

Storage and Insurance

A 3 year storage and insurance charge is included in the purchase price; further charges will be made thereafter on an annual basis which will be charged at the current rate at the time. The Company will insure your cask under its group policy.

Casks are stored with other Urban stock at one of our warehouses. Unfortunately we are unable to guarantee that private casks can remain at Urban Distilleries Offices. If you are wanting to visit the cask, please let us know ahead of time so we may determine its location and have it delivered to the distillery prior to your arrival.

Branding

For an extra charge, we can laser etch your company, family or group name laser into the end of the barrel which will showcase your brand to the public for the 3 years in our distillery onsite store. Artwork can be submitted via email for approval to be used on the barrel.

Paperwork

Please direct all correspondence regarding the purchase of casks to Urban Distilleries Inc.
6-325 Bay Avenue, Kelowna, BC, Canada V1Y 7S3

If you have any questions, please contact: info@urbandistilleries.ca

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



UPON MATURATION - BOTTLING PROCEDURE

Bottling

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

Bottling charges currently amount to approximately \$60 per case of 12 bottles. This price includes bottles, corks, capsules, cartons and basic labels.

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

1. Order a sample from your cask. Current sample charges amount to \$45 for a small sample, including Canadian taxes and postage and packaging. Please contact us for a quote if you live overseas as the postage and packaging charge will differ.
2. Inform us that you wish to have your cask bottled, which bottler you wish to use and when you would like to have your whisky bottled. For operational reasons, we would ask you to let us know as soon as possible if you wish to have your cask bottled so that we can co-ordinate cask removals at a convenient time.

Strength

We recommend bottling at 46% alcohol but whisky can be bottled to a minimum of 40%. The whisky can also be bottled at cask strength (between approximately 55% and 65%, depending on the age of the whisky) - the cask will yield fewer bottles if the whisky is bottled at cask strength.

Angels' Share

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

Number of Bottles

This depends on a number of factors such as maturation rate, age of the whisky, etc. On a very approximate basis, you should assume that a 50-liter barrel, bottled at 40% alc. vol., in 750ml bottles, after 3 years would yield approx. 100 bottles.

Partial Bottling and Further Warehousing

You may want to bottle part of a cask and store the remainder for a future bottling. Please send an inquiry and we will be able to accommodate your request and let you know the cost.

Labelling

As we have registered the rights to the name 'Urban Single Malt', worldwide, it is not possible to use this name for the bottling of private casks. "Single Malt, produced at Urban Distilleries" is acceptable. We ask cask owners to discuss the labelling with us and to provide their own labels. However, we may be able to supply simple labels and will be able to advise cask owners regarding label and legal requirements. Please send us a draft of the label for approval and will need to conform to the labelling parameters set out by the BC Liquor Distribution Board and Canadian Food and Inspection Agency.

Excusive Benefits

With each cask purchase we will provide one of each of the following, exclusive to Urban Distilleries Cask Owners;

- Urban Distilleries Cask Owner parchment certificate
- Urban Distilleries Single Cask 750ml bottle
- Urban Distilleries Cask Owner Jacket (We recognize that more than one individual may have an interest in the cask, so further supplies of the above are available at preferential rates.)
- Your name will be hand stenciled onto your cask and inscribed on a brass plaque in the Urban Distilleries Still house in honor of your purchase
- Cask Owner Open Days (Spring, Autumn and Winter)
- Discounts in local hotels and restaurants (when booked through Urban Distilleries)
- 15% discount in Urban Distilleries Shop (on up to 3 occasions per year)

TAXES AND DISTRIBUTION

Duty, Provincial markups and sales tax

Duty is the charge made by Federal Excise Tax based on the percentage of pure alcohol. The current rate in the Canada is \$11.696 per liter of pure alcohol (valid at 11/01/16). This is \$48.42 per case of 12 bottles (750ml) at 46% alc. vol.

The Provincial markup for spirits in British Columbia is currently 168%.

Canadian Sales Tax for British Columbia is currently 5% GST and 10% PST. This is charged on the purchase price of the whisky together with the Duty rate prevailing at the time of removal from bond and the storage and insurance charges paid over the years. Duty, markups and Sales Taxes are due after the cask has been bottled and the finished goods are removed from the bonded warehouse.

Taxes are subject to change by the Canadian Federal and Provincial governments.

Export

If the whisky is exported under bond, Duty and Sales Tax/VAT can be suspended (but not avoided) subject to the exporter being registered for both Duty and Sales Tax/VAT, and being registered as a bona fide exporter. Duty and VAT would be payable in the country of final destination at the rates prevailing in that country at that time. It is up to the cask owner to find a suitable importer in the destination country and to arrange the export but the bottling plants may be able to assist with this. Please note it is the responsibility of the cask purchaser to be aware of all regulations prevailing in their country of residence regarding the importation of alcohol plus any issues regarding labelling.

Capital Gains

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

Price Calculation

For your convenience, please find below a model calculation at current rates, which gives you an idea of the total costs for a New 50 Liter barrel, bottled in 3 years time at 46% alc. vol., in 750mL bottles:

Equivalent price per bottle = \$47.14 (current RRP for The Urban Single Malt: \$52.99 plus sales tax)

Purchase Price of First Fill Ex-Bourbon Barrel – including 5 years storage and insurance	\$1200.00
Bottling Charge (approx. \$60 x 8 cases of 12x750ml)	\$480.00
Cask removal charge & documentation	\$140.00
Duty on estimated yield of 32 LAA @ \$11.696 per Liter	\$374.27
Provincial Markups – 168%	\$2520.00
Sub-total	\$4714.27
GST/PST @ 15%	\$707.14
Total	\$5421.41

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

Prices correct at 1st November 2016 – Subject to change



Craft distilled in Kelowna, BC

Upon receiving your completed form and payment, a receipted invoice and a stock certificate, specifying the cask number and cask type, type and char, will be sent to you confirming your order. Insurance and storage for 3 years are included in the prices quoted.

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

Address:
.....

Post Code:Email:

Tel:Mobile tel:.....

Name and address for title (if different from above)

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

Address:
.....

.....Post Code:

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

Table with 4 columns: Cask, Price Each, Quantity, Total Cost (\$). Rows include First fill American Oak Barrel 50L, 100L, and Add Branding.

PAYMENT DETAILS

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

Card No: 3 digit security no:

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

Signature of purchaser:..... Date:

Please return this form to:

Urban Distilleries, 6-325 Bay Avenue, Kelowna, BC Canada V1Y 7S3
Phone: 1-778-478-0939 Fax: 1-778-448- Email: info@urbandistilleries.ca