

£5 Million Investment for New Shetland Distillery

The Shetland Islands will be seeing the opening of its first ever distillery, in Spring 2003, courtesy of a £5 million venture by Blackwood Distillers Ltd. It is set to be one of the most important new distillery launches in the whisky world in recent years and once in full production is expected to be the third largest commercial sector on the islands after fisheries and oil.

The distillery plans to have a production of 40,000 cases per annum of premium single malt in both peated and unpeated versions in a variety of wood finishes. It will also start production of a range of other alcohol products using only natural Shetland ingredients. The first distillations will be reserved for 2500 founding bond holders, 500 of which will be only for Shetlanders, who will each receive a case of three year old and a case of five year old single malt on maturity, specially commissioned miniatures plus a commemorative plaque in the Visitor Centre.

The people behind the initiative are amongst the most well known names in the industry and include Master Distiller John McDougal, Dr James Swan, distillery designer Bill Rankin, plus serial entrepreneur and CEO Caroline Whitfield, Dr Arthur Davies, entrepreneur behind the recent sole whisky distillery in Wales and financial director Joanna Dennis.

With the whisky market worth around £3billion a year in the UK, and with single malts growing at 10% per annum, the company believe that with the attractive profit margin the sector offers, this is also an excellent opportunity for its private investors.

It is anticipated that around 50% of production will be sold to international markets, with a bias towards Scandinavia. Other key markets will include the United States and the Far East - in particular, Japan.

The company is also keen to attract a younger audience than that of the traditional whisky consumer. Caroline Whitfield CEO, of Blackwood Distillers Ltd. commented, "The whisky industry needs to diversify its appeal to become more attractive to younger customers. The Shetland products will have a fresh brand image yet be of outstanding quality - perfect to attract the discerning younger market."

As to why the company chose this region of Scotland to establish a distillery, Caroline Whitfield commented, "The more we looked into how wonderful whisky was made, the more we realised that Shetland has the perfect combination of ingredients. It has got fantastic water, the climate is not too hot and not too cold, perfect for maturation of the whisky, and the peat which is an important ingredient is the slowest growing we have ever seen and it is likely to lead to a particularly nice and aromatic whisky. It is so perfect that we wondered ourselves why it is that whisky has not been brewed here before."

She added, "Romantically, we think the reason why the angels have not chosen it is because it is so perfect that the two percent 'angel's share' which usually evaporates to the heavens will be much reduced."

Thus, those investing in the project through buying advance cases will be known as Shetland Angels Founder members. Those interested being a Shetland Angels founder themselves, or purchasing a bond as a gift should call 020 7 820 1769 or email bonds@shetlandwhisky.com. The cost of becoming a founder is £560 – a small price to pay, for playing a part in the creation of a premier distillery. Casks are also available for the collector or hospitality markets.

Notes to Editors:

Shetland is the most northerly region of Scotland and consists of 110 islands of which only 19 are inhabited. It lies 60 degrees north and is only some 180 miles off the coast of Norway. It has a population of 21,000.

It is anticipated that the distillery will create 24 jobs directly, and a total of 50 full time jobs indirectly.

The Shetland Islands is the last remaining region of Scotland without its own distillery, and yet it has the perfect ingredients to produce the finest single malt – so perfect in fact, that it would surely be the choice of the angels except that the normal 2% angels share of whisky evaporating to the heavens will be much reduced making an extra special rich single malt whisky! The extra miniatures represent the 2% share that instead we give to angel founder bond holders.

Applicants can be safe in the knowledge that the advanced sales offer are structured as debentures and will be held under the strict direct financial management of The Royal Bank of Scotland, Her Majesty's local Custom and Excise officers and auditors BDO Stoy Hayward. Think of these as your whisky guardian angels!

The distillery is the creation of Blackwood Distillers Ltd., consisting of a team of well-known whisky experts (John McDougall, Dr. James Swan, and Bill Rankin) as well as new entrepreneurial blood to the industry including Dr. Arthur Davies, entrepreneur behind the recent sole whisky distillery in Wales. Details of individuals attached.

For those who really want to splash out and invest in whisky to lay down for the future, casks are available, which will make up the equivalent of 700 bottles, at the discounted rate of £8,000. A great investment with no capital gains tax as well!

See www.shetlandwhisky.com for further details

Blackwood Distillers represents no financial interests other than the principles involved but is finalising financial input from a range of additional sources, mainly from groups within Scotland and a particular emphasis on Shetland itself.

Blackwood Distillers consists of eminent names in the world of whisky, plus entrepreneurs, with a wealth of experience. These are:

1. Caroline Whitfield, M.A. Hons. (Oxon), M.B.A. INSEAD has successfully started a number of businesses after a career in global marketing with Unilever and others. She is a member of the Department of Trade and Industry Innovation Board focusing on lifting the innovation and economic performance of the UK and is also as a Trustee of the Princess of Wales Memorial Fund. She comes from an old, well known Scandinavian family, Huitfeldt, although she grew up in the far North of Canada and is married to a Scotsman.
2. Dr. Arthur Davies, Ph.D., M.Ed., B.A is one of the few people to have successfully started a distillery from scratch as the driving force behind the Welsh Whisky Company who started the first commercial distillery in Wales for 100 years in 1999. Strongly commended by the Welsh Assembly for its contribution to the Welsh economy and by consumers for its products. The first mature whisky will be available in August 2003.
3. Joanna Dennis, B.A., Certified Accountant, will develop the legal and financial structure of the business, ensuring its viability and profitability. She has extensive experience with start up and fast growth companies
4. John McDougall is the most experienced Master Distiller in Scotland today and is bringing his extensive experience of running island distilleries, as well as others, and will oversee operational management and talent selection. John says "this will be the Star of the North"
5. Dr. Jim Swan B.Sc., Ph.D., C.Chem. FRSC. FI.Brew, has over 30 years experience in the distilling industry. His area of expertise will be to ensure distillate quality and maximise maturation quality for the whisky. His particular role will be to ensure a high quality Shetland Single Malt whisky enters the market place upon maturation in 2007
6. Bill Rankin B.Sc., ARTC has over 30 years experience in distillery design and operation. He is responsible for the initial distillery outline, detailed plant drawings, liaison with Forsyth's on the distillery plant manufacture, and supervision of the installation and commissioning of the distillery plant. His vast experience and knowledge will be extremely important in ensuring an efficient and effective plant and process to make quality Shetland malt whisky.