

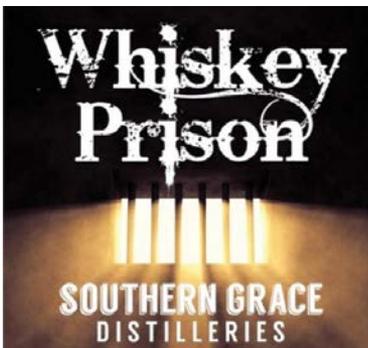
NORTH CAROLINA

DISTILLERY CREDITS TAX REFORM FOR RECENT EXPANSION

Southern Grace Distilleries, Inc. has expanded whiskey production, hired new staff and increased the size of their visitors center to allow for more tours and tastings. They credit a provision in the 2018 tax bill, the Craft Beverage Modernization and Tax Reform Act, which included a reduction in the federal excise tax, for their recent growth.

Southern Grace Distilleries is located in a former NC state prison and has been a popular tourist destination, known as Whiskey Prison, but was very limited in the number of visitors it could accommodate for their weekend tours. Since adding 2,000 square feet for their visitors center, their first quarter 2018 tour and gift shop sales were up 341% from first quarter 2017.

“The reduction in the federal excise tax has allowed us to hire additional staff, increase our whiskey production, expand our visitor center and invest in marketing which is critical to the growth of our Conviction Small Batch Bourbon brand,” said Southern Grace Distilleries CEO Leanne Powell. Noting that the brand is now in seven markets, up from three, she added, “We couldn’t be happier.”

**FOUR SAINTS DEBUTS CARBON-NEUTRAL BREWING**

Asheville-based Four Saints Brewing Company has partnered with Greensboro’s Urban Offsets to brew Founding Fathers Hemp Ale with a carbon-neutral process from start to finish, one of the first in the country.

In an effort to reduce carbon emissions, all beer ingredients were sourced from North Carolina companies; Epiphany Craft Malt of Durham supplied the grain, and Bee Hoppy Farms in Pittsboro grew the hops. The carbon emissions produced by brewing will be offset by renewable-energy and other projects in North Carolina that reduce carbon dioxide emissions.

Founding Fathers Hemp Ale is an English mild ale that incorporates hemp flower from Asheboro-based Founder’s Hemp. The earthy, nutty beer comes (3.8% ABV, 8 IBU last year became North Carolina’s first legally registered hemp ale.

OHIO

DISTILLED SPIRITS COUNCIL APPLAUDS NEW LIQUOR STORE FORMAT

The Distilled Spirits Council commended the Ohio Division of Liquor Control for opening the first new spirits location in three years and announcing the plan to open 20 locations by the end of the year. “We have enjoyed working with the Ohio Division of Liquor Control to create a robust spirits market that serves consumers with great prices and selection,” said Distilled Spirits

CONTROL STATES
BEVERAGE GUIDE**CONTROL STATES BEVERAGE GUIDE**

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Council Vice President of State Government Relations David Wojnar. "Expanding the number of locations where spirits can be purchased is key to delivering shopping convenience."

The new location, the Kroger grocery store in Corryville, Ohio, serves as a vendor for the state, allowing the Ohio Division of Liquor Control to expand its offerings to consumers without the associated capital costs of an independent store.

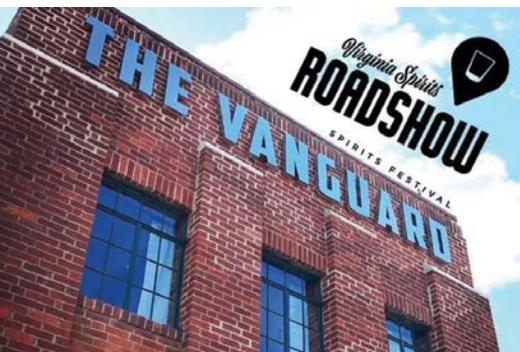
"For state controlled liquor systems looking to raise revenue, adding additional locations is the best approach to raising revenue, rather than increasing mark-ups and fees," added Wojnar.



VIRGINIA

VA CRAFT SPIRITS HIT THE ROAD AGAIN

The Virginia Distillers Association's "Virginia Craft Spirits Roadshow," an initiative designed to promote the state's local spirits industry, kicked off a summer series on May 19th at the Vanguard Brewpub & Distillery in Hampton, VA. The Roadshow will consist of a series of festival-like events across the state from May through October, where attendees will be able to



taste spirits from 10 local distilleries and meet the distillers firsthand. Upcoming Craft Spirits Roadshow events have been slated for August 29th, September 15th and October 6th, at locations across the state; more info at virginiaspirits.org.

VDC WHISKY WINS 'TRIPLE PLAY'

Virginia Distillery Company's Cider Cask Finished Virginia-Highland Whisky was named "Best of Class" in the Certified Craft Blended Spirits category at this year's American Distilling Institute Judging of Craft Spirits. This came after nabbing recognition as "Best of Category" in the Malt Whiskey category and receiving a Gold Medal at the awards.



This bottling is part of the Virginia-Highland Whisky series which showcases a variety of specialty finishes, working with partners throughout Virginia and beyond. "It's an honor to receive this kind of recognition from the American Distilling Institute," said Virginia Distillery Company CEO Gareth Moore. "We've loved having the opportunity to collaborate with a variety of partners."

The Cider Cask Finished Virginia-Highland Whisky is made from 100% malted barley, marrying whisky made on-site in Virginia with whisky from Scotland. The whisky is then finished for 8 to 12 months in cider casks coming from producers such as Potter's Craft Cider. This release is offered annually during the fall and is a limited release. Notes of apple, vanilla and pear are evident on the nose along with a hint of caramel.

WEST VIRGINIA

FIRST 'ALL-WV' SMOOTH AMBLER WHISKEY RELEASED

West Virginia distillery Smooth Ambler's "Big Level" Wheated Bourbon is at long last ready for release and will be appearing across the state and the U.S. over the coming month.

Bottled at 100 proof and made from a mash of corn, wheat, and malted barley, Big Level Bourbon was aged in 53 gallon barrels, benefiting from the West Virginia mountains and their perfect cadence of seasons.

"Much of what we've done at Smooth Ambler has been leading up to this moment," says Head Distiller and CEO John Little. "The release of Big Level signifies the beginning of our long-term ability to offer a third, important category of whiskeys to us: those which are 100% made here in West Virginia."

Founded in 2009, Smooth Ambler has steadily grown to become a leader in the small production of quality, classic whiskey. A turning point was winning Best Single Barrel Bourbon in the World for 2016 at the World Whiskies Awards; Smooth Ambler partnered with Pernod Ricard the following year, and continues to produce whiskey in what it refers to as its "Make, Merchant, and Marry" approach, sourcing whiskey in-tandem with its homemade distillate and in the case of award-winning Contradiction Bourbon, blending the two.

After completing its distillery expansion this winter, Smooth Ambler spirits is poised to produce 3,000 barrels of whiskey in 2018, and plans to constantly source quality whiskey as it becomes available.

