

# GlenWyvis Community Benefit Society

## Distillery Business Plan



BY INVESTING IN OUR  
COMMUNITY SHARES YOU WILL  
HELP PUT

### **WHISKY DISTILLING**

BACK AT THE HEART OF THE  
HISTORIC HIGHLAND TOWN

OF DINGWALL.

**GlenWyvis**

Built on history... Powered by nature



## GlenWyvis Distillery Limited – Distillery Business Plan

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## GlenWyvis Distillery Limited – Distillery Business Plan

### 1. Disclaimer and Explanatory Note

This business plan has been prepared from information provided by the Directors of GlenWyvis Distillery Ltd to assist potential community investors to consider buying community shares in the company. This document is not a prospectus nor investment advertisement, financial promotion or offer under the Financial Services and Markets, Act 2000 nor is it intended for use by members of the public.

While the content of this business plan is believed to be accurate in all material respects it has been verified to external evidence only to the extent stated in the body of this report. Projections are subject to market forces and to force majeure outside the control of management. Consequently, neither the Directors nor the company's advisers can accept responsibility for any losses arising to persons acting or refraining from action on the material contained in this business plan.

Persons considering a financial commitment of any kind should conduct such investigations as they consider necessary to satisfy themselves as to the appropriateness of the financial commitment and the risk of loss or some or all of any financial commitment.



## GlenWyvis Distillery Limited – Distillery Business Plan

### 2. Outline Case for Support

This Business Plan is for a new community-owned distillery in Dingwall, Ross-shire, producing a deep-flavoured Highland malt with traditions in centuries of distilling in the Ross-shire and Inverness-shire area, and using innovative use of renewable energy at the distillery.



The distillery, its associated Visitor Centre (which is explained through a separate Business Plan) are at the core of a wider plan to recreate Dingwall as the Craft Distillery Town of Scotland, and to work in partnership with others to establish Dingwall as a quality tourism destination on the North Coast 500 route, providing opportunities to address Dingwall's areas of multiple social and economic deprivation.

The distillery will be the main trade of the GlenWyvis Distillery Limited ("GlenWyvis Distillery"), a Registered Community Benefit Society set up to provide benefits to Dingwall and its surrounding areas defined as "IV postcodes". This will be the first community-owned whisky distillery in Scotland.

GlenWyvis Distillery has stakeholder support from Highlands and Islands Enterprise and the Highland Council, who have provided business planning and employment grants. It has demonstrable community support from the Dingwall Community Council, through its sponsorship of local activities, and in the levels of interest generated through local print media and social media.

GlenWyvis Distillery will deliver identified and measurable community benefits both across the local "IV" postcodes and in Dingwall itself. When significant profits are earned, starting as the 8-year-old malt is sold internationally, they will be distributed by the agreement of the shareholders; firstly to the Visitor Centre and then to other community projects throughout the "IV" area. The creation of the Visitor Centre will directly address the economic issues in Dingwall, adding direct employment services to the community, and also setting a source of trade and income that will continue to deliver financial benefits to a community – led fund into the future. GlenWyvis Distillery and its funded community projects will work to proactively strengthen the existing community cohesion and spirit. It will also provide environmental benefits, reducing CO2 annually by 1,150 kg of compared to non-renewable energy sources.

GlenWyvis Distillery has a year's history in trading in GlenWyvis Gin, selling over 1,500 bottles and establishing both the brand and a part to market for products; this has now been firmly established through an agreement with [Gordon & MacPhail](#), a specialised and internationally renowned distiller, wholesaler and retailer in whisky and other spirits. It has a 175-year lease of the land at a peppercorn rent, gained outline planning permission for the distillery, and is applying for detailed planning for this and outline planning for the Bonded Warehouses and Master Distiller's house. It has a full License for sale of alcohol from the Council, permission for extraction from SEPA, and is in the process of pre-approving SEIS and EIS with HMRC. Other HMRC regulatory requirements will be in process once funding is achieved.

This Whisky's USP is in its historic links to distilling in Dingwall and Ferintosh, to the illicit stills of Strathconon; and with the short-lived distilling industry in Inverness, and where it is planned that the malted barley will be provided through a local farmers' cooperative, Highland Grain Ltd. GlenWyvis Distillery will uniquely employ the generation and use of renewable energy at Glenwyvis, to become the first 100% renewable energy whisky distillery.



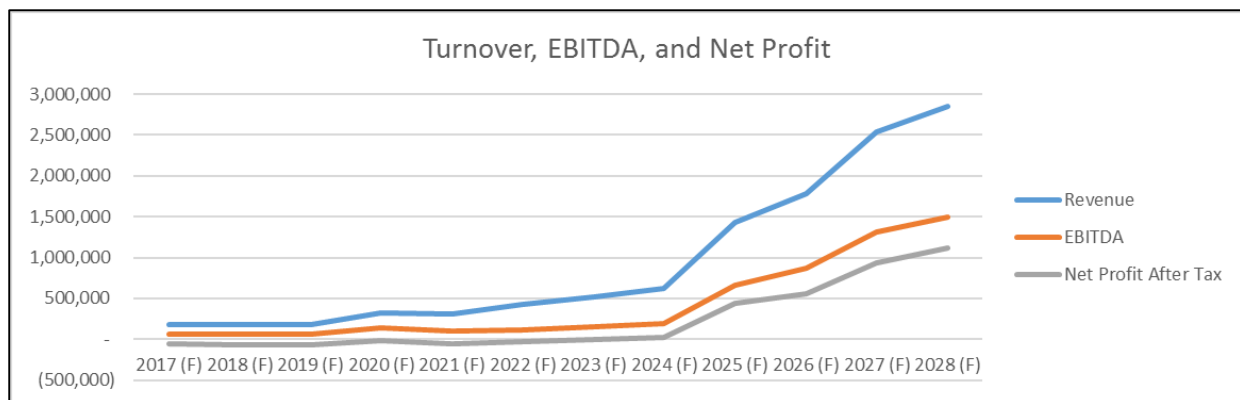
## GlenWyvis Distillery Limited – Distillery Business Plan

GlenWyvis Distillery will provide craft whisky to an established market demand for craft products, one that is well-established in the USA and is growing in the UK. Craft distillery sales in the USA, for example, are at around \$450 million per year. While the international whisky market is growing, particularly in developing countries, there is a strong demand in established markets for “something different” which craft distilleries aim to meet. The current whisky market is dominated by 5 multinationals. The segmentation of the markets follows that of craft breweries in the beer and ale markets; there are at least 9 craft whisky distilleries already operating in this market, with others planned. This is a strength; generally, craft distilleries do not compete with each other, but GlenWyvis Distillery will provide a range of products to support early sales, including GlenWyvis Gin, Early Make spirits, a 3-year-old whisky, and sales of casks and barrels. Sales will be moderate until early 2025, when GlenWyvis Distillery will have a labelled 8-year-old malt whisky for sale in international markets; and 2026, when the first 10-year-old malt will be available.

GlenWyvis Distillery has identified a range of marketing channels for the products, building on channels established in the Gin business. This includes Gordon & MacPhail and the Scottish Craft Distillers Association for the national and international markets; off-trade sales to whisky specialists and on-trade sales to the hospitality industry.

By the end of 2021, GlenWyvis Distillery will have built the distillery and bonded warehouses. It will have 5 years of selling “new make” spirit into specialised markets; two years of selling “GlenWyvis3” whisky; and sold 600 casks sold in advance. It will have strengthened and expanded its markets for GlenWyvis Gin. GlenWyvis Distillery will have reached £371,000 of annual sales, and have reached profit breakeven. There will be £1million of whisky maturing in casks and barrels, awaiting future sales of 8-year-old and 10-year-old malt whiskies.

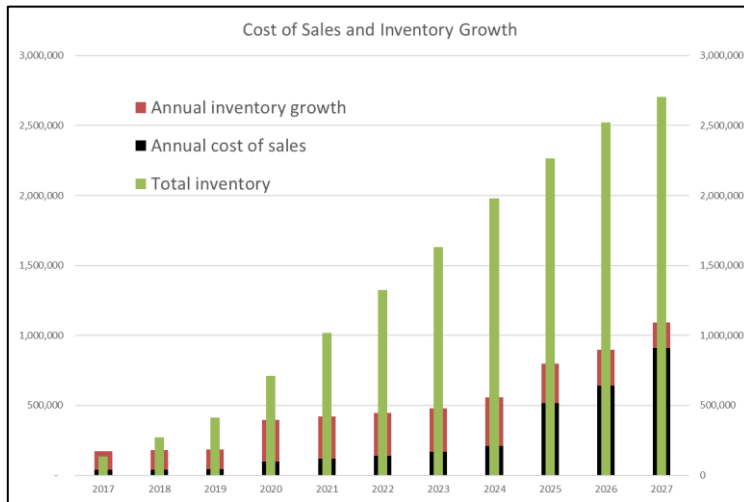
The time to a fully mature product means that sales in the early years are lower, with a significant increase after 8 years, typical of the industry, and this means that GlenWyvis Distillery will make trading losses until 2022:



GlenWyvis Distillery will have to invest in its inventory to allow it to mature for the required period, and this will result in a significant cash requirement over the first 10 years.



## GlenWyvis Distillery Limited – Distillery Business Plan



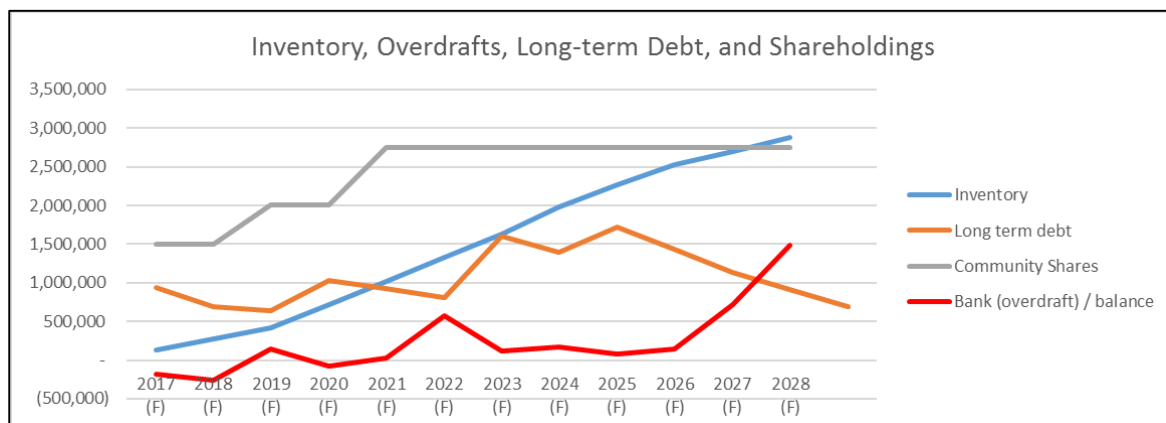
Inventory will grow to £2.7million by 2027, when the 10-year-old will be widely available.

This will require on-going funding rounds to fund the investment.

In order to address this funding requirement, the Directors plan 4 funding rounds through a mixture of community shares and bank loan funding. These are:

Year	Loan	Community Shares	Term and interest
2016	£750,000		10 years, 6%
2016	£250,000		Overdraft, 6.5%
2016		£1,500,000	5% assumed after 5 years
2019	£500,000		10 years, 5%
2019		£500,000	4% assumed after 5 years
2021		£750,000	4% assumed after 5 years
2022	£1,000,000		10 years, 4.5%
2024	£600,000		10 years, 4.5%

The rise in inventory and the matching funding from debt and equity are shown below, together with the resulting bank overdraft or cash balance for day-to-day working capital. The graph demonstrates that with this funding plan for inventory build, GlenWyvis Distillery remains cash liquid over the course of the 10-year investment period:





## GlenWyvis Distillery Limited – Distillery Business Plan

The inflows from shares and from loans ensure that GlenWyvis Distillery remains able to continue production and inventory build; repay its loans to schedule; and retain enough working cash to meet its liabilities as they become due

It is the excess of value over cost that gives the Directors confidence that GlenWyvis Distillery will not only achieve its funding rounds, but be able to allow for capital to be withdrawn and interest paid to shareholders once GlenWyvis Distillery reaches the point at which 10-year-old malts can be sold.

For example, a 64l cask of whisky put down in 2017 at a production cost of £330 will retail in 2016 for £750 without any further processing, and with the buyer to pay the duty.

The same whisky cask, held in inventory in 2020 at a value of £330, could be bottled as 3-year-old whisky and sold. The cask will produce around 110 bottles of whisky, at an additional cost of £1,565 for bottling and duty. These bottles will sell for £21 per bottle, or £2,310. The “net realisable value” of the cask in 2020 is around £750 – twice its value on the balance sheet. By 2027, as a 10-year-old malt, it will be worth over £1,000 more.

The Directors have identified the key risks of this project, below, and are confident that risk mitigations are in place which will ensure the risks are acceptable. The most significant risk is that the funding is not found and that this visionary project cannot proceed.

There is a risk of:	Because	Risk after mitigation	Resources allocated to mitigation in this Plan?
Project failure	Insufficient funds are raised for start-up or funds not available / affordable	Medium	Significant marketing and planning resources invested to ensure plan is robust and attractive to community investors and lenders. If insufficient capital is raised, community share funding will be returned.
Project failure	Planning and other permissions not granted	Low	Mitigation already in place – planning permission and others in progress
Financial targets not achieved	Construction overspends mean start-up funds insufficient	Low	Mitigation already in place – contingency in build costs
Financial targets not achieved	Sales volumes are not achieved or are not achieved as quickly as forecast	Medium	Sales targets will be carefully overseen and managed by the Board and the Sales Manager. Development of a targeted marketing plan once funding achieved has been included in start-up costs. Product development to be overseen and managed by the Directors.
Financial targets not achieved	Overspends on production etc. costs	Low	Experienced Distillery Manager will be appointed at the start of the project to ensure production is expertly managed. Production plan and costs drawn up by expert with significant experience in whisky distilling
Financial targets not achieved	Failure to achieve additional funding in funding rounds	Medium	Experienced and professional Board appointed to ensure good governance and management, and to achieve Plan targets. If funding unavailable despite this:  Reduce cash outflow by reducing production / increasing cask sales. This will impact volumes of future sales and future profitability. If this is insufficient, then the Directors will seek members’ approval for additional commercial investment in a holding company. This will ensure that community benefits will continue but will reduce the value of future benefits. In the unlikely event of all three risks arising (insufficient capital, unable to reduce costs / increase sales, unable to attract part investment) then the Directors will seek sale of the distillery and its inventory to commercial interest; and distribute any surplus assets as required by FCA law and regulation.





## GlenWyvis Distillery Limited – Distillery Business Plan

### 3. Introduction and Background

This proposal is for the distillery which forms the heart of the GlenWyvis Distillery Limited (“GlenWyvis Distillery”). GlenWyvis Distillery will also deliver GlenWyvis Gin (included in this Business Plan) and a liqueur. In time and finances permitting, a Visitor Centre is planned for a separate site closer to the centre of the town. The Visitor Centre is not part of this Business Plan, having a separate Plan; and the funding sought in this Plan is for the distillery business only.

The concept of a community-owned, renewables-powered whisky was conceived by John McKenzie on his return to Dingwall in 2007. John acquired a farm close to Dingwall and has worked to make both the farm business a success and to establish his own business, Flying Farmer Ltd, providing a helicopter pilot service across the Highlands and Islands. John saw a continuing gap for a craft distillery to create a distinct whisky product, and the potential for the profits and benefits of this distillery to be available directly to the community rather than to national and international high net worth investors. John was involved in the Dingwall Wind Cooperative’s successful launch in 2013 and identified a way forward both for whisky, the community, and for embedding renewable energy in the production of a unique craft whisky.

John gathered a skilled Board to develop the project, and to date has advanced £185,000 of his own money on set up costs. In addition, he has provided GlenWyvis Distillery with a 175 year “peppercorn” lease for the land for the distillery building, the first two bonded warehouses, and the Managers House. He will make the renewable energy generated by the Flying Farmer’s wind, hydro, and solar renewable energy systems free to the distillery; and provide all the water required from the new borehole on the farm, until 2030 when the feed-in tariff for renewables ends and the farm and distillery move off-grid. These benefits are estimated at £40,000 each year at maximum production.

The Board of GlenWyvis Distillery are required to ensure that the company will provide community benefits in terms of allocation of financial surpluses to the community; these will grow as the distillery products mature over time and GlenWyvis Distillery becomes more profitable. Once financial conditions permit, the Board intend that additional profits and benefits will be delivered by the Visitor Centre, which will enable greater community engagement, provide additional direct benefits such as employment, and help generate “spill-over” benefits to other businesses in the town centre.

In addition to the business plan, this plan also summarises and explains in Section 12 below the Social, Economic, and Community Benefits to the community of Dingwall and the wider IV postcodes from the activities of GlenWyvis Distillery.

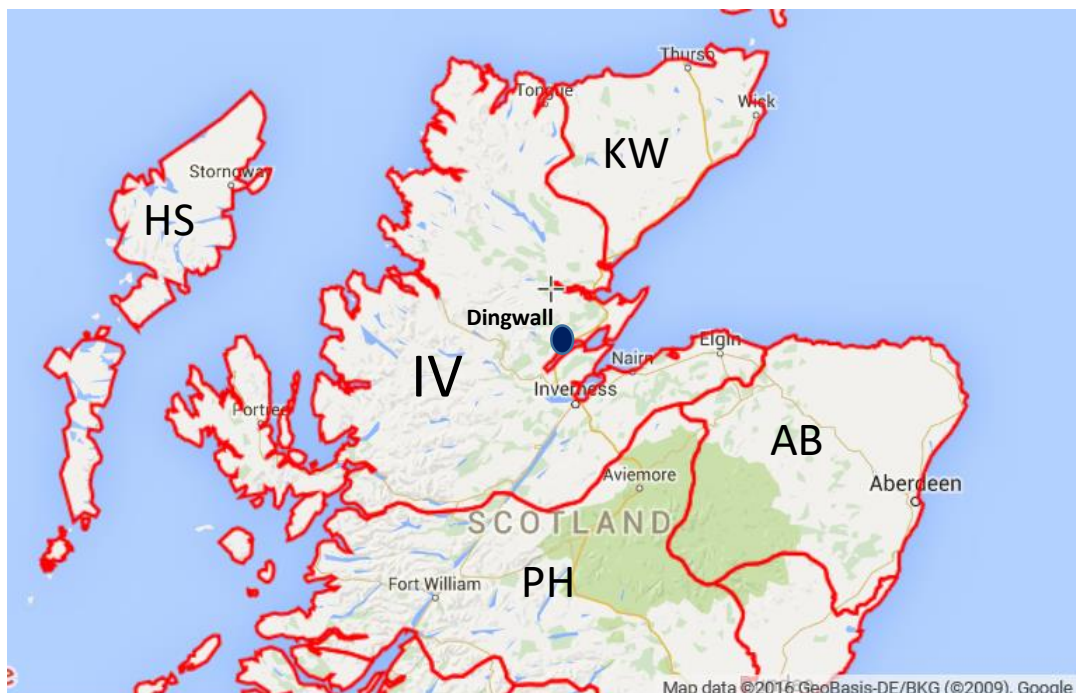


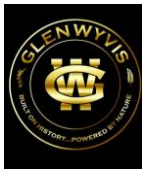
### 4. Mission Statement and Objectives

To create the world's first community-owned craft distillery, using 100% renewable energy to produce a high-quality Highland Whisky with a unique heritage and provenance that will further enhance the Scotch Whisky brand around the world, by:

- Using a Community Benefit Society to ensure community investment, community ownership and benefits are locked-in to the constitution, and profits require to be distributed to the benefit of the wider community;
- Ensuring that over 50% of members are from local IV postcodes;
- Employing whisky experts with a track record in start-up distilleries to ensure a quality product;
- Using water sourced from the site itself in the production process;
- Using only local barley, locally malted, from a farmers' cooperative;
- Producing a range of other spirits including GlenWyvis gin, a malt liqueur and a vatted whisky malt under the GlenWyvis brand which will be popular locally and help to generate a positive cashflow prior to our single malt being bottled.
- Marketing internationally primarily through the Scottish Craft Distillers Association, also a cooperative.
- Using the latest technologies and a balance of hydro, solar, wind, and biomass to derive all of the required energy, on-site, backed up by energy generated from the neighbouring Dingwall Wind Cooperative;

The **IV postcode area**, also known as the **Inverness postcode area**, is a group of postcode districts around [Achnasheen](#), [Alness](#), [Avoch](#), [Beauly](#), [Bonar Bridge](#), [Cromarty](#), [Dingwall](#), [Dornoch](#), [Elgin](#), [Fochabers](#), [Forres](#), [Fortrose](#), [Gairloch](#), [Garve](#), [Glen Shiel](#), [Invergordon](#), [Inverness](#), [Isle of Skye](#), [Kyle](#), [Lairg](#), [Lossiemouth](#), [Muir of Ord](#), [Munlochy](#), [Nairn](#), [Plockton](#), [Portree](#), [Rogart](#), [Strathcarron](#), [Strathpeffer](#), [Strome Ferry](#), [Tain](#) and [Ullapool](#) in [Scotland](#).





### 5. Legal structure and governance; Community Benefit Company

Glenwyvis Distillery is set up to deliver both profits and community benefits.

**Community Shares refers to the sale of shares in enterprises serving a community purpose.**

A community benefit society is run primarily for the benefit of the community at large, rather than just for members of the society. This means that it must have an overarching community purpose that reaches beyond its membership. A community benefit society, or “BenCom”, has democratic decision-making built into its structure; the voting powers are for one member, one vote, rather than having voting power determined by the number of shares held. A community benefit society has the power to pay reasonable and regulated interest on members’ share capital, but does not pay other dividends. The community benefit society has a statutory asset lock, which has the same strength as the asset lock for a charity and for a community interest company.

Community Benefit Society are regulated and registered by the Financial Conduct Authority (FCA) to ensure that they comply with the applicable legislation and regulations.

The decisions of a Community Benefit Society are made day-to-day by a Board elected by the membership at the AGM. As with limited companies, specific decisions are retained to the members. The founding members of Glenwyvis Distillery are as attached at Section 23 below, Founding Board of Directors.

GlenWyvis Distillery’s membership is to be by withdrawable share capital, with an interest rate on the shares set annually by the Board and not permitted by the Rules to exceed the amount needed to obtain and retain capital. Investors will be primarily interested in an investment as delivering the twin community benefits of a craft distillery in Ross-shire and stimulating economic and social benefit in Dingwall, although they will also have financial benefits.

Tax benefits: investment in shares are eligible under the Enterprise Investment Scheme, allowing up to 50% tax relief on investments up to the first £150k and up to 30% tax relief on investments thereafter.

Capital withdrawal: the shares can be sold back to GlenWyvis Distillery if permitted by GlenWyvis Distillery Board. Sales in the first three years will result in the loss of the EIS tax allowance. Sales will be very constrained for the first five years, and only permitted in exceptional circumstances. It is anticipated that for GlenWyvis Distillery, as for many others, there may be a waiting list of investors wishing to buy shares, allowing the company to buy back shares and sell new shares. We expect this waiting list to develop because interest in the distillery will grow as we advance deeper into the maturation process and awareness of the Glen Wyvis brand is built by the gradual release of new products. However, this is not guaranteed and share capital withdrawal is a risk to investors. The Business Plan does not forecast any net share withdrawal in the first 10 years of trading.

Dividends: Community Benefit Society shares do not pay dividends, but interest, decided annually at the discretion of the Board. The Business Plan forecasts payment of interest after 5 years of investment but with a package of non-cash investment rewards which reflects members’ interest in the distillery itself and its products.

Capital value of shares: unlike limited companies, there is no trade in shares, and the value of shares does not increase above the value originally paid for the share. Similarly, to limited companies, Community Benefit Society members are regarded as “last resort” in any bankruptcy or liquidation, receiving only such monies are available after all other creditors have been paid.



### 6. Vision: the Project in 5 years' time

The objective of GlenWyvis Distillery is to produce a high-quality Highland Whisky with a unique heritage and provenance that will further enhance the Scotch Whisky brand around the world.

By the end of 2021, GlenWyvis Distillery will have established its whisky brand selling “new make” spirit – the high-strength, unaged whisky spirit straight from the stills, generating additional interest in the distillery, its products, and its uniquely “green” production methods.

GlenWyvis Distillery will have had two years' track record in sales of “GlenWyvis 3”, which, having had the required 3 years' maturation, can legally be called Whisky.

GlenWyvis Distillery will have attracted the interest of whisky enthusiasts, with almost 600 casks sold in advance, maturing in the company's bond ready for bottling as their owners require. Only small Distilleries can make this offer; large, established Distilleries do not need the additional cash flow or the disruption to normal production.

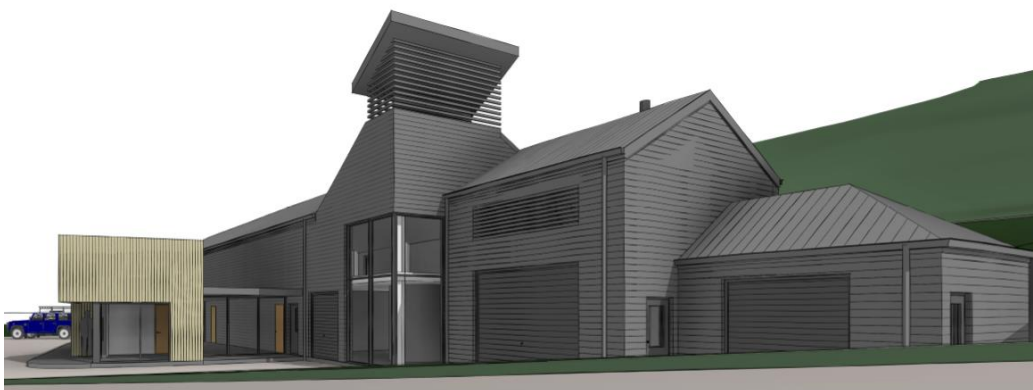
GlenWyvis Distillery will have strengthened and expanded its markets for GlenWyvis Gin, a craft product distilled in Shetland and flavoured with a mix of exotic and local botanics. It will have established a niche market for a whisky liqueur.

Overall, sales revenue will be at over £300,000 each year, and the GlenWyvis Distillery will be close to break-even.

The distillery will have had two years at close to maximum production, with litres produced at over 70,000 each year compared to the starting point of 36,000 each year. There will be 300 Litres of Absolute Alcohol (£1.3m at production cost) maturing in 2,500 casks in GlenWyvis Distillery's bonded warehouse locations.

The distillery will have firmly established its “green” credentials, being powered by renewable energy generated on-site by hydro, solar, wind, and biomass. It will innovate the application of renewable directly to a variable production process, managing peaks and troughs of a heating process to demonstrate the robustness of renewable energy generation.

GlenWyvis Distillery will have demonstrated the funders confidence in this, the first community-owned whisky distillery in the UK, with a start-up and second round of funding, having raised at total of £2.75 million in community shares, and £1.25 million in bank loans. It will be preparing for another funding round to obtain the £1.5m funding facility necessary to invest in production over the next 5 years, to bring the maturing whisky to the magic of 10 years and full export sale.





### 7. Stakeholder support

#### 7.1. Stakeholder Strategies and Action Plans

Highlands and Islands Enterprise, as the Scottish Government’s agency for economic growth and development in the Highlands, has 4 key priorities:

- [Supporting businesses and social enterprises to shape and realise their growth aspirations](#)
- [Strengthening communities and fragile areas](#)
- [Developing growth sectors, particularly distinctive regional opportunities](#)
- [Creating the conditions for a competitive and low-carbon region](#)

GlenWyvis Distillery delivers to three of these priorities, with a parallel to the fourth:

**Growth aspirations:** GlenWyvis Distillery has clear growth aspirations, from a turnover of £0 in 2016 to almost £1 Million by 2025;

**Strengthening communities:** while Dingwall is not in the HIE “fragile communities” area, 16% of its population – 752 people - live in Dingwall Central, one of the 17 “Scottish most deprived 15%” datazones in Highland. Further, according to the [Council](#), “the ranking in Scotland of Dingwall Central has fallen steadily from 2006 to 2012 with the main changes in the health, crime and income domains”. GlenWyvis Distillery, while producing a relatively small number of direct jobs, has the ability to generate very significant surpluses – forecast at over £1m a year in 2028; and this must be provided to benefit the wider community.

In the shorter term, GlenWyvis Distillery has ambitions to develop a Visitors Centre, which will provide a significant economic and community impact if it is attractive to the whisky heritage tourism market. It is this benefit which is helping to pull together community support for GlenWyvis Distillery.

**Developing growth sectors:** Food and Drink, and particularly export active food and drink companies, are a key support objective for HIE. While in the short term, GlenWyvis’ products will not be primarily aimed at the export market, this will be a key growth sector once the product has aged to and beyond 10 years.

**A competitive and low-carbon region:** HIE supports particular companies to deliver low carbon business models. With its intention to be the world’s first 100% renewable distillery, and its unique application of biomass and renewable electricity to support that position, GlenWyvis Distillery will lead the way in demonstrating modern production through direct generation of energy.

HIE have demonstrated support by part-funding both the renewable energy feasibility study and the business plans.



## GlenWyvis Distillery Limited – Distillery Business Plan

### 7.2. Community Support

GlenWyvis Distillery and its allied proposals for a Visitor Centre have attracted considerable support. The Directors have been building awareness of the proposals and the brand for over a year, through a variety of social media, direct marketing, and trade and other exhibitions.

GlenWyvis Distillery has received positive coverage in the local press, and the [FaceBook](#) page has over 1,400 “likes” – most local, many international. The company is already demonstrating its commitment to the local community, with sponsorship / support for:

- the local football team, Ross County;
- Alex Brett Cioch Mhor Hill Race;
- Dingwall Gaelic Choir;
- Strathpeffer Pipe Band;
- the Highland Cross Charitable Hill Race;
- the Neil Gunn Society;

and others.

#### Evidence of community support:

GlenWyvis Distillery produced a special labelling of the GlenWyvis Gin to celebrate Ross County winning the Scottish Championship League Cup Final for the first time on 13<sup>th</sup> March 2016; the 500 bottles were sold out within days.

Highland Grain Ltd, a cooperative of 86 local farmers who sell barley for malting, and whose malted barley will be used by GlenWyvis, are supportive; they see an additional and local outlet for their highest-quality barley, and a way to invest in its final use for creating whisky.

Local businesses in Dingwall, including those on the Dingwall Development Steering Group, are very supportive of GlenWyvis Distillery. While they recognise that full community benefits will not be realised until the Visitor Centre is built, bringing 30,000 visitors into Dingwall, they also recognise that investing in GlenWyvis Distillery and the initial distillery phase will support the eventual creation of the Centre. The DDG are working on plans for additional tourist and town improvement infrastructure to ensure that the Centre is part of Dingwall realising its potential as a destination town.

Local councillors and politicians are supportive of the project, again, largely because of the link to the Visitor Centre; Dingwall will have a strong football team, the Highland Mart as the continuing agricultural centre for Dingwall; and GlenWyvis Distillery, all contributing to a revitalised town centre. As public bodies such as the Scottish Courts and Tribunal Service, Police Scotland, and Highlands and Islands Enterprise move out of the historic Ross-shire county town to Inverness to reduce costs, Dingwall must continue to develop other sectors which bring visitors to the town.

GlenWyvis Distillery will offer community shares to those in “IV” postcodes, a far wider area than in Dingwall. This will help ensure that the funds generated by GlenWyvis Distillery are allocated throughout the area.

To date, over 500 people have registered an interest in purchasing shares in GlenWyvis Distillery; many local, and many from overseas.

#### Maintaining Community Support

GlenWyvis Distillery already provides information to its community through social media ([FaceBook](#) and [Twitter](#)), through its website, and through a printed newsletter for those who do not use e-communications. These will continue to be the main information sources.

In addition, members will be able to buy products locally, and will have first opportunities to purchase new products / celebration bottlings.



## GlenWyvis Distillery Limited – Distillery Business Plan

GlenWyvis Distillery will carry out SROI reports bi-annually to ensure that community benefit targets are being met or exceeded.

As required, there will be an AGM where members will vote on accounts and appointment of Directors. GlenWyvis Distillery will provide a best-practice Annual Report highlighting its activities through the year, progress against targets, and future plans.

Once GlenWyvis Distillery is in a position to start distributing surpluses for community benefit, it will set up a mechanism led by community members, elected by the members, for that distribution. As this position will not be for another 10 years and the legal and economic landscape at that point is unknown, no definitive plans for this mechanism are in place.

### 8. Rewards for Investors

Although in the medium term, in 2022, once the GlenWyvis Distillery has reached break-even, we intend to pay interest on members' shares of up to 5% or 2% above the Base Rate, in the short term the rewards have been designed for people who love craft distilled whisky: -

#### **Invest £250 - £749**

##### **Postcode restriction to IV postcodes in Scotland.**

1 bottle Gin now, T-Shirt and bottle Whisky in year 3.

#### **Invest £750 - £2,499**

2 Gin now or 2 Inaugural Whisky between Burns Day 2020 and St Andrews day 2020, T-Shirt now and private distillery tour for 2 in 2018.

#### **Invest £2,500 - £4,499**

6 Gin now or 6 Inaugural Whisky between 25/1/20 and 30/11/20, 2 T-Shirts now and shared distillery tour in 2018 plus tour for 2 including 20-minute helicopter whisky history tour in 2017 flown from Dalcross Airport, Inverness, by The Flying Farmer.

#### **Invest £4,500 - £7,499**

One 64l "first fill" sherry cask filled with 64l New Make spirit at circa 63% abv (please see terms and conditions on our website). Plus 6 Gin now, 2 T-Shirts now and shared distillery tour in 2018 plus tour for 2 including 20-minute helicopter whisky history tour in 2017 flown from Dalcross Airport by The Flying Farmer.

#### **Invest £7,500 - £14,999**

One 128l or two 64l "first fill" sherry cask filled with New Make spirit at circa 63% abv (please see terms and conditions on our website). Case of Gin now, 2 T-shirts now and private tour for 4 in 2018 plus tasting masterclass at distillery and 30-minute shared helicopter whisky history tour for 2 in 2017 flown from Dalcross Airport by The Flying Farmer.

#### **Invest £15,000 - £49,999**

Fill Hogshhead Cask personally in 2017 and add your name on wall or roof of distillery plus case of Gin now and bottle of Whisky every Burns Day till year 10 including New Make spirit. A private extended 30-minute helicopter whisky history tour for 4 flown from Dalcross Airport by The Flying Farmer plus a private tour and tasting master class for 4 in 2018.

#### **Invest £50,000 - £100,000**

Investments will be considered by application only and bespoke packages similar to above can be arranged.



### 9. Social, economic, and environmental benefits

#### 9.1. Community Benefits:

##### Reinstating an important rural service and asset

- Whisky has been made in small, locally-owned distilleries in Ross-shire and Inverness-shire for centuries. GlenWyvis Distillery will re-instate this iconic production in the area.

##### Indicators

- distillery opened and Dingwall at the centre of the “brand”.

##### Opportunity for community development

- Strengthen existing community cohesion and spirit
- Funds raised and directed to community projects
- Leverage from community projects to other funding streams
- Outcomes from funded community projects

##### Indicators

- Number of projects funded in the IV postcodes
- Total amount of funding provided
- Match funding for Community Benefit Society funds
- Community Outcomes

These indicators will be collected and monitored on an on-going basis, to ensure that maximum community benefit is achieved from GlenWyvis Distillery. While the provision of funds to the community cannot occur until the company generates cash surpluses, the legal structure of GlenWyvis Distillery guarantees that any surpluses generated must be used for wide community benefit.

#### 9.2. Environmental benefits

##### Minimise carbon emissions:

- From 15,000 kWh (year 1) to a maximum of 67,000 kWh of non-thermal energy will be provided by on-site renewables, which have a maximum capacity of 100 kWh;
- 95% of the thermal energy used for distilling will be produced by biomass on-site; GlenWyvis Distillery will adopt battery technology when practicable to allow this to become 100%;

##### Indicators

Reduction of up to 44kg of CO<sub>2</sub> each year emitted against conventional electricity for non-thermal energy  
Reduction of 1,119 kg of CO<sub>2</sub> for 2016 production, rising to 2,795 kg of CO<sub>2</sub> for 2027 production for biomass energy used on-site compared to oil heating

#### 9.3. Economic benefits

##### Providing employment opportunities

- Opportunity to increase direct and indirect employment: the distillery will employ 3 full-time staff
- Increase through put of a local supply chain: the distillery will intend to increase local use of grain products through Highland Grain Ltd farmers’ cooperative society based on the Black Isle, near Inverness, which specialises in the production of malted barley.

##### Indicators

- Number of direct FTE employees created / retained – 2 initially, rising to 6 by 2026





## GlenWyvis Distillery Limited – Distillery Business Plan

### Generating economic value -added locally

Local GVA by year 5 (2021) and year 10 (2026)

	<b>2021</b>	<b>2026</b>
- Operating expenditure, including production salaries	£138k	£284k
- Hire of storage	£ 22k	£ 94k
- Annual use of local products	£156k	£207k
- Operating cash surplus	<u>-</u>	<u>£ 64k</u>
- Total GVA to IV postcodes	<u>£309k</u>	<u>£564k</u>



### 10. Current trading position of GlenWyvis Distillery

GlenWyvis Distillery's planning and trading activities have been developing for over a year, and we will publish first year accounts to March 2016 when available.

GlenWyvis Distillery Limited, a company limited by shares, was registered on 31 March 2015, to undertake the continuing development activities, and to establish and build the brand through sales of GlenWyvis gin. The Limited Company was converted into a Community Benefit Society in March 2016 by Special Resolution of all Directors, and was registered with the Financial Conduct Authority on 5<sup>th</sup> April 2016. All licenses, permissions, and other legal obligations automatically transfer from the Limited Company to the Community Benefit Society.

#### Permissions:

##### Land and buildings:

- 175-year lease granted by John McKenzie, of the distillery site to GlenWyvis Distillery; in the process of being registered at the Land Registry.
- Outline planning permission granted for the distillery building 25h January 2015 and detailed planning and building warrants submitted in March 2016;
- Outline planning permission submitted for the bond warehouses and distillery site in March 2016;

##### Production Processes

- Certification by SEPA granted for use of the borehole and for extraction of more than sufficient water for the maximum planned Distilling processes;
- Registration for GlenWyvis Distillery to benefit from Renewable Heat Initiative and zero-carbon heat and electric status is complete

Once build warrant is completed and the funding collected, the following permits will be required:

- SEPA – waste disposal processes, including waste water, and other wastes
- HMRC distillery license, rectifiers licence, Scotch Whisky Verification Scheme
- HMRC Registration with Excise Movement and Control Scheme
- HMRC Approval of Financial Security for Premises Guarantee and Movement Guarantee

##### Sales

- Full alcohol premises licence granted by Highland Council

#### Gin Sales:

GlenWyvis entered into a working partnership with Shetland Reel Gin to develop GlenWyvis gin, flavoured with a unique mix of exotic and local botanicals. This has assisted GlenWyvis in establishing its brand as a quality craft distiller. The gin has been on sale since August 2015, and to date over 1,000 bottles of GlenWyvis Gin have been sold through a variety of channels, including prestigious hotels such as the Torridon Hotel, local quality food retailers such as the Storehouse of Foulis, the Aberdeen Whisky Shop, and the Skye Whisky Emporium.

Gin will continue to be a small but important part of early sales, to assist in cash flow and more importantly to continue to raise awareness of the company and its brand.

Gordon MacPhail have now entered into an agreement for sales distribution of the gin.

**Energy** - All renewable energy sources already in place are registered to receive Renewable Heat Incentives or Feed-in Tariffs as appropriate.



## GlenWyvis Distillery Limited – Distillery Business Plan

### 11. Glenwyvis: the Whisky USP

Whisky distilling has a long and chequered history in Dingwall and in wider Ross-shire. The Glenwyvis Whisky USP will be its named and historical connection to two previous locally-owned distilleries: “Ben Wyvis”, the previous 19<sup>th</sup> century distillery in Dingwall; and “Glenskiach” which operated until 1926 in Evanton, 6 miles to the east. Please see also Section 2525 below.

Distilling in the area goes back much further. Ferintosh Distillery on the opposite side of the Cromarty Firth was one of the oldest distilleries in Scotland and became the first legal distillery in 1690. The distillery was burnt by Government troops looking for Jacobite supporters after the Battle of Culloden in 1745. The owners, the Forbes of Culloden, received a n exemption from Excise Duty and for almost 40 years the name “Ferintosh” became synonymous with Scotch Whisky. The end of the exemption and the closure of the distillery were mourned by Robert Burns in a poem of 1786.

*Three Ferintosh! O sadly lost! Scotland lament frae coast to coast!*



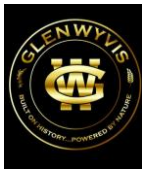
The Forbes of Culloden still own the site of the original distillery, which is visible from the proposed distillery site, and are supportive of this project.

Illegal “pot” distilleries continued in nearby Strathcarron, with the remains of over 51 pot stills found by the [North of Scotland Archaeological Society](#). These pot stills provided a crucial source of income to the crofters through hardship post 1745 and in the recurrent famines through the 19<sup>th</sup> century; the local landowners, who were also the local justices, turning a blind eye as the income from illegal distilling allowed their tenants to pay ever-higher rents.

Inverness also had 3 locally-owned Distilleries from the early 1800s, and these continued until the whisky crash of the 1980s forced closure of all three.

As all other Distilleries in the area – Muir of Ord, Balblair, and Glenmorangie – are owned by large multinationals, the GlenWyvis Distillery will be the only locally-owned distillery in the area, and the only community-owned Scotch Whisky distillery.



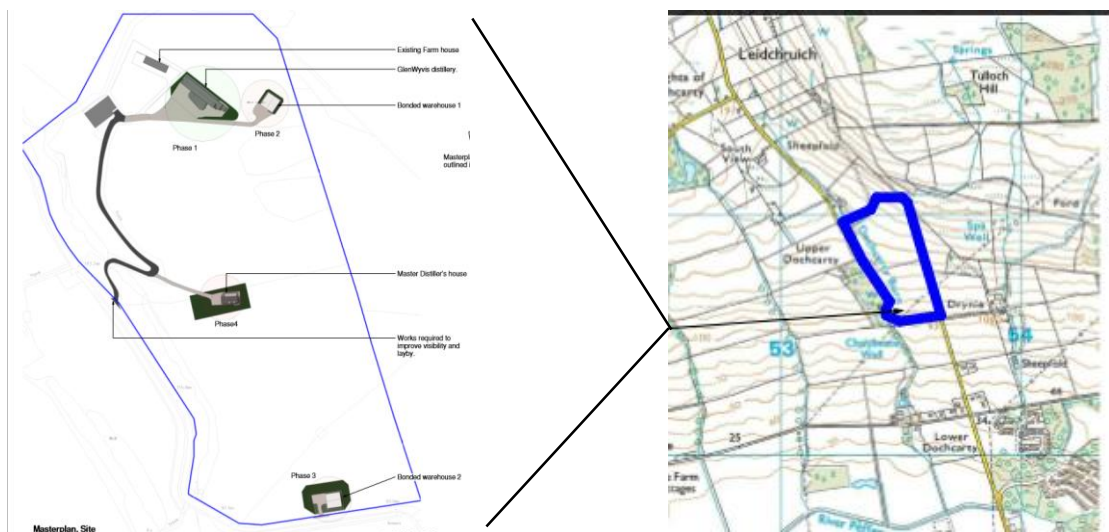


## 12. Location

The key factors when choosing a distillery location are:

- access to good water supply (quantity and quality);
- access to utilities - electricity and fuel for steam boiler;
- ability to sell, disperse or otherwise process the co-products and waste material;
- access for vehicles,
- space for the required buildings.

The location chosen is at the GlenWyvis farm, which lies just outside, to the North of Dingwall.



With regard to the first element, the Farm is ideally located with a good water supply from the confluence of the Tulloch Spring and Docharty Burn. The volume of this water is sufficient to provide both the cooling and process demands of the distillery, together with the new borehole being drilled which will also provide the process water. The water from both sources is moderately hard and is likely to have the potential to make excellent Single Malt Scotch Whisky.

There is access for renewable energy as the Farm already benefits from generating its own electricity through hydro, solar and wind power schemes. This generated electricity will supply the electricity load required for the motors, lighting and any space heating.

It is envisaged that all of the draff and pot ale will be fed to the existing cattle herd thus reducing the need to buy or bring in cattle feed.



### 13. Markets / demand

The Scottish whisky industry exports to a world-wide market, generating significant economic benefits to the UK:

- The whisky industry is recognized as the UK's largest single food and drink sector, which accounts for 25% of the UK's food and drink exports, and 80% of Scottish food and drink exports, impacting 200 markets worldwide.
- The whisky sector generates £3.3 billion directly to the UK economy, and totals £5 billion when Gross Value Added (GVA) is added to the overall to UK Gross Domestic Product (GDP).

Source: *The Economic Impact of Scotch Whisky Production in the UK*

In terms of markets:

- France and USA generate the greatest levels of volume and value in terms of exports of Scotch Whisky.
- Emerging markets such as Brazil, India, Mexico, and UAE have achieved overall growth between 2012 and 2013 in terms of both volume and value in exports.
- The whisky industry is recognised as the UK's largest single food and drink sector, which accounts for 25% of the UK's food and drink exports, and 80% of Scottish food and drink exports, impacting 200 markets worldwide.

#### Scotch Whisky: Top twenty export destinations 2013



The vast proportion of this whisky is produced and sold by major multinationals: Diageo (which owns 40% of the market), Pernod Ricard (20%), United Spirits (which owns White & Mackay), Beam Global (which owns Laphroaig and Teachers) and Bacardi. Only around 20% of scotch whisky is now made by distilling companies based in Scotland.

Craft Distilled products are already showing a significant growth in the UK, mirroring the risk of craft products in the USA. The number of U.S. craft distilleries jumped from about 200 in 2011 to about 600 in 2014, lifting sales volume from about 700,000 cases in 2010 to about 3.5 million in that year. Craft



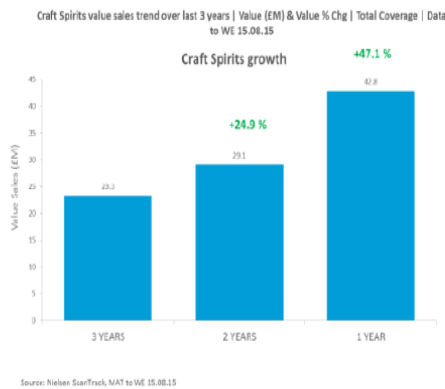
# GlenWyvis Distillery Limited – Distillery Business Plan

distillers' sales are nearing \$450 million a year, according to the Distilled Spirits Council of the United States.<sup>1</sup>

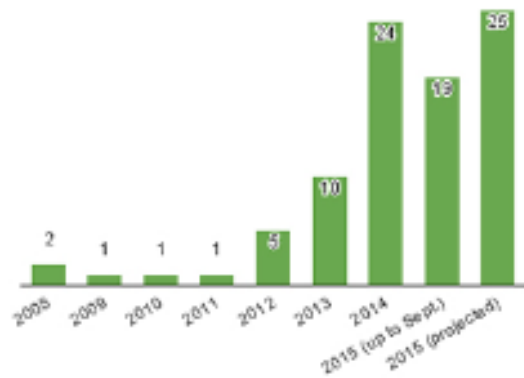
Similarly, craft distillers are increasing in the UK, in response to the demand from consumers for high-quality products with a backstory and which supports a local economy. See <sup>2</sup> and below.

Source: Craft Spirits, Introducing the Nielsen definition and reviewing performance, Nielsen 15/08/2015

### CRAFT SPIRITS HAVE TAKEN OFF IN THE LAST YEAR.



### UK Craft Distillery Openings (2008-2015)



Source: The Spirit Business <sup>3</sup>

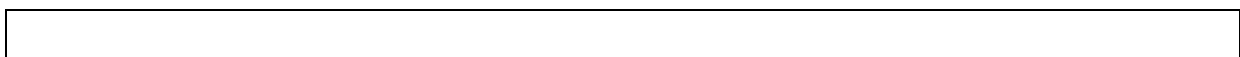
Importantly for scotch whisky, with its reliance on exports, this is a world-wide trend. IPSOS identified in 2013<sup>4</sup> that the global trend to “premiumisation” meant that the growth in market value was outstripping volume, with a 10% growth in value between 2010 and 2011. They noted that “The value of the premium spirits category increased by 21% in 2011 worldwide, whilst standard spirits grew by only 12%. The BRIC markets (Brazil, Russia, China and India) are the engine of growth in the premium spirits category. Whisky and Cognac are the key drivers of growth in the premium category worldwide, growth which shows no signs of abating.”

The [Scotch Whisky Association](#) estimates that more than 40 small new distilleries are setting up across Scotland, in a trend mirroring the rapid rise of craft brewing that has reinvigorated the UK’s beer industry, and in handcrafted, flavoured gins.

[Springbank](#) started this trend, building the first new distillery in Scotland in the 21<sup>st</sup> century, with its first distillation run in 2004.

Other established whisky distilleries include [Kilchoman Distillery](#), [Isle of Arran Distillery](#), [Strathearn Distillery](#) and more recently [Kingsbarns Distillery](#), [Ardnamurchan Distillery](#), [Annandale Distillery](#), [Isle of Harris Distillery](#), [Eden Mills](#), with others planned e.g. [Drimnin Distillery](#).

It is important to note that, as with craft brewing, the craft distilleries are not in competition with each other for market. In an international whisky mass market and one that is growing, there is plenty of space for distinctive, local, product.

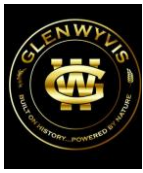


<sup>1</sup> <http://www.reuters.com/article/us-drinks-craft-spirits-idUSKCN0R410O20150904>

<sup>2</sup> <http://sltn.co.uk/2016/03/17/small-spirits-with-big-sales/>

<sup>3</sup> <http://www.thespiritsbusiness.com/2015/09/uk-craft-boom-continues-as-distillery-numbers-soar/>

<sup>4</sup> Drinking to the Future: trends in the Spirits Industry March 2013



## GlenWyvis Distillery Limited – Distillery Business Plan

### 14. Products and Pricing

**Gin:** As gin requires no maturation period, it can be bottled and made available for sale as soon as possible after being produced which makes it an ideal product to generate cash and start building the brand name. Glenwyvis Gin, with its unique botanicals, is being well received in the Highland market, and can be marketed further afield to gain additional sales and revenue. It is envisaged that sales of 3300 bottles can be achieved in year 1 with a steady growth of 10% each year thereafter.

**New make spirit:** Once the whisky distillery becomes operational in 2016, GlenWyvis Distillery is planning to sell new make spirit in the early period of production to the three-year point when the spirit can be deemed whisky; hence sales in the first three years are relatively modest. There is a small market amongst whisky connoisseurs for new make spirit and spirit which has aged for less than 3 years and it is planned that a range of young products (termed Spirit Drinks) would be developed by the distillery. Again, this will help to build the brand and also provide an entrée into the world of whisky connoisseurs.

**Liqueur:** During the early periods, before the whisky is fully matured, GlenWyvis Distillery also intends to sell a liqueur. commencing with annual sales of 800 bottles, rising by 5% each year.

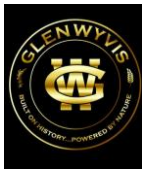
**3-year-old whisky:** Whisky must mature for 3 years before it can be called such. Once GlenWyvis Distillery has a mature product (2020), it will be released as an un-aged single malt Scotch whisky, in both un-peated and peated versions. Projections anticipate sales increasing by 30% in each of the next five years (through to 2024) as the product is introduced to new markets with the number of markets increasing each year. In addition, the company will introduce different styles of each of the two main variants.

**8-year-old single malt:** At eight-year-old the product will reach an age of maturity where the age can be put on the label. This will be the beginning of Glenwyvis into significant, more mainstream, markets in the UK and abroad. It is anticipated that sales of 40,000 bottles of each of the two variant streams is achievable.

**Casks:** One of the advantages of a small distillery is its ability to meet consumer demand for casks. There is a great interest in private cask ownership and with all of the established distillery companies now stopping direct cask sales to customers, there are opportunities for the new small distilleries to build sales in this area.

**10-year-old plus single malt:** This is the prize range of products that whisky enthusiasts are waiting for. At 10 years old it is anticipated that sales of 6,000 cases or 72,000 bottles of each of the variants is achievable.

The Sales volumes are based on trends of other new start distilleries; however, the allowance for marketing is not large and so other innovative ways may be required to ensure that the business achieves these sales volumes. On the other hand, the sales volumes could be exceeded dependent upon consumer acceptance of the product.



### 15. Marketing and Promotion

Single malt sales are growing through most channels to market as they offer heritage, sophistication and exclusivity.

- Direct sales from the distillery itself through a small shop at the distillery. In time it is anticipated that these grow through direct sales at the Visitor Centre site in Dingwall, which will encourage enthusiasts new to the brand.
- Online Sales through the existing branded website;
- On-Trade Sales: single malts are growing more popular in the hospitality industry, with wide ranges of malts in hospitality providers aimed at the higher end of the market. As noted above, Glenwyvis Gin is already selling well in several well-known hotel establishments locally, and this would be expanded southwards as the product comes to maturation.
- Off-Trade / Independent Specialists: relationships have already been created with specialist whisky shops such as the Aberdeen Whisky Shop, and the Inverness Whisky Shop. These outlets have maintained market share and are forecast to grow in the future as consumer support for independent shops grows, and specialist retailers play an important role in stocking a wide range of malts not produced in sufficient volume for supermarket chains.
- Forward Selling of Casks: Barra Distillery has not even laid a brick of construction yet has sold out 50% of its entire batch of its first-year casks.
- Export & Overseas Agencies: GlenWyvis Distillery was a founder member of the Scottish Craft Distillers Association, which aims to assist craft producers overcome the barriers to exporting experienced by small enterprises. While the SCDA is set-up, it is in early stages, and GlenWyvis Distillery will continue to assist in creating this as a vibrant exporter of craft products.
- Through the International Cooperative Alliance: In addition, as a Community Benefit Society, Glenwyvis has access to a range of wholesale and retail outlets that are also cooperatives, worldwide, through the ICA. Cooperatives prefer to buy product from other cooperatives, and this is as true of distilled products as any other. This marketing potential, not available to mainstream whisky producers, is potentially very significant:



Co-operative enterprises  
build a better world

The Alliance represents...

289 Member  
organisations

From to international corporation  
to community store

Across  
95 Countries



Giving a voice to  
1 Billion  
individuals



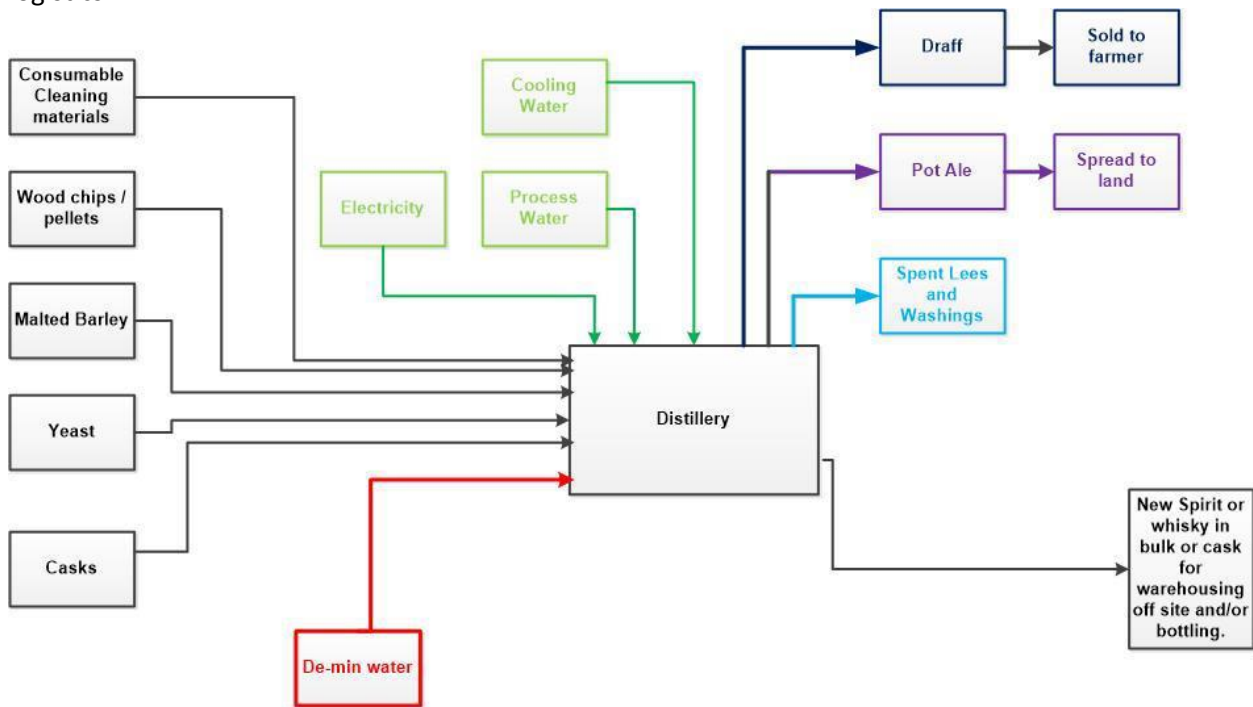




### 16. Craft Whisky Production Processes

All single malt whiskies are made by the same basic process. However, the flavour and character are determined by a variety of influences. The GlenWyvis Distillery will use small scale batch production methods together with carefully selected local Scottish ingredients to produce a high quality Highland single malt whisky.

The scope of the capital expenditure and the processes can be represented by this schematic of the logistics



It is envisaged that due to the small scale of the distillery, malted barley will be purchased from Highland Grain Ltd and manually fed into the malt hopper. The process water will be sourced from a new bore-hole which has been created on the farm and the cooling water from the confluence of the Tulloch Spring and the Docharty Burn.

The final spirit will be filled into cask at the distillery and either warehoused there or elsewhere in the vicinity of Dingwall.

The distillery will initially produce 4 batches each week which will all be produced during a normal 8-hour shift on Monday, Tuesday, Thursday and Friday with only one person required each shift. In addition to the plant operations there will be less frequent work including cask filling, equipment cleaning, intake of raw materials and admin duties. It is planned that both persons employed will be trained in all areas and therefore fully capable of performing all tasks.

Distilleries operate on a 24-hour cycle seven days each week as fermentation is a process that is continually taking place, although it does not require constant attention. However, as there will always be an operation taking place it means that there is some flexibility as to what time of day the activities that require operator control, mashing and distillation, occur. If there are business needs then these operations could occur on a day shift, back-shift or night shift.

Two production people have been allowed for, each with a salary of £25,000 and these costs are included in the cost of goods sold / production costs. There will also be a requirement for a manager who in addition to being fully responsible for all onsite activities and complying with all HMRC, SEPA and other regulatory bodies requirements, will act as a brand ambassador and company representative at sales events, as appropriate. Wage inflation has been set at 3% each year. A pension allowance of 5% of gross salary has been included.



### 17. Green GlenWyvis:

#### 17.1. Production and renewable energy

One of GlenWyvis' USPs is that it will be 95% supported by its own generation of renewable energy – the last 5% will depend on future technologies for storage of the wind and solar energy. Until then, it will be imported from 100% green sources.

The energy demands for the distillery are split between the non-thermal energy, to be used for the “baseload” – pumps, lights, etc.; and the thermal energy, used in the production process.

The Flying Farmer business, owned by John McKenzie, has a range of existing renewable energy generation on site including:

- 12kW hydroelectric turbine
- 41kW solar array
- 11kW wind turbine (there is potential to replace the turbine with a larger unit)

John McKenzie has agreed that this energy will be substantially available for the distillery, with a small percentage used for the farming and Flying Farmer business. This energy will be provided at no cost to GlenWyvis Distillery.

Pending construction of the Master Distillers house, GlenWyvis Distillery will continue to be based at the Flying Farmer office. This is powered by a 30kW log burner and 3kW of solar thermal energy.

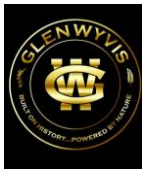
Overall, GlenWyvis Distillery has 96kW of local green energy sources on-site. This, together with GlenWyvis Distillery's two electric vehicles which are charged on-site, means that GlenWyvis Distillery will be carbon-neutral.

In addition, there is a 250kW Cooperatively-owned turbine in view across the strath from GlenWyvis which up to 400,000kWh of electricity can be sourced from although it will have to pass through the local distribution network before reaching GlenWyvis. The Renewable Energy Feasibility Study carried out for GlenWyvis Distillery noted that:

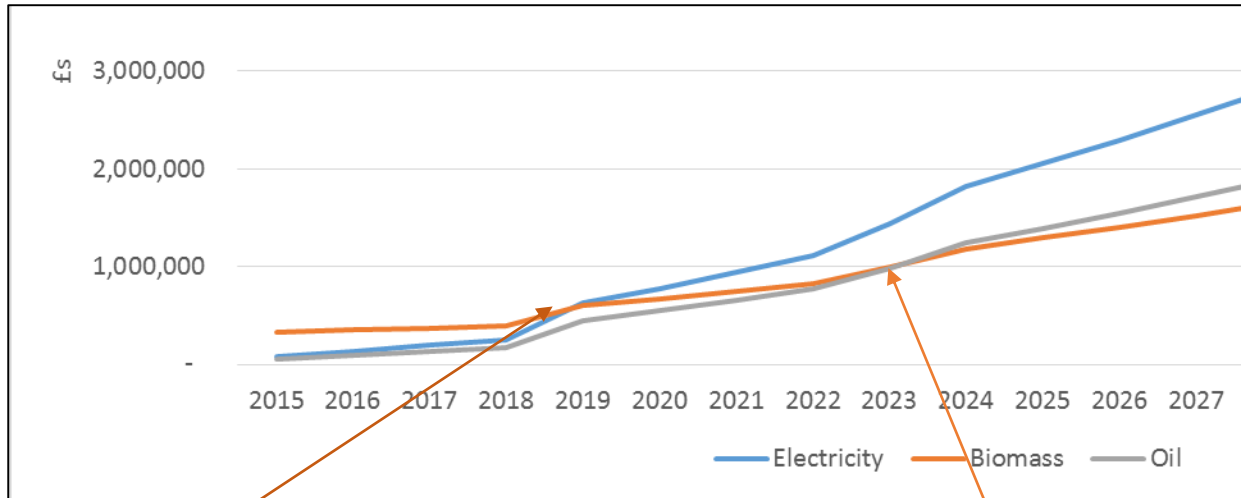
“The current electricity generating resources on site combined with the Dingwall community wind turbine will be able to support a production of approximately 60,000lpa (this figure will depend on the actual running demands of the plant) if electricity is used for the primary heat source”

GlenWyvis Distillery carried out an extensive options appraisal for the most environmental and economical way of generating the peak “load” for thermal energy, looking over a 20-year timeframe. This included all costs; capital and labour; and concluded that the best fit option was a 455 kW biomass boiler, to allow for maximum efficiency at peak production. The options appraisal concluded that:

- “An oil fired system would have the lowest capital expenditure.
- Using electrically generated heat from on and off site renewables will have the highest running costs and overall project costs despite an initial modest capital cost
- Over the 20-year life of the project biomass will have the lowest overall cost in all scenarios although the cross over point (point at which biomass is cheaper than diesel) can be as long as 17 years with lower levels of production and system utilisation
- Labour cost for the extended running hours can be reduced as operators learn how to get the most out the biomass boiler system
- Choosing to install a larger system would also give the flexibility to condense operator hours with shorter run times at the expense of a marginal decrease in overall system efficiency”.



## Composite scenario using planning production profiles for a larger boiler size



“Cross-over point” where Biomass becomes more cost-effective than mains electricity – reached in 4 1.2 years

“Cross-over point” where Biomass becomes more cost-effective than oil - reached in 8 years

There are challenges to the use of biomass, as the boiler takes time to heat up for each distillate:

Using a biomass boiler will mean a change in the method of distillery operation from what has become the norm over the last half century. During this period, it became normal practice to power the stills using steam generated from gas fired or oil fired boilers both of which heat up quickly and are responsive to changes in heat loads, neither of which the biomass boiler is. With the low turn down ratio of the biomass boiler the most efficiency way to run the boiler is through a gradual start up and shut down with near constant operation above 50% of the design maximum heat output during production. This means smaller distillates, more often.

As a green energy & active farm site that already operates 365 days the required flexible distillery labour force & biomass heating system will integrate extremely well with the existing business attributes. The ideal method of operation of a biomass heat system is a constant 7 day, 24 hour working pattern although the additional labour costs may out way the efficiency benefits at smaller production scales. This would require a more flexible workforce who are prepared to operate for periods of time on a 24 hour rotating shift pattern and at other times of the year work on continuous 5-day normal day shift doing non-production operation.

### 17.2. Distillery by-products

The liquids and solids remaining after distillation are not waste, but useful by-products with well-established uses. The by-products make an important contribution to the animal feedstuff industry. The spent grains, or draff as it is known, is extremely rich in protein and will be used as cattle feed at the GlenWyvis farm or sold through the Dingwall Mart, itself a farmers’ cooperative.

Liquid waste disposal is regulated by SEPA. After the distilling process is complete the Wash still contains a by-product known as pot ales and the Spirit Still contains a by-product known as spent lees. These can be safely spread on fields as fertiliser once treated with lime to neutralise the PH value. Pot ales can also be used for animal feed if dried into pellet form. GlenWyvis Distillery is seeking the necessary permissions from SEPA to ensure that this is possible, therefore ensuring any potential risks of pollution are minimal. This includes completing a Sustainable Urban Drainage System around the distillery and Warehouse sites to ensure that accidental spillages are neutralised before they reach a watercourse or groundwater.



## 18. The Growth Plan: Development costs & funding

Whisky distillery start-ups have significant difficulties to overcome. Although, compared to many start-ups, their future sales and markets appear secure, it will take 8-10 years before a single-aged malt will be readily accepted by the mass market. Achieving the 8 or 10 – year old malt is a sign to many of a good quality whisky; and before those landmarks are reached at 8-10 years, sales are minimal.

Distilleries overcome this by:

- Selling short-maturing products such as gin
- Advance sales of casks, where the casks are kept until the owner wishes to bottle;
- Sales of early spirit;
- Sales of 3-year old whisky.

Many distilleries also include a visitors centre in their plans. Whisky visitors' centres have far quicker returns than distilleries, and GlenWyvis Distillery has prepared a separate business plan for its Centre. However, this will require both grant applications, further loans, and further community investment; at this moment the priority is the distillery. A visitor centre is much less likely to be viable if it cannot attract whisky tourists.

The Directors of GlenWyvis Distillery have considered the need for funding both of capital and of the inventory build, and prepared production, sales, and financial forecasts for over 12 years to identify how much funding will be required, potential sources, and when.

### 18.1. Development Costs

GlenWyvis Distillery has identified total start up and capital costs of £3.0million, as follows:

	2016 £	2019 £	2021 £	2016 £
<b>Buildings – distillery</b>	637,419			
- Bonded warehouses & racking		380,000		
- Master Distillers House			279,000	
<b>Distillery equipment, including stills</b>	1,096,305			
<b>Additional fermenters</b>		9,000	9,000	
<b>BioMass Boiler</b>	325,200			
<b>Other equipment &amp; office furnishings</b>	50,000			
<b>Total buildings and equipment</b>	<b>2,108,924</b>	<b>389,000</b>	<b>288,000</b>	<b>2,785,924</b>
<b>HMRC guarantee</b>	270,000	(125,000)	(125,000)	20,000
<b>Start-up costs</b>	185,000			185,000
<b>Costs of share purchases rewards</b>	50,000			50,000
<b>Total Development Costs</b>	<b>2,613,924</b>	<b>264,000</b>	<b>163,000</b>	<b>3,040,924</b>

These costs have been phased to minimise the amount of borrowing and start-up capital in 2016, so that when additional funding is required for the business, it will be on the basis of at least a two-year trading history.



### 18.2. Development Costs and Funding - Phasing overview

GlenWyvis Distillery has identified 4 key funding phases.

#### 1) Start-up funding

Start-up funding is required for the distillery buildings, the distilling equipment, the biomass boiler, and to pay for the required HMRC Guarantee. In addition, start-up costs must be refinanced once the business is funded.

This gives a total of £2.6 million of funding required, to be accessed as below:

Item	Cost £000s	Funding source	£000s
Buildings	638	Government grant	387
Distillery equipment	1,096	Bank or Social Investment Scotland Loans	750
Biomass Boiler	325	Community shares	1,500
Other assets	50		
<b>Total Fixed Assets</b>	<b>2,109</b>		
Initial working capital	23		
HMRC guarantee	270		
Start-up costs	185		
Share reward costs	50		
<b>Total start-up costs</b>	<b>2,637</b>	<b>Total start-up funding</b>	<b>2,637</b>

The £185k start-up costs include £18k for the electric vehicles, a £20k deposit for the stills, £13k salaries for sales and marketing employees net of Highland Council grants, and £137k of professional, legal, planning, and regulatory fees net of £9,600 from HIE for renewables feasibility and business planning. John McKenzie and his other businesses have not been remunerated in any way for his work to date, nor been paid for services rendered such as use of the Glenwyvis farm offices.

#### Government Grant funding

Government grant funding has been applied for and is currently being considered. If this is not forthcoming, GlenWyvis Distillery will seek alternative sources of funding, including other grant sources. These are unlikely to consider applications without evidence of community shares interest.

#### Bank funding

GlenWyvis Distillery is currently in negotiation with two Banks, to ensure that it has access to the most appropriate and affordable funding streams. Updates will be provided once funding is accessed.

#### Community Shares funding

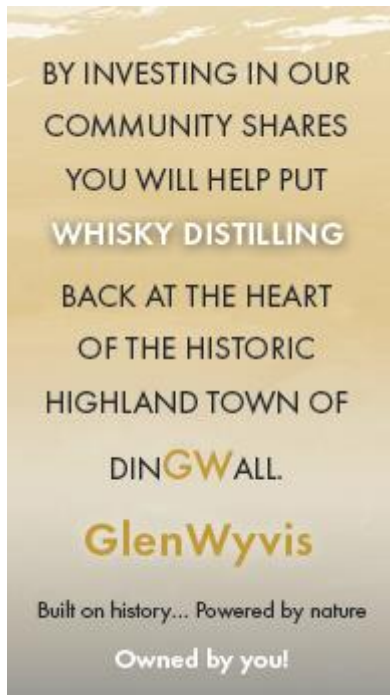
GlenWyvis Distillery is on track to commence its funding round in mid-April, depending on final legalities.

GlenWyvis Distillery has undertaken extensive marketing through social media, print, and news channels and has secured the services of a marketing consultant with expertise in the whisky industry. He is developing the “headline messages” and setting out the media channels to be used.



## GlenWyvis Distillery Limited – Distillery Business Plan

These headline selling messages will identify and talk to four different target audiences:



- potential Dingwall/local/highland investors: continuation of existing work with local media (and national media), local events and existing social media. Video will be key tool here – as with other audiences;
- people in Scotland/UK who are interested in unique community development opportunities: national media coverage, supported by Community Shares Scotland and similar through their special interest social media channels
- people globally interested in Scots/Highland heritage (US/Canada/Australia etc.): through the Clan “diaspora” network and additional support of ex-Scottish Tourism consultant to provide media links into USA, Canada, etc.
- Whisky interest – it will be key here to target specialist whisky press; and more importantly to reach out to select whisky bloggers worldwide: to be followed up by specialist whisky marketing consultant.

The press release announcing the launch was sent to:

- Broadcast & print - Scottish, UK, International
- Whisky titles
- Via Allmediascotland for Scottish local press
- Via PR Web to UK media along with video distribution and Community Share Offer
- Via TravMedia to all tourism and travel media
- To Stakeholders such as Globalscots/American Scottish Foundation and Clan Societies.

The community shares funding mechanism will be the specialised “[MicroGenius](#)” site for selling community shares. This mechanism does not collect funds until the “Green Light” point is reached. Currently this is set at £1.5million, with a maximum of £2.38 million, and will be open for 8 weeks from the start date.

International monies will be collected by a separate mechanism, Crowdfunder, which is used for both crowdfunding and for community share sites.

If there are insufficient community shares, then the share offer will be withdrawn pending identifying further funding.

If above £1.5 million is reached, this will be used to reduce the need for external working capital funding in future years, or to accelerate the building programme.



## GlenWyvis Distillery Limited – Distillery Business Plan

### 2) Initial working capital

The Directors forecast for production and early sales demonstrate that over the first 2 years there will be a need for an additional £260k of overdraft facility to fund inventory build, as below:

	2017	2018
	£000s	£000s
Sales and other income	169	192
Cost of goods sold	(40)	(41)
Cost of producing inventory	(133)	(138)
Overheads	(109)	(113)
Interest and loans paid	(103)	(110)
Repayment of part HMRC guarantee	0	125
Other working capital cash in / (out) flows	17	-
Cash (out) flow for year	(200)	(85)
<b>Cumulative cash (deficit)</b>	<b>(178)</b>	<b>(261)</b>

Again, this access to working capital is currently being negotiated with banks.

### 3) Second funding round: 2019

During 2018, GlenWyvis Distillery will have to arrange for a second round of financing to meet the costs of the bonded warehouse of £380,000, and to create working capital to fund ongoing inventory growth. At this point, GlenWyvis Distillery will have 2 years of trading history, with actual sales and production assessed against Business Plan targets. GlenWyvis Distillery will be one year from its first 3-year-old whisky sales, with £271,000 of inventory at historic costs.

This second round will be both community shares of £500,000, and bank loans of £500,000 secured against the value of the inventory to be created and against the new build.

In considering the likelihood of this loan, and the security available for it, it must be remembered that inventory, in particular, is valued at production cost. If the inventory were valued at “net realisable value” – that is, the sale value less costs to bottle and deliver – the Directors’ view is that the overall value of GlenWyvis Distillery would increase in value over this time.

For example, a 64l cask of whisky put down in 2017 at a production cost of £330 will retail in 2016 for £750 without any further processing, and with the buyer to pay the duty.

The same whisky cask, held in inventory in 2020 at a value of £330, could be bottled as 3-year-old whisky and sold. The cask will produce around 110 bottles of whisky, at an additional cost of £1,565 for bottling and duty. These bottles will sell for £21 per bottle, or £2,310. The “net realisable value” of the cask in 2020 is around £750 – twice its value on the balance sheet. By 2027, as a 10-year-old malt, it will be worth over £1,000 more.



Table: second funding round

Item	£	£	£
Bond Warehouses & racking – funds required	(380,000)		
Grant received	<u>63,000</u>		
Additional cash requirement	(317,000)		
<b>New Issue Community shares</b>	<b><u>500,000</u></b>		
Net flows from investing and financing		183,000	
<b>New bank facility for working capital 2019-2021</b>		<b><u>500,000</u></b>	
<b>Total Funds available for working capital 2019-2020</b>			<b>683,000</b>
<b>Working Capital Required:</b>			
Overdraft @ 31.12.18		(265,562)	
Forecast cash requirement 2019-2020		<u>(321,623)</u>	
<b>Funds required for working capital</b>			<b><u>(584,184)</u></b>
<b>Facility retained as contingency</b>			<b>98,816</b>

The Bank facility is shown in the cash flows as being drawn down completely in early 2019, but in reality it is expected that this will be an inventory-funding facility, drawn down as required. The cash flow shows this as a 10-year term loan with repayments rather than a revolving facility, for ease of presentation.

#### 4) Third funding round – 2021-2022

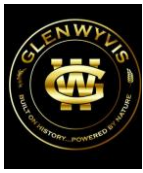
In 2021, the facility from the 2<sup>nd</sup> Funding Round will be absorbed into inventory, and a further round of funding will be required.

By end 2020, GlenWyvis Distillery will have trade history of its first year of 3-year-old whisky, which will provide a significant increase in sales over the previous year from £185k to £318k. It will have doubled production compared to 2019 from 36 Litres of Absolute Alcohol (LAA) to 72 LAA. The company will now have £712k of inventory – 165,810 LAA at historic cost prices, which is worth considerably more as it now has an immediate realisable market value (less bottling and tax) of the equivalent of 515,000 bottles - around £3million.

The forecast is that the Master Distiller’s House would be built in 2021, requiring £279k of capital.

The assumption is that the additional capital required to take the GlenWyvis Distillery through to its position as a producer and seller of 8-year-old malt, in 2024, is from both community shares and from a further extension to the bank facility. The proposal shows that the community shares would be requested first; it is anticipated that GlenWyvis Distillery’s products will be selling well, the brand will be widely known, and the Visitor Centre will have been established through a separate funding stream although potentially secured on the surplus assets of GlenWyvis Distillery. This will make a separate community share offer, relatively soon after the first, an attractive proposition. The funders will be able to obtain interest earlier on their shares, and will have a shorter time to wait for potential share withdrawal.





## GlenWyvis Distillery Limited – Distillery Business Plan

The Bank will again be asked to put in place an extension to the facility, secured over the inventory as it is produced.

Item	£	£	£
Master Distillers House - cash requirement	(279,000)		
<b>New Issue Community shares</b>	<b><u>750,000</u></b>		
Net flows from investing and financing		471,000	
<b>New bank facility for working capital 2020-2023</b>		<b><u>1,000,000</u></b>	
<b>Total Funds available for working capital 2020-2023</b>			<b>1,471,000</b>
<b>Working Capital Required:</b>			
Overdraft @ 31.12.20		(84,184)	
Forecast cash requirement 2021-2024		<u>(1,217,188)</u>	
<b>Funds required for working capital</b>			<b><u>(1,301,372)</u></b>
<b>Facility retained as contingency</b>			<b>98,816</b>

The Bank facility is shown in the cash flows as being drawn down completely in mid-2022, after 2 ½ years of selling 3-year-old malts; but in reality it is expected that this will be an inventory-funding facility, drawn down as required. The cash flow shows this as a 10-year term loan with repayments rather than a revolving facility, for ease of presentation.

### 5) Fourth funding round - 2024

The fourth and final funding round in 2024 is the final step in the funding plan before GlenWyvis Distillery starts to generate very significant cash surpluses in 2026 with sales of a 10-year-old malt. Again, this arises to allow the company to continue to increase production to lay down inventory for maturation.

This is anticipated to be a bank facility or loan of £600,000. The cash flow shows this as a 10-year term loan with repayments rather than a revolving facility, for ease of presentation.



## GlenWyvis Distillery Limited – Distillery Business Plan

### 6) Overall Funding Streams and Loan-To-Value

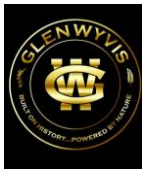
The overall funding stream against the summary assets and liabilities is shown below, to provide an indication of debt / equity ratios and loan to value ratios.

The inventory here is represented at historic cost, not at net realisable value (selling price less costs to sale). Government grants and fixed assets are shown at amortised / depreciated net amounts. Loans are shown at initial amount less repayments.

Year Ending	Start-up	2019	2021	2022	2024	2026
	£000s	£000s	£000s	£000s	£000s	£000s
Cash Balance	208	143	26	568	175	141
Debtors		20	39	44	64	179
Inventory	-	414	1,016	1,323	1,981	2,521
Fixed Assets	2,109	2,231	2,319	2,215	2,015	1,805
HMRC guarantee	270	145	20	20	20	20
<b>Total Assets</b>	<b>2,587</b>	<b>2,953</b>	<b>3,421</b>	<b>4,170</b>	<b>4,255</b>	<b>4,667</b>
Current Liabilities	-	(2)	15	29	41	100
<b>Total Liabilities</b>	<b>-</b>	<b>(2)</b>	<b>15</b>	<b>29</b>	<b>41</b>	<b>100</b>
<b>Net Assets less current liabilities</b>	<b>2,587</b>	<b>2,954</b>	<b>3,406</b>	<b>4,141</b>	<b>4,213</b>	<b>4,566</b>
<b>Funded by:</b>						
JFM Ltd Loan	185	-	-	-	-	-
Government Grant	387	360	300	270	210	150
Total long-term loans	750	1,030	806	1,603	1,715	1,132
Total community shares	1,500	2,000	2,750	2,750	2,750	2,750
Retained Profits	(235)	(436)	(450)	(481)	(462)	534
<b>Total Debt and Equity</b>	<b>2,587</b>	<b>2,954</b>	<b>3,406</b>	<b>4,141</b>	<b>4,213</b>	<b>4,566</b>
Debt / equity ratio	32%	29%	16%	32%	23%	11%
Debt to Net Assets	36%	35%	24%	39%	28%	15%

As noted above, debt is shown on the assumption that inventory funding facilities are fully drawn down and repaid over 10 years as if they were a term loan. This enables potential funders to determine the overall exposure of GlenWyvis Distillery.

Under the assumptions above, and with significant injections of equity through the Community Shares scheme, the debt / equity ratio and the loan to value (debt to net assets) remain well within lenders' parameters. This is based on the historic cost principle for inventory; as noted above, this will be worth considerably more if valued at net realisable value.



## GlenWyvis Distillery Limited – Distillery Business Plan

The Directors are aware that although repeat equity offers are usual for limited companies, they have not been attempted on this scale for Community Benefit Societies.

The Directors are of the view that this proposition offers a lower risk of capital loss than many Community Benefit Societies, due to the nature of the whisky industry, its growth and potential for growth into fast developing markets, and therefore the lower risk of investment losses. In addition, once the product has reached international maturity at 10 years, GlenWyvis Distillery will be able to deliver annual interest to investors well above current risk-free rates.

Based on these projections and ratios, the Directors believe that the funding strategy for GlenWyvis Distillery over the 10 years to 2026 is both realistic and achievable.

### 19. Exit Strategies for Investors

GlenWyvis Distillery, as a Community Benefit Society, is set up for the long-term benefit of the communities of Dingwall and Mid Ross. There is no intention for GlenWyvis Distillery or its assets to be sold on, and therefore there is no expectation of an exit through company sale. The Directors are aware that multi-nationals have, in the very recent past, bought significant shares in small craft whisky Distilleries seeking continuing capital. It is possible that if the second and subsequent rounds of funding do not succeed, a buy-out by a multinational may provide an exit route for current shareholders. In such circumstances, the shareholders can at best only anticipate return of their capital at face value.

As the shares are not freely traded, the only anticipated exit routes are for the shares to be sold back to GlenWyvis Distillery, at face value.

Given that for the first 10 years, GlenWyvis Distillery will not be generating cash, any buy-back would require to be matched by a purchase of shares by another investor. GlenWyvis Distillery will keep a waiting list of potential investors, and offer shares to those investors based on their position on a dated waiting list. In the first 10 years, withdrawals will be at the discretion of the Directors and only in exceptional circumstances.

Once GlenWyvis Distillery starts generating cash, applications for withdrawal will be at the discretion of the shareholders.

In the event of GlenWyvis Distillery becoming insolvent, shareholders will receive any surpluses after everyone else has been paid:

- The administrator
- The bank and other secured creditors
- Preferential creditors including employees
- Unsecured creditors including HMRC and suppliers

As a Community Benefit Society shareholder can only receive the face value of the share, any assets left above the total face value would have to be transferred to another body approved by the FCA Regulator which would use those assets for the benefit of the community.



## 20. Summary income and expenditure over the 10-year period

### 20.1. Overall income and expenditure

Summary income and expenditure for the 10 years to full product maturity is shown below.

Year Ending	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Revenue	-	174	179	185	318	371	427	514	629	1,432	1,784	2,542
Cost of Goods Sold	(50)	(40)	(41)	(43)	(99)	(118)	(138)	(169)	(210)	(516)	(641)	(911)
<b>Gross Margin</b>	<b>(50)</b>	<b>134</b>	<b>138</b>	<b>142</b>	<b>220</b>	<b>253</b>	<b>289</b>	<b>345</b>	<b>419</b>	<b>917</b>	<b>1,142</b>	<b>1,631</b>
Gross Margin %	-	77%	77%	77%	69%	68%	68%	67%	67%	64%	64%	64%
Net Operating Expenses	(185)	(96)	(99)	(105)	(114)	(130)	(139)	(158)	(194)	(211)	(222)	(242)
<b>EBITDA</b>	<b>(235)</b>	<b>38</b>	<b>39</b>	<b>37</b>	<b>106</b>	<b>123</b>	<b>150</b>	<b>188</b>	<b>226</b>	<b>706</b>	<b>921</b>	<b>1,390</b>
EBITDA %	-	22%	22%	20%	33%	33%	35%	37%	36%	49%	52%	55%
Depreciation & Amortisation	-	(53)	(53)	(61)	(69)	(72)	(74)	(74)	(75)	(75)	(75)	(70)
<b>EBIT</b>	<b>(235)</b>	<b>(15)</b>	<b>(15)</b>	<b>(24)</b>	<b>37</b>	<b>51</b>	<b>76</b>	<b>113</b>	<b>151</b>	<b>631</b>	<b>846</b>	<b>1,320</b>
Net Interest Expense	-	(46)	(51)	(51)	(53)	(49)	(107)	(117)	(128)	(147)	(130)	(130)
<b>Net Profit Before Tax</b>	<b>(235)</b>	<b>(62)</b>	<b>(65)</b>	<b>(74)</b>	<b>(16)</b>	<b>2</b>	<b>(32)</b>	<b>(4)</b>	<b>23</b>	<b>484</b>	<b>716</b>	<b>1,190</b>
Tax Expense	-	-	-	-	-	-	-	-	-	(54)	(150)	(250)
<b>Net Profit After Tax</b>	<b>(235)</b>	<b>(62)</b>	<b>(65)</b>	<b>(74)</b>	<b>(16)</b>	<b>2</b>	<b>(32)</b>	<b>(4)</b>	<b>23</b>	<b>430</b>	<b>565</b>	<b>940</b>
Net Profit After Tax %	-	(35%)	(36%)	(40%)	(5%)	1%	(7%)	(1%)	4%	30%	32%	37%

GlenWyvis Distillery will generate positive EBITDA as soon as it starts trading, based on sales are of new-make whisky, of unbottled whisky (casks, hogsheads), gin, and other spirits. However, the substantial interest costs involved in bank lending - around £50k each year in the early years, and rising to £70k in 2022 as cash needs rise in the later years to increase production and to fund inventory build; mean that GlenWyvis Distillery will not breakeven until 2021.

Interest on community shares is assumed to commence in 2022 for the initial investors. This totals £60k each year, and will hold back GlenWyvis Distillery making break even for the 2022 year.



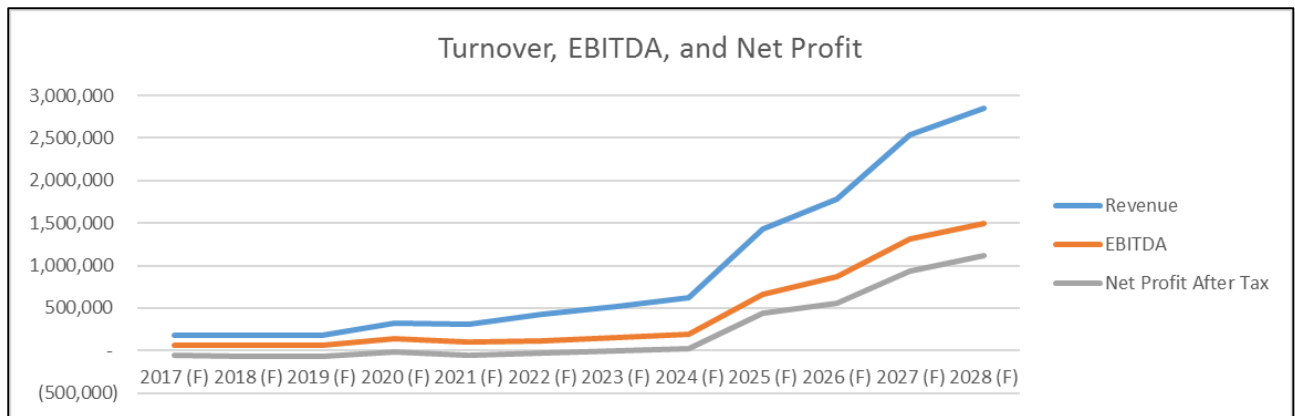
## GlenWyvis Distillery Limited – Distillery Business Plan

Overall, GlenWyvis Distillery will reach I&E breakeven in 2023, based on sales of 3-year-old and 8-year-old malt whisky.

After 2020, 3-year-old whisky is sold; and after 2024, 8-year-old whisky can be sold, increasing its attractiveness to the main whisky markets and resulting in a substantial increase in turnover and in net profit.

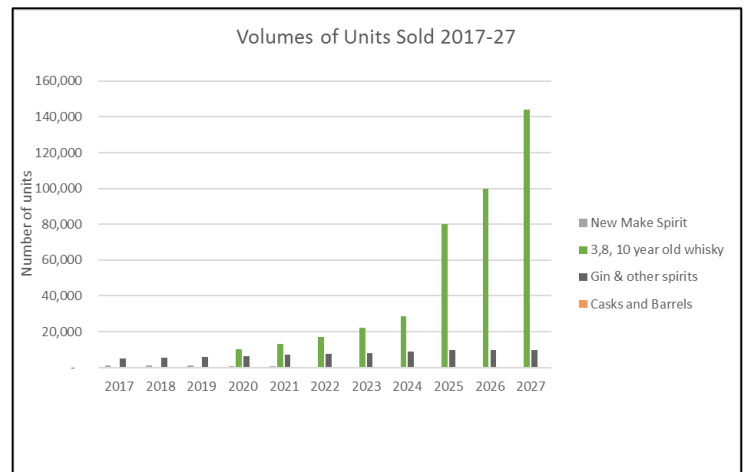
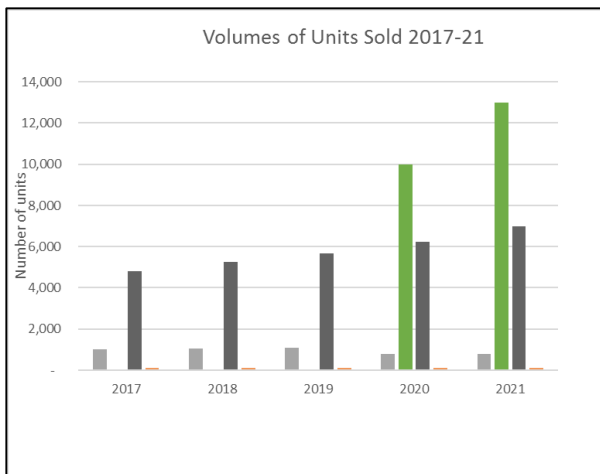
By 2026, the first 10-year-old will be available from the early, small, production runs. The real impact of this will be in 2027, when there is more volume and awareness of the 10-year-old. Turnover will reach £2.5 million, and net profit after tax will be £938k.

This is shown graphically below:



### 20.2. Volumes and Income

The graph below shows the volumes of sales over the ten-year period.



As noted in Section 19.1, early volumes will be small numbers of new make spirit and gin, with 3-year-old whisky – again in relatively small volumes – coming on-stream in 2020.

The casks and barrels, although in very small volume, are considerably higher in value. Please see over.



## GlenWyvis Distillery Limited – Distillery Business Plan

Sale prices for the products are as below.

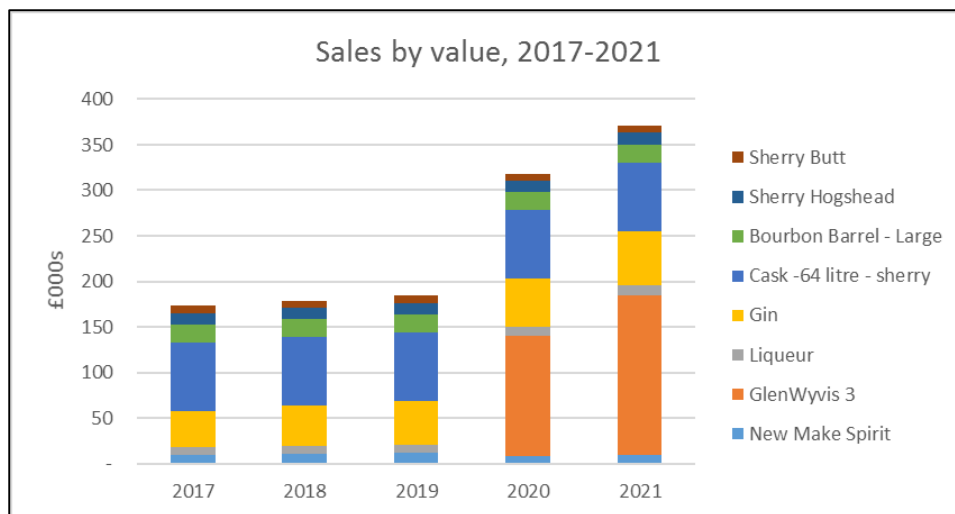
Wholesale prices including duty, excluding VAT			
	Bottle size	LAA	Price
New make spirit	50cl	0.25	£17
3 year old whisky	70cl	0.322	£21
8, 10 year old malts	70cl	0.322	£25
Gin	70cl	0.322	£28
Liqueur	50cl	0.13	£14

Retail prices excluding VAT, excluding duty			
	Cask volume		Price
64 litre - sherry	64	litres	£750
Bourbon Barrel - Large	190	litres	£2,000
Sherry Hogshead	250	litres	£2,500
Sherry Butt	500	litres	£4,000

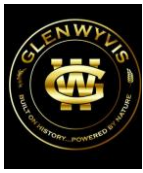
Sales prices are set in line with the existing market, and, for casks and barrels, in line with the experience of other new whisky distilleries. Casks and barrels become the property of the buyer on the completion of sale, and the buyer is responsible for the duty to be paid once the product leaves the bonded warehouse.

The wholesale prices are set to allow a significant margin to retailers; and for gin, these have been successfully out in the market for a year.



64 litre sherry casks, the smallest cask size, delivers the greatest value of sales in the first three years.

Thereafter, GlenWyvis 3 produces the highest proportion of sales, and from this point on bottles of age-labelled whisky become GlenWyvis Distillery's main product.



## GlenWyvis Distillery Limited – Distillery Business Plan

### 20.3. Direct Production Costs

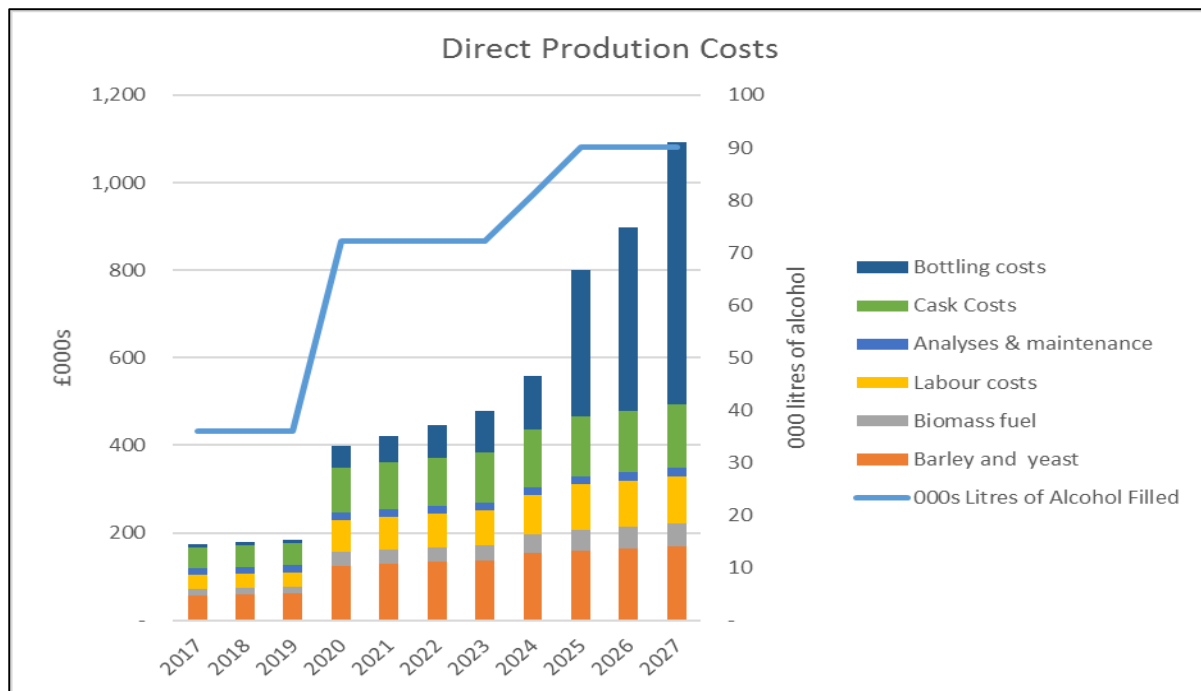
Direct production costs vary with the total volume of product, and are dependent on the number of mashes run through the distillery and the organisation of these. Costs have been assumed to increase 2% each year. Direct production costs are raw materials, labour, and energy required in the distilling process; and casks and bottling for the distilled product.

Direct costs are assumed to rise at 2% each year.

Costs per litre of alcohol produced in 2016 and 2027, before bottling, are as follows:

	2017	2027
Barley and yeast	£ 1.59	£ 1.87
Biomass fuel	£ 0.39	£ 0.58
Labour costs	£ 0.90	£ 1.20
Analyses & maintenance	£ 0.42	£ 0.22
Cask Costs	£ 1.33	£ 1.60
<b>Total direct costs</b>	<b>£ 4.61</b>	<b>£ 5.48</b>

Total costs rise with production, assumed inflation, and increased sales of bottled products as below:



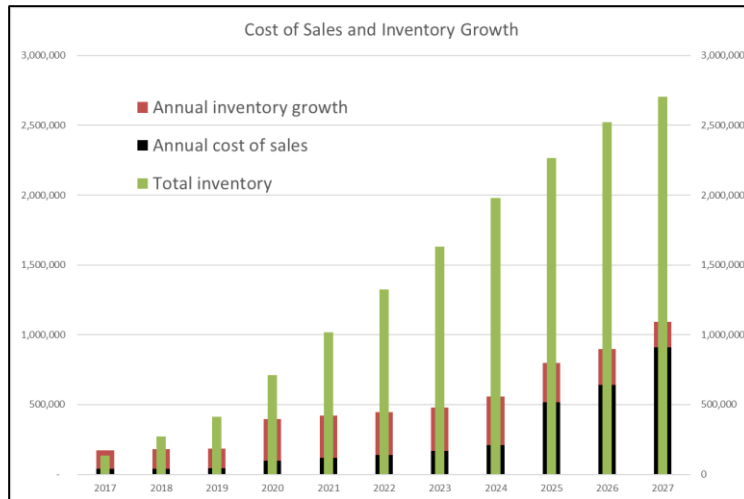
Direct production costs are split in the income and expenditure account between cost of sales, associated directly with sales volume of Litres of Alcohol, and inventory.

The graph (over) shows how production costs each year are split between cost of sales and inventory. The allocation to cost of sales increases as turnover increases in 2025 to 2027.

The graph also shows how inventory is forecast to grow over the first 10 years, as product is laid down for maturation.



## GlenWyvis Distillery Limited – Distillery Business Plan

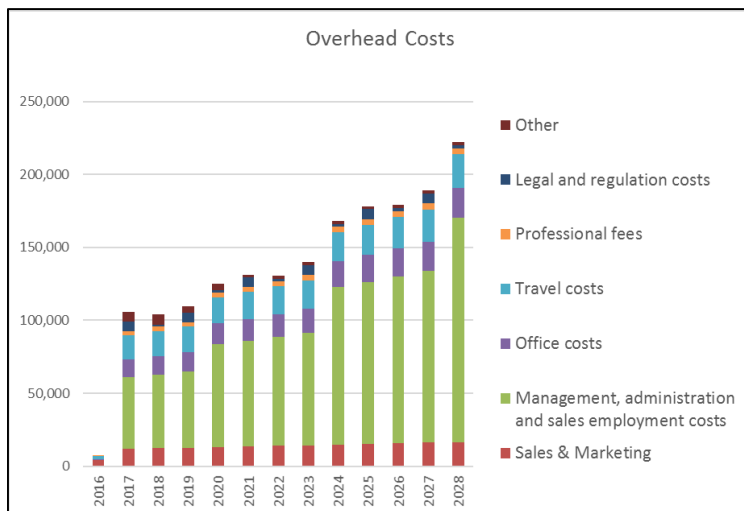


The majority of early production is used to build inventory, and until 2025 inventory grows each year by more than the costs of products sold.

In 2025 and beyond, inventory continues to grow, but at a slower amount each year, and the value of products sold, rises significantly.

### 20.4. Overhead Costs

Indirect production costs include sales and marketing, management and administration salaries, premises costs, travel, office costs and professional fees. These remain relative stable, with the exception of salary costs which increase with the management and marketing activity of the GlenWyvis Distillery:



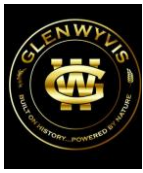
Total overhead costs are around £100k each year until 2020, when marketing and management employment costs increase by £20k to meet increased production and sales; then again in 2024 as the 8-year-old malt comes onto the market.

### 20.5. Depreciation

Depreciation is charged on Fixed Assets over their useful economic lives as follows:

Categories	Useful economic life	
Buildings	50.0	Depreciation is offset by the release of government grant against the assets purchased with that grant. £30,000 of grant is released each year.
Warehouse racking	25.0	
Distillery equipment	25.0	
Biomass Boiler	15.0	



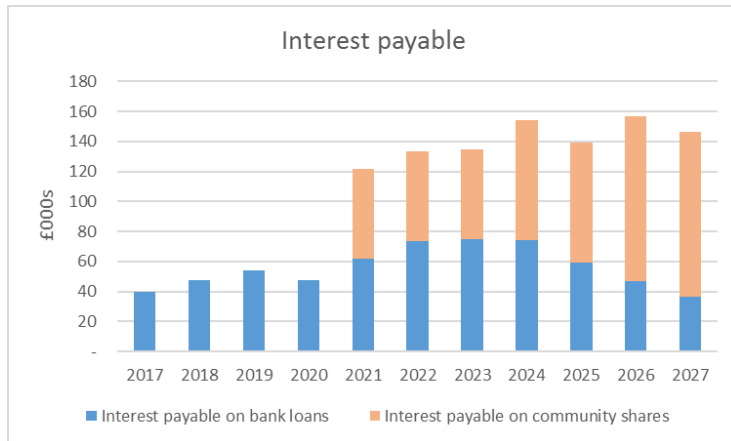


## GlenWyvis Distillery Limited – Distillery Business Plan

### 20.6. Interest

Interest on bank loans is a significant cost to GlenWyvis Distillery.

In addition, interest is shown on the first issue Community Shares from 2022 onwards, although this remains at the discretion of the Board.



As GlenWyvis Distillery is not generating positive operating cash flow before interest, some of the equity and bank loan investments will be used to pay off the interest and debt repayments from previous loans.

£000s	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Operating cash flows before interest	(97)	(110)	(64)	(180)	(197)	(134)	(107)	(121)	336	507	947
Interest	(47)	(40)	(48)	(54)	(48)	(62)	(74)	(75)	(74)	(59)	(47)
Loan repayments	(241)	(60)	(103)	(109)	(115)	(203)	(214)	(274)	(280)	(302)	(219)

It is not until 2026 that GlenWyvis Distillery generates enough cash from trading operations to pay for the interest and loan repayments; until then, they are financed through new loans which are secured on inventory.

### 20.7. Operating Losses

As discussed in Section 20.1 above, GlenWyvis Distillery is forecasting trading losses until 2021, largely driven by interest costs above. The company will achieve profitability in 2021 after 4 years of trading due to the release of and demand for the 3-year-old whisky.



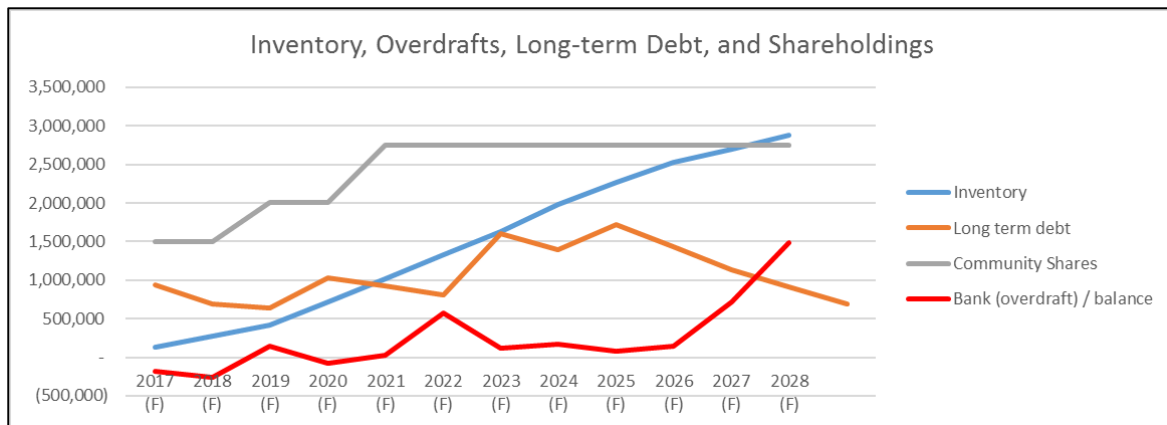
## 21. Cash flow forecast

A cash flow forecast is provided at Section 27.2 below. The cash flow is the most critical aspect for a start-up distillery. As discussed in Section 20.3, by 2027 GlenWyvis Distillery will have £2.7 million of inventory, which represents cash invested and not returned.

Debt repayments and interest on both debt and the community shares are a significant outflow for a company with a marginal EBITDA during the pre-2024 period, and this adds to the cash pressure from the inventory build.

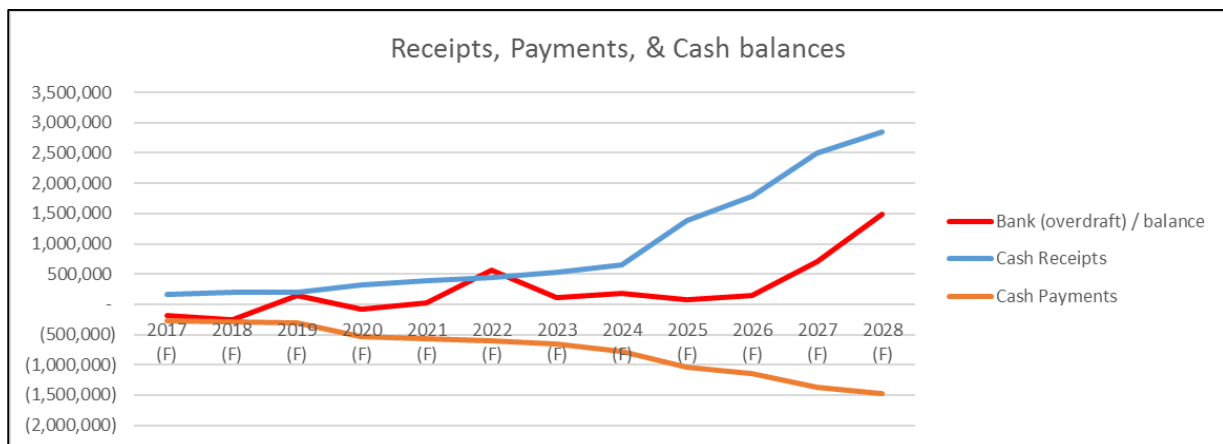
In order to meet this cash requirement, GlenWyvis Distillery will require re-financing over the 10 years, and the Directors plan for this is explained fully in Section 18.

The rise in inventory and the matching funding from debt and equity are shown below, together with the resulting bank overdraft or cash balance for day-to-day working capital. The graph demonstrates that with this funding plan for inventory build, GlenWyvis Distillery remains cash liquid over the course of the 10-year investment period:



The inventory builds to a total value of £2.8million by 2028. The inflows from shares and from loans ensure that GlenWyvis Distillery remains able to continue production and inventory build; repay its loans to schedule; and retain enough working cash to meet its liabilities as they become due.

Given this funding package, the graph below shows the operating revenues and cash payments made by GlenWyvis Distillery, demonstrating that these can now be met on an on-going basis from the bank balances:



Cash receipts and payments rise in the later years as GlenWyvis Distillery’s sales and production increases. The funding plan above provides cash working capital to accommodate these receipts and payments.



## GlenWyvis Distillery Limited – Distillery Business Plan



## 22. Balance Sheets

A summary balance sheet is provided at Section 27.3 below, and excerpts from this are also discussed at Section 18.2 above. The balance sheet reflects the following factors:

### Start-up

	Start up
Current Assets	208
Fixed Assets	2,379
<b>Total Assets</b>	<b>2,587</b>
Current Liabilities	-
Long-term debt and grants	1,322
<b>Total Liabilities</b>	<b>1,322</b>
<b>Net Assets</b>	<b>1,265</b>
<i>Net Current Assets</i>	208
Community Shares	1,500
Retained Profits	(235)
<b>Total Equity</b>	<b>1,265</b>

The balance sheet reflects the initial investment and funding discussed at Section 18 above.

Current assets are the cash to be used to pay start-up costs.

Fixed assets are the distillery building and equipment. This figure also includes the £270k prepayment to HMRC as a non-current prepayment.

Long term debt and grants are the £750k bank loan, less repayments; the grant of £387k; and the £185 of start-up costs.

The shareholders' equity is the initial round of community shares, less the start-up costs of £185k and the cost of share rewards of £50k.

### Cash

Cash balances for the 10-year period 2017 to 2027 have been discussed under cash-flow, section 21 above. Cash balances have been forecast to remain substantially positive due to re-financing rounds as GlenWyvis Distillery grows inventory.

### Inventory

Inventory growth has been explained at section 20.3 above, as GlenWyvis Distillery lays down spirits for maturation before reaching the 10-year-old malt and significantly increased sales. Inventory will increase over the period from 2017 to 2027 to £2.7million.

### Fixed assets

Fixed asset include the start-up investment, above.

In addition, GlenWyvis Distillery plans to build bonded warehousing for £380k in 2019, and a Distillery Managers' house for £279k in 2021. No other significant investments are forecast in the 10-year period to 2027.

### Current liabilities

Current liabilities are creditors (30 days assumed), VAT, payroll taxes and corporation tax. These are relatively small, and increase as trading levels increase. Current liabilities are high from 2025 onwards as GlenWyvis Distillery becomes liable to Corporation Tax.

### Long-term liabilities

Long-term liabilities represent long term debt and grants. The debts are forecast to be repayable over 10 years, and the grants amortise over 15 years in line with the equipment it funds.

Year	Loan	Term and interest
2016	£750,000	10 years, 6%
2016	£250,000	Overdraft, 6.5%
2019	£500,000	10 years, 5%
2022	£1,000,000	10 years, 4.5%



## GlenWyvis Distillery Limited – Distillery Business Plan

2024	£600,000	10 years, 4.5%
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Government grants are £387,000 initially for the distillery buildings and equipment, and £63,000 in 2019 for the bonded warehouses.

### Community shares

Community shares represent three rounds of share equity, as discussed in Section 18 above and as below:

Year	Issue	Interest
2016	£1,500,000	5% assumed after 5 years
2019	£500,000	4% assumed after 5 years
2021	£750,000	4% assumed after 5 years

### Shareholders' Equity / Net Assets

Shareholders' equity is the total of the Community Share offer, less cumulative income and expenditure losses (please see Section 20 above for discussion of I&E losses).

Community Shares	1,500	1,500	1,500	2,000	2,000	2,750	2,750	2,750	2,750	2,750	2,750	2,750
Retained Profits / (Losses)	(235)	(297)	(362)	(436)	(452)	(450)	(481)	(485)	(462)	(32)	534	1,474
<b>Total Equity</b>	<b>1,265</b>	<b>1,203</b>	<b>1,138</b>	<b>1,564</b>	<b>1,548</b>	<b>2,300</b>	<b>2,269</b>	<b>2,265</b>	<b>2,288</b>	<b>2,718</b>	<b>3,284</b>	<b>4,224</b>

While this indicates that the Community Shares are decreasing in value over the period of this forecast, it must be remembered that inventory is valued at production cost. If the inventory were valued at "net realisable value" – that is, the sale value less costs to bottle and deliver – the Directors' view is that the overall equity would increase, not decrease, in value over this time.

For example, a 64l cask of whisky put down in 2017 at a production cost of £330 will retail in 2016 for £750 without any further processing, and with the buyer to pay the duty.

The same whisky cask, held in inventory in 2020 at a value of £330, could be bottled as 3-year-old whisky and sold. The cask will produce around 110 bottles of whisky, at an additional cost of £1,565 for bottling and duty. These bottles will sell for £21 per bottle, or £2,310. The "net realisable value" of the cask in 2020 is around £750 – twice its value on the balance sheet. By 2027, as a 10-year-old malt, it will be worth over £1,000 more.

It is this excess of value over cost that gives the Directors confidence that GlenWyvis Distillery will not only achieve its funding rounds, but be able to return capital to shareholders once the company reaches the sale value of 10 year malts.



### 23. Founding Board of Directors



**John Fraser McKenzie – Director.** John Fraser McKenzie-Founder/Director. An ex-Army Air Corps helicopter pilot, John now runs a small livestock farm on the edge of his home town of Dingwall. He has installed a range of renewable energy projects on the farm including a hydro scheme, wind turbine and solar panels. Biomass heating, borehole and electric car complete the farm setup. Flying helicopters UK wide under his Flying Farmer business, John is also behind the Logic Energy Wind and Solar display screen at the Dingwall Auction Mart. Passionate about Scotland and its history John was born on Burns day-25th January 1975. Following extensive research and planning on whisky

history locally John is the founder of the GlenWyvis Distillery project which will be built on his farm. The existing energy systems will power the distillery.



**Dennis Overton, OBE – Project Mentor.** Trained as an agricultural economist, Dennis' career has been focussed on starting up, building and growing agri-businesses, particularly in the Scottish aquaculture and African Essential Plant Oils sectors. He is co-founder and Chairman of the Alness-based, employee-owned sustainable seafood company Aquascot. Dennis is involved in upland farming, hydro and wind renewable developments as Chair of the Ardtornish Estate Company in North Argyll. He is Chair

of the UK's lead organic food and farming body, the Soil Association and Vice Chair of Scotland Food and Drink, the national industry-led leadership body. In 2013 Dennis became a founding director of Dingwall Wind Co-op.



**Stuart Nickerson – Director.** Stuart is a successful business leader who has recently taken a new start distillery business to profit in 3 years and successfully sold it on behalf of the shareholders within 5 years.

He has worked in the Scotch whisky industry for over 30 years starting as project engineer in Speyside before managing several high profile distilleries and moving on to Distilleries Director for one of the largest Scotch producers. He then started his own consultancy where he negotiated the purchase of Glenglassaugh Distillery in Scotland

on behalf of a group of overseas investors and then managed the refurbishment of the distillery before restarting production after a 22-year gap. Stuart created and built the Glenglassaugh brand, winning several international awards for the quality of the whisky, while creating a distribution network stretching to over 25 markets across 5 continents.



**David O'Connor – Director.** David was a police officer for 31 years and during that time he was commander in Dingwall and Inverness prior to taking good up the full time role as President of the Association of Scottish Police Superintendents. He was awarded the Queens Police Medal in 2013 for his contribution to reforming the Police in Scotland. On retiring David took up a non-executive Directors role at Ross County Football club and is currently the Operations Manager. He is a keen hobby farmer in and around Dingwall and the Black Isle at the centre of which is his herd of Highland cows.



**Jenny Henderson – Director.** Jenny is proprietor of the Royal Hotel in Cromarty. Brought up on her family farm in the Black Isle, Jenny achieved a Business Management degree and has worked throughout the UK & abroad. Her passion for supporting local food & drink producers is evidenced in her restaurant and bar. Her former role as director of the Royal Highland Agricultural Society of Scotland and current role as committee member of the Black Isle Farmers Society allow her to continue her interest in agriculture and rural life.



## GlenWyvis Distillery Limited – Distillery Business Plan



**William Reynolds – Director** A former Captain in The Parachute Regiment, Billy is now a Chartered Architect and established Dingwall based Reynolds Architecture Ltd. in 1999. The practice works in the domestic and commercial sectors throughout the north of Scotland and West Highlands with experience in new build and renovation of food and drink related factories, restaurants and hotels.



**James Cameron – Director** Originally from Dalwhinnie, James has always been a whisky enthusiast. He runs a successful building and plant hire business in Dingwall and has a background in mechanical engineering, construction and manufacturing. James put the current infrastructure in place at Glenwyvis and assisted in the installation of all the renewable technologies that are on site.



**Richard Lockett – Director.** With a background in farming and degree in Environmental Science, Richard has worked in environmental land management since graduating from University in 1999. He has run his own consultancy business – Lockett Agri-Environmental - for the last 7 years. Richard moved back to the family farm near Dingwall in 2014 and played a leading role in establishing the Dingwall Wind Co-operative – Scotland’s first 100% co-operatively owned wind turbine.



## 24. Risk management

The Directors have considered the risks, and have identified the following significant risks and their management.

There is a risk of:	Because	Rating	Risk mitigation	Risk after mitigation	Resources allocated to mitigation in this Plan?
<b>Project failure</b>	Insufficient funds are raised for start-up or funds not available at an affordable price	M	Project can be delivered as a commercial distillery for institutional and high net worth investors.	M	Significant marketing and planning resources invested to ensure plan is robust and attractive to community investors and lenders. If insufficient capital is raised, community share funding will be returned.
<b>Project failure</b>	Planning and other permissions are not granted	L-M	Planning permission obtained for distillery. SEPA permissions obtained for water extraction. All other permissions will be applied for once funding is secured.	L	Mitigation already in place
<b>Financial targets not achieved</b>	Construction overspends mean start-up funds insufficient	L-M	Construction costs have been specified based on known industry norms using national rates. In the opinion of the Directors, construction costs for Dingwall are likely to be lower than national rates.	L	Mitigation already in place
<b>Financial targets not achieved</b>	Sales volumes are not achieved or are not achieved as quickly as forecast	M-H	Ongoing investment in marketing and marketing personnel through a variety of channels, including international spirit distributors Gordon & MacPhail.	M	Sales targets will be carefully overseen and managed by the Board and the Sales Manager.  Development of a targeted marketing plan once funding achieved has been included in start-up costs.  Product development to be overseen and managed by the Directors.
<b>Financial targets not achieved</b>	Overspends on production etc. costs	M	Costs calculated by an expert based on their experience of running a small distillery. Overruns in costs will be identified quickly	L	Experienced Distillery Manager will be appointed at the start of the project to ensure production is expertly managed





## GlenWyvis Distillery Limited – Distillery Business Plan

There is a risk of:	Because	Rating	Risk mitigation	Risk after mitigation	Resources allocated to mitigation in this Plan?
	<p>Failure to achieve additional funding in funding rounds</p>	<p>Medium</p>	<p>Reduce cash outflow by reducing production / increasing cask sales. This will impact volumes of future sales and future profitability but allow the Distillery to continue.</p> <p>If this is insufficient, then the Directors will seek members' approval for additional commercial investment in a holding company. This will ensure that community benefits will continue but will reduce the value of future benefits.</p> <p>In the unlikely event of all three risks arising (insufficient capital, unable to reduce costs / increase sales, unable to attract part investment) then the Directors will seek sale of the distillery and its inventory to a large whisky corporation; and distribute any surplus assets as required by FCA law and regulation.</p>	<p>Medium</p>	<p>Ongoing governance and management by experienced Board.</p>



## 25. GlenWyvis – the History

### Ross-shire Distilling

The GlenWyvis Whisky USP will be its named and historical connection to two previous distilleries: “Ben Wyvis”, the previous distillery on the proposed site of the Visitor Centre; and “Glenskiach” which operated in Evanton, 6 miles to the east.

The first distillery to use the name "Ben Wyvis" operated between 1879 and 1926 in Dingwall. It was founded by D. G. Ross, but was then sold to Scotch Whisky Distillers in 1887. When Scotch Whisky Distillers was liquidated, the Ben Wyvis distillery was sold to the Ferintosh Distillery Co. Ltd., which was owned by Kirker, Greer & Co. in Belfast. The name was then changed to "Ferintosh" which had a long history and was once almost synonymous with whisky.

The Ben Wyvis Still House, Master Distillers House, and Workers House, and the bonded warehouses and remain at the entrance to Dingwall, both converted into residences.



The Still House, Master Distillers, and Workers Houses, 1974, with the ruins of the maltings buildings behind.



The grain store and bonded warehouses, now residential accommodation -2015

#### Scottish National Dictionary (1700–)

[Hide Quotations](#) [Hide Etymology](#) [Cite this entry](#)

**FERINTOSH**, *n.* Also *Ferrintosh*, *Ferintosh*, *Fairintosh*, *Farintosh*, *Ferryntosh*. A kind of whisky formerly distilled in the village of Ferintosh on the Cromarty Firth near Dingwall. The distillery belonged to Forbes of Culloden and the whisky was exempted from duty from 1695–1785 as reparation for damages suffered by the estate at the hands of the Jacobites in 1689. It was characterised by its strong peat-smoke flavour. Often used of whisky generally. *Hist.*

Sc. 1751 in H. TAYLER *Jacobite Epilogue* (1941) 189:  
Your Mama and freinds here . . . when they meet remember you and other freinds there, in a Glass of good Ferryntosh.

Ayr. 1786 BURNS *Scotch Drink* xix:  
Thee Ferintosh! O sadly lost! Scotland lament frae coast to coast!

Slk. 1820 HOGG *Winter Ev. Tales* I. 81:  
I . . . handed him a queich filled with good Ferintosh.

Edb. 1828 D. M. MOIR *Mansie Wauch* (1839) vi.:  
To say nothing of a bottle, or maybe two, of real peat-reek Farintosh, small-still Hieland whisky.

Arg. 1914 N. MUNRO *New Road* xvii.:  
As if they were relieved at her departure when the serious ritual of wine and Ferintosh came on.

Sc. 1948 *Scots Mag.* (Dec.) 164:  
“Scotch” as a synonym for whisky is a comparative newcomer to the vocabulary of commerce. For many years the drink was “Ferintosh,” after the distillery owned by Duncan Forbes of Culloden.

1784 and the closure of the distillery in 1785.

The site of the distillery, at the place now referred to as Mulchaich, has been partially excavated by the [North of Scotland Archaeological Society](#) and can be visited.

The Ferintosh whisky distillery, one of the oldest in Scotland, was burnt down during the Jacobite disturbances in 1689. Because of the help provided by the landowner, the Forbes of Culloden, to the Covenanters; and because their property had suffered; Ferintosh became the first legal distillery in Scotland in 1690 and gained an exemption from Excise Duty. Robert Burns himself noted the loss of the exemption in



## GlenWyvis Distillery Limited – Distillery Business Plan

The Glenskiach distillery operated at Evanton, 6 miles east of Dingwall, as early as the eighteenth century. The Glenskiach distillery opened in 1896 and only ever produced a relatively small amount of whisky. However, the effects of the U.S. Prohibition law, which damaged the income of all Scottish distilleries, proved too much for Glenskiach, and the operation was forced to close in 1926. The building itself was demolished in 1933.

These historical connections to Covenanting, Prohibition, and to Robbie Burns himself all provide a rich seam of history, providing Ben Wyvis with a USP that goes beyond its current location in Dingwall.

### Inverness Distilling

Inverness also has a distilling legacy which now has been sadly lost. There were originally three distilleries in the town of Inverness.

Millburn Distillery was the oldest Inverness distillery, established in 1807, and is the only one whose buildings remain standing. It was founded under the name Inverness Distillery by a Mr. Welsh some 16 years before whisky distillation was legalised. The distillery changed hands several times throughout the nineteenth century until 1904 when its name was officially changed to Millburn. Due to the distillery's location between a stream and the edge of the town, expansion opportunities were limited. The distillery eventually closed in 1985 after the price of whisky crashed in the 1980s and the buildings were redeveloped. Bottles of Millburn can still be found although they come with a premium price tag.

Glen Albyn was the second distillery to be built in the Highland capital. The distillery was founded in 1844 by a Mr Sutherland who was the Provost of Inverness at the time. Production started in 1846 and the new distillery held great promise due to its location on the Caledonian Canal, allowing it good access for shipping in raw materials, especially local barley which was renowned for its quality, and shipping out malt whisky. However, a decade later it ran into financial difficulties and became a flour mill. During the whisky boom of the late nineteenth century the distillery went back to its original purpose of producing whisky. This was interrupted by the First World War when Glen Albyn was used as a U.S navy base and produced anti-submarine netting. After the war Glen Albyn continued whisky production, and was sold together with Glen Mhor to Diageo's predecessor in 1972. The whisky crash of the 1980s resulted in the closure of the distillery in 1983, making Glen Albyn a highly sought after bottle for whisky collectors. The buildings were demolished in 1986.

Glen Mhor was the final distillery in Inverness. It was constructed in 1892 by John Birnie, who was previously the manager at Glen Albyn distillery. Glen Mhor had close ties with Glen Albyn, as it was constructed on the other side of the road, and eventually Glen Mhor bought over Glen Albyn in 1920. It was the first distillery in Scotland to use the "saladin box" malting process in 1954.

Inverness had almost two centuries of locally-owned distilling history and tradition which was sadly lost over a very short period of time. The GlenWyvis Distillery will reignite traditional local distilling in the area.

Glenwyvis will continue to have its high quality local barley sourced from local farmers, locally malted, creating further links between the Distillery and the Highland Capital.



### 26. Visitor Centre Business Plan Executive Summary

This Business Plan is for a new Visitor Centre in Dingwall, Ross-shire, strongly linked to the new GlenWyvis Distillery and themed around whisky, related aspects of Scottish History, and the innovative use of renewable energy at the distillery.

This Visitor Centre and the distillery are at the core of a wider plan to recreate Dingwall as the Craft Distillery Town of Scotland, and to work in partnership with others to establish Dingwall as a quality tourism destination on the North Coast 500 route and as an attractive day trip from Inverness.

The Mission and Objectives of the Visitor Centre are:

To deliver a high-quality, unique visitor experience, providing social and economic benefits to the Dingwall community by:

- Providing a high-quality visitor attraction to UK and international visitors, and so establishing Dingwall on key tourism routes as the Craft Distillery Town of Scotland;
- Building community links to arts and culture through hosting a Community Cinema and resulting partnership with Dingwall Academy and Inverness College UHI to create artwork;
- Hosting a Social Enterprise Bistro, providing employment and training opportunities to address Dingwall's areas of multiple social and economic deprivation.

The Centre will be part of the GlenWyvis Distillery Limited, a Community Benefit Society set up to provide benefits to Dingwall and its surrounding areas.

This Centre will reflect USP of GlenWyvis itself, with its historic links to distilling in Dingwall and Ferintosh, to the illicit stills of Strathconon; and with the short-lived distilling industry in Inverness, where the barley will continue to be malted. The exhibitions will provide unique insights into the social, economic and cultural history of the area, with strong links to the Jacobites and to writers including Neill Gunn and Robbie Burns, the role of whisky production and prohibition in these, and the continuation of these cultural identities through to the present day.

The Centre will uniquely focus on the generation and use of renewable energy at Glenwyvis, the first 100% renewable energy whisky distillery; and link this to the history and social impacts of renewables in the Highlands, from the Tunnel Tigers to the present day: wind, hydro, solar and wave power. The market for renewable energy exhibitions is growing, and is very successful in venues further South.

The exhibitions will be designed in partnership with experts in archaeology, history, and energy science, and will be fully interactive to encourage both families and adult visitors.

The Bistro / Bar will be run by a separate social enterprise, providing training and employment opportunities, and using high quality local produce and enabling socialising / gathering in evenings in bistro setting, adding to limited range of restaurants in Dingwall. The Shop will be part of the movement to display the increasing range of Scottish and Highland craft distilled and brewed products, including Glenwyvis Gin and other new craft gins.

The Audio-Visual area for exhibition displays will also be used to host a Community Cinema in Dingwall, bringing back the lost Old Picture House to provide informal evening entertainment, and creating a strong link with local arts education providers.

This Visitor Centre will deliver identified and measurable community benefits. It will help reverse the decades of decline in Dingwall, adding services and facilities that have been lost to the community, with at least 50 community events per year. It will provide at least 7 FTE jobs and create 8 training opportunities for local people, helping address the areas of multiple deprivation in the town. It will



## GlenWyvis Distillery Limited – Distillery Business Plan

form the catalyst for redevelopment of Dingwall as a viable tourist destination and a better place to live, delivering £635,000 of tourist spend to the local economy through 32,000 visitors per year, and generating up to £375,000 of GVA per year. It will work to proactively strengthen the existing community cohesion and spirit, involving Dingwall Academy and local further and higher education providers in design, development and interpretation of audio visual and other displays; work with the North of Scotland Archaeological Society; with Herriot – Watt University; and in partnership with the Dingwall Development Group to strengthen other aspects of Dingwall as a tourism destination.

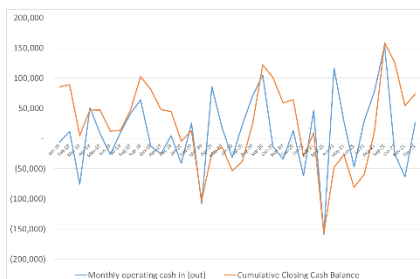
The Centre will attract up to 32,000 visitors per year; around 22,000 to whisky tourism, and a further 10,000 to the wider exhibit. These numbers calibrate to local existing distilleries and attractions which have a much lower investment base, and are considered conservative. Average spend per visitor of £21.70 is very comparable with available statistics in other visitor attractions.

The development costs of £2,532,000 include a new and architecturally impressive building at a key entrance site to Dingwall, high-quality, interactive exhibitions, and a cinema that meets Independent Film Association standards. The Centre will also require £100k of working capital, to assist in overcoming seasonal cash flows. This will be funded by £1,000,000 from community shares, £500,000 bank loan repayable over 5 years at 6%, and grants of £1,032,000.

The Visitor Centre is forecast to make losses and cash deficits in the first year of trading, before it becomes firmly established in Inverness-based and Highland-based tourism infrastructure. It will generate smaller profits and surpluses in the second year, and reach maturity in the third:

	2019	2020	2021
<b>International visitors</b>	15,000	20,000	22,000
<b>GB visitors</b>	5,000	7,500	10,000
<b>Profit and Loss:</b>			
<b>Turnover</b>	342	527	636
<b>Gross margin</b>	185	285	327
<b>EBITDA</b>	<b>55</b>	<b>146</b>	<b>186</b>
<b>Profit after tax</b>	<b>65</b>	<b>31</b>	<b>57</b>

The Visitor Centre will have a highly seasonal trade, relying on high numbers and activities in the summer season to ensure that remains profitable overall. While the winter season should not cause it to generate significant losses, the centre will remain open largely to continue to deliver its community benefits.



Monthly cash flows and balances will require careful managing and funding, in particular the peak cash required at the end of the winter to re-stock the shop in advance of the main tourist season, as shown the graph

The Directors have identified the key risks of this project and are confident that risk mitigations are in place which will ensure the risks are acceptable. The most significant risk is that the funding is not found and that this visionary project cannot proceed.



## 27. Detailed financial information

### 27.1. Annual Sales by value 2017 - 2027

Revenue £000s	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
New Make Spirit	10	11	12	9	9	-	-	-	-	-	-
GlenWyvis 3 / 8 / 10+	-	-	-	131	176	235	315	422	1,216	1,566	2,323
Liqueur	8	9	9	10	11	12	13	14	15	16	18
Gin	40	44	48	53	60	65	71	78	86	86	86
Cask -64 litre - sherry	75	75	75	75	75	75	75	75	75	75	75
Bourbon Barrel - Large	20	20	20	20	20	20	20	20	20	20	20
Sherry Hogshead	13	13	13	13	13	13	13	13	13	13	13
Sherry Butt	8	8	8	8	8	8	8	8	8	8	8
<b>Total Sales</b>	<b>174</b>	<b>179</b>	<b>185</b>	<b>318</b>	<b>371</b>	<b>427</b>	<b>514</b>	<b>629</b>	<b>1,432</b>	<b>1,784</b>	<b>2,542</b>



## GlenWyvis Distillery Limited – Distillery Business Plan

### 27.2. Annual Cash Flow Forecast 2016 – 2027 £000s

Year Ending	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Cash Receipts	169	192	198	327	389	445	530	644	1,382	1,779	2,498
Cash Payments	(272)	(292)	(303)	(533)	(573)	(607)	(657)	(776)	(1,039)	(1,148)	(1,363)
Interest payments	(47)	(40)	(48)	(54)	(48)	(62)	(74)	(75)	(74)	(59)	(47)
Other Operating Cash Flows & tax	6	(11)	41	26	(13)	28	20	11	(8)	(124)	(188)
<b>Operating Cash Flows</b>	<b>(144)</b>	<b>(150)</b>	<b>(111)</b>	<b>(234)</b>	<b>(245)</b>	<b>(195)</b>	<b>(181)</b>	<b>(196)</b>	<b>262</b>	<b>448</b>	<b>900</b>
Capital Expenditure	-	-	(380)	(9)	(279)	-	-	(9)	-	-	-
Other Investing Cash Flows	-	125	-	125	-	-	-	-	-	-	-
<b>Investing Cash Flows</b>	<b>-</b>	<b>125</b>	<b>(380)</b>	<b>116</b>	<b>(279)</b>	<b>-</b>	<b>-</b>	<b>(9)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Debt drawdowns	-	-	500	-	-	1,000	-	600	-	-	-
Debt repayments	(241)	(60)	(103)	(109)	(115)	(203)	(214)	(274)	(280)	(302)	(219)
Community share issues	-	-	500	-	750						
Community share interest payment						(60)	(60)	(60)	(80)	(80)	(110)
<b>Financing Cash Flows</b>	<b>(241)</b>	<b>(60)</b>	<b>897</b>	<b>(109)</b>	<b>635</b>	<b>737</b>	<b>(274)</b>	<b>266</b>	<b>(360)</b>	<b>(382)</b>	<b>(329)</b>
<b>Change in Cash Held</b>	<b>(386)</b>	<b>(85)</b>	<b>405</b>	<b>(227)</b>	<b>111</b>	<b>542</b>	<b>(455)</b>	<b>62</b>	<b>(99)</b>	<b>66</b>	<b>571</b>
<i>Closing Cash</i>	<i>(178)</i>	<i>(263)</i>	<i>143</i>	<i>(84)</i>	<i>26</i>	<i>568</i>	<i>113</i>	<i>175</i>	<i>76</i>	<i>141</i>	<i>713</i>



## GlenWyvis Distillery Limited – Distillery Business Plan

### 27.3. Annual Balance Sheet 2016 - 2027

£000s	Start up	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Fixed Assets	2,379	2,296	2,087	2,376	2,162	2,339	2,235	2,130	2,035	1,930	1,825	1,725
Cash at bank	208	(178)	(263)	143	(84)	26	568	113	175	76	141	713
Inventory	-	134	272	414	713	1,016	1,323	1,632	1,981	2,266	2,521	2,703
Debtors	-	18	19	20	34	39	44	53	64	144	179	254
<b>Total Current Assets</b>	<b>208</b>	<b>(25)</b>	<b>28</b>	<b>576</b>	<b>662</b>	<b>1,082</b>	<b>1,936</b>	<b>1,798</b>	<b>2,220</b>	<b>2,486</b>	<b>2,841</b>	<b>3,670</b>
Current Liabilities	-	16	17	(2)	25	15	29	34	41	82	100	138
<b>Net Current Assets</b>	<b>208</b>	<b>(42)</b>	<b>11</b>	<b>578</b>	<b>638</b>	<b>1,067</b>	<b>1,907</b>	<b>1,763</b>	<b>2,179</b>	<b>2,403</b>	<b>2,741</b>	<b>3,532</b>
Long-term debt	935	694	634	1,030	921	806	1,603	1,389	1,715	1,435	1,132	913
Grants	387	357	327	360	330	300	270	240	210	180	150	120
<b>Long-term liabilities</b>	<b>1,322</b>	<b>1,051</b>	<b>961</b>	<b>1,390</b>	<b>1,251</b>	<b>1,106</b>	<b>1,873</b>	<b>1,629</b>	<b>1,925</b>	<b>1,615</b>	<b>1,282</b>	<b>1,033</b>
<b>Net Assets</b>	<b>1,265</b>	<b>1,203</b>	<b>1,138</b>	<b>1,564</b>	<b>1,548</b>	<b>2,300</b>	<b>2,269</b>	<b>2,265</b>	<b>2,288</b>	<b>2,718</b>	<b>3,284</b>	<b>4,224</b>
Community Shares	1,500	1,500	1,500	2,000	2,000	2,750	2,750	2,750	2,750	2,750	2,750	2,750
Retained Profits	(235)	(297)	(362)	(436)	(452)	(450)	(481)	(485)	(462)	(32)	534	1,474
<b>Total Equity</b>	<b>1,265</b>	<b>1,203</b>	<b>1,138</b>	<b>1,564</b>	<b>1,548</b>	<b>2,300</b>	<b>2,269</b>	<b>2,265</b>	<b>2,288</b>	<b>2,718</b>	<b>3,284</b>	<b>4,224</b>