GlenWyvis Distillery Limited

OPEN SHARE OFFER

Your opportunity to own part of
the first 100% community-owned
Scottish malt whisky distillery.







GlenWyvis Distillery Limited

Community Benefit Society Registration Number:7305






GLENWYVIS
BUILT ON HISTORY...POWERED BY...
700ml
GIN
40% abv

SUMMARY

This document contains an invitation to subscribe for shares in GlenWyvis Distillery Community Benefit Society (reg. no. 7305) to support the development of the first community-owned whisky distillery in Scotland.

GlenWyvis Distillery Limited has been established as a **Community Benefit Society** for the specific purpose of owning and operating a community-owned whisky distillery and associated visitor centre to benefit the community of Dingwall. The distillery will produce high quality, craft Scottish whisky and craft gin, and together with a proposed visitor centre, will aim to benefit the local community by developing Dingwall into the pre-eminent Craft Distillery Town of Scotland, and a quality destination on the North Coast 500 tourist route.

In 2016, the first share offer in GlenWyvis Distillery Limited raised a total of £2.6 million from some 2,200 investors towards anticipated costs of £3.8 million. With construction of the distillery now well underway, and the detailed construction and equipment costs more clearly established, the second Open Share Offer has been brought forward to meet demand from potential investors, accelerate our brand development plans, and reduce commercial borrowing.

If you are considering buying shares it is important that you read the whole document.

The Open Share Offer will commence on 3 August 2017. Investors should appreciate that any investment they make is to support the development of a new community distillery and, accordingly, a subscription for shares in GlenWyvis Distillery should be regarded as primarily an investment for social purposes. It should also be noted that members of community benefit societies do not have access to the Financial Ombudsman Service or the Financial Services Compensation Scheme.

Due care and attention has been taken in preparing this offer document. The process has been overseen by the board of GlenWyvis Distillery Community Benefit Society who can vouch that the information it contains is in accordance with the facts available and that there are no known omissions likely to affect the viability of GlenWyvis Distillery.

Please note: throughout this share issue document GlenWyvis and GlenWyvis Distillery are used as shortened versions of the full name: GlenWyvis Distillery Limited, the Community Benefit Society.

Supported by Community Shares Scotland

Community Shares STANDARD

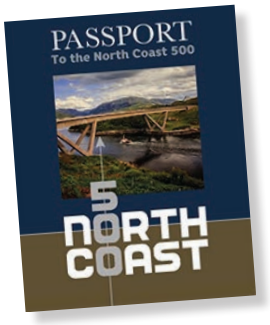
THE PROJECT

The GlenWyvis Distillery project was initiated by John McKenzie in 2015 with the support of other key people in the wider community who gained funding for feasibility studies to find the most suitable site for a community-owned distillery in the Dingwall area. These studies resulted in a site being secured on a 175 year lease, with planning permission given for a craft distillery – and all environmental and distilling licenses in place.

In April 2016, the GlenWyvis founders launched the biggest-ever community crowd-funding campaign in UK history. Like-minded people from Dingwall and beyond came together to invest in the project – all keen to be part of something truly historic. A total of £2.6 million was raised in just 77 days from more than 2,200 members, with over 60% of them from the local IV postcode area – and the remainder coming from a total of 31 countries worldwide.

Following the detailed planning, design and costing phase, the construction of the new distillery commenced in January 2017. Completion of the build phase is now scheduled for November 2017. Situated high on a hill above Dingwall, the distillery will be entirely powered by renewable energy, and as a Community Benefit Society, the aim is to take a lead role in the rejuvenation of Dingwall and the wider Highland community.

GlenWyvis Distillery is a business partner of the North Coast 500, the world-renowned scenic touring route celebrating the best of the Scottish Highlands. GlenWyvis and the NC500 share a vision of innovative, community-led development. In April 2017, an interim visitor reception centre, known as GlenWyvis Basecamp, was opened in Dingwall High Street. GlenWyvis Basecamp aims to encourage more visitors from the NC500 to visit Dingwall where they can learn more about the GlenWyvis story – and how to get involved.



GlenWyvis Distillery itself is named for its historical connections to two earlier local distilleries: 'Ben Wyvis' in Dingwall and 'Glenskiach' in nearby Evanton. The Dingwall area was once home to several whisky distilleries – including Ferintosh Distillery – and the key ambition of GlenWyvis Distillery is to revive this once proud local industry.



GlenWyvis Basecamp – Dingwall.

Bringing social benefit to the community

Whisky has been made in small, local distilleries across the Highlands for centuries. **GlenWyvis Distillery** will reinstate the iconic trade of distilling to Dingwall using high quality local barley sourced from local farmers and malted in the local area.

In addition to providing direct employment opportunities – currently 4, but potentially up to 12 full-time equivalent staff – the distillery and its associated visitor centre will help to establish Dingwall as the pre-eminent craft distilling town of Scotland.

Furthermore, a share of the future profits generated by the distillery will be invested in local, community projects to help support innovative and sustainable development.

Powered by clean, green electricity

GlenWyvis Distillery also has strong environmental credentials. At the distillery itself, all energy will be produced using renewable technologies – hydro, wind and solar are all in place – and the advanced heating system will be powered by chip biomass.

From 15,000 KWh (in year 1) to a maximum of 67,000 KWh of non-thermal energy will be provided by on-site renewables. Some 100,000kW of clean green energy is already exported from the site and will be available to power the distillery itself.

Local distillery, global market

Scottish whisky is exported to a worldwide 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 UK Gross Domestic Product (GDP). 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 are increasingly important in terms of both volume and value in exports.

Craft distilleries are increasing in the UK, in response to the demand from consumers for high-quality products with a backstory and, which support their local economy. Many small distilleries are setting up across Scotland, mostly distilling gin, but **GlenWyvis** is unique being 100% community-owned, 100% powered by renewable energy, and also being a producer of both malt whisky and craft gin – both distilled on site from 2018.





A community-owned distillery for Dingwall


VISITOR

THE OPPORTUNITY

This Open Share Offer is an opportunity for you to support the continued development of GlenWyvis Distillery Community Benefit Society and the local community of Dingwall.

Share income will be used in accordance with the Rules of the Society and in line with the updated business plan. The primary reasons for bringing this share offer forward from 2019 as set out in the original business plan are as follows:

- **To meet the continuing demand for investment opportunities**

  Since July 2016, we have received regular investment requests from the local area and beyond. These have been considered on an individual basis. We also anticipate increasing interest from visitors to Dingwall, who want to own part of a Scottish whisky distillery. This open share issue will help to address this demand with a tailored offer that will further increase membership of the Society.

- **To accelerate our brand development plans**

  In addition, funds raised from the open share issue will also help to accelerate the GlenWyvis brand development plans in line with feedback from our members in a recent survey. Over 50% of our members completed the survey and we are keen to act on their views. This will include making improvements to the brand and product offering, bringing gin distilling into the Dingwall operation, and further development of the GlenWyvis visitor experience in and around Dingwall.

- **To reduce commercial borrowing**

  Following the success of the original share offer, the scale of the project increased. Commercial finance has been secured to ensure the project is delivered, but the funds raised through this share offer will help to reduce commercial lending – so that we pay the banks less interest and deliver on our community benefit remit sooner.

The target

Our target for the share issue is to raise an additional £750,000.

The first £250,000 will help to accelerate brand development plans, visitor engagement, and our sales and marketing plans. This will help to double gin sales over current targets by 2020 and ensure the success of our early whisky sales.

The second £250,000 will bring gin distillation on site in Dingwall; increasing local employment and the profitability of our gin sales.

The final £250,000 will eliminate the need to increase lending above the original estimate of £750,000, while also reducing the costs of existing lending.



The GlenWyvis stills arrive onsite July 2017.

YOUR INVESTMENT

GlenWyvis Distillery has only been made possible with the support and commitment of its many investors. If you opt to invest in GlenWyvis Distillery, you will also be helping to achieve this vision of a community-owned whisky distillery.

Investing in GlenWyvis Distillery is therefore principally a social investment but our aim is also to provide investors with a fair financial return. The minimum investment level is £250 – which secures five shares – see details on page opposite. The more funds that we raise though shares, the less commercial borrowing is needed to deliver the project fully, the less risk there is and the more net profits we will have to invest in distilling whisky.

This is not an investment to make a quick financial return; this is a long-term investment for those people who value craft distilled Scottish whisky. In the medium term, once the distillery is retailing single malts, we do intend to pay interest on members' shares, but in the short term the rewards have been designed for people who love craft distilled whisky.

Your shares

Shares can only be withdrawn in the first three years after GlenWyvis Distillery starts trading at the absolute discretion of the board. Shares will never go up in value but they could have their value reduced to zero if GlenWyvis Distillery was to fail.

In order to enable people to withdraw their shares after three years, (we don't expect many people to want to withdraw as this is a long term investment, but we know that people's circumstances can change), we will continue to promote community ownership of the distillery both locally and to whisky lovers around the world.

We will operate a waiting list for new members. If you withdraw your shares in the first three years, you may forfeit some parts of the rewards package as well as any tax relief.

Investors can expect a reasonable rate of return on their investment. The level of interest will be set by the Directors of GlenWyvis Distillery annually but is not expected to be a cash return until 2022. Based on the assumptions about the likely pre-tax profits, the Directors hope to be able to pay an annual interest on share capital 4% (gross) per annum from 2022 based on our updated business case and financial model.

Membership of GlenWyvis Distillery is open to individuals, corporate bodies, voluntary organisations and public sector investors. If you are a UK taxpayer, you may be eligible for tax relief through the Enterprise Investment Scheme (EIS). Shares must be held for at least three years after you receive your shares to maintain eligibility for EIS. It is your responsibility to declare to HMRC any income received from your investment. Any tax incentives are subject to HMRC rules on eligibility.

Will my investment be eligible for tax relief?

We anticipate shares in GlenWyvis Distillery will be eligible for tax relief under the Enterprise Investment Scheme (EIS) – a Government-backed scheme designed to encourage investment in smaller companies.

Investors in GlenWyvis Distillery will be able to apply for income tax relief once HMRC have accepted the Scheme, and for the tax year in which the investment is made. Your personal tax circumstances will affect the amount of tax relief in each case. Please note that the EIS relief will be given to the person whose name is on the share certificates; if you buy the shares as a gift, the recipient will have the right to claim any relief.

The rules for EIS tax relief require the investment to be held for a certain time from the date of the investment or Income Tax relief will be withdrawn. Generally this is three years from the date the shares are issued. Remember applications for tax relief are made by you the investor to HMRC, not by GlenWyvis Distillery, and so we cannot give guarantees – or advice. If you are unsure, then please seek professional advice. It is your responsibility to declare to HMRC any income received from your investment.

How much can I invest?

This second **Open Share Offer** has different terms & conditions from the original 2016 Share Offer. Investors in 2017 will receive a different rewards package to the founder members and there will be different tax incentives.

The price of a share in GlenWyvis Distillery is £50, and the minimum level investment is £250 for all investors regardless of where they reside.

It is also possible to gift an investment in GlenWyvis – for just £250 you can gift part-ownership of a Scottish whisky distillery to someone close to you.

This decision to open up the minimum investment of £250 to everyone has been made to widen membership to as many people as possible. We want to reach local people who missed out on the original opportunity, and we also want to make membership more accessible to visitors who have come to explore the Highlands – or indeed who intend to come here. We believe that more investors will translate into more visitors both for GlenWyvis and for the town of Dingwall – which will mean more business.

The maximum level of investment remains at **£100,000**. Although this **Open Share Offer** and its lower rewards package are designed primarily to attract smaller investors, we will still consider any higher levels of investment and will discuss appropriate rewards on an individual basis for investments of £10,000 and above. For example, an investment of £10,000 will quality for a rewards package including a 128 litre cask and EIS tax relief.

What do I receive in return for my investment?

- You will be the part owner of a whisky distillery
- The rewards pack as set out below (although if you are under 18 years old, no alcoholic rewards will be sent until you are 18 or older)
- A target interest rate of 4% (Gross) per annum
- We anticipate interest payments to start in 2022/23
- A vote: all members will have one vote each, regardless of how many shares they hold (providing they have the minimum of five x £50 shares)
- The opportunity to participate in the Annual General Meeting deciding on the future and running of the business
- The right to elect the GlenWyvis Distillery Board of Directors. Note there are two classes of members; the expected largest class of A members residing in the IV postcode area can elect up to six directors, whereas B members living elsewhere can elect up to three directors only
- The opportunity to become one of the volunteer directors of GlenWyvis Distillery

Your rewards package

All £250 investors will become individual members of GlenWyvis Distillery Community Benefit Society – this includes anyone to whom you gift membership.

Members will be part of a unique club and will have access to all GlenWyvis discounts and membership offers for life. Members will receive our monthly newsletter detailing these offers and other exciting opportunities to get involved with GlenWyvis.

When you invest, you (or the recipient of your gift) will also receive an individual rewards pack. This will comprise of the following:

Now:

- GlenWyvis share certificate
- 200ml bottle of GlenWyvis Gin
- GlenWyvis gin glass
- enamel GlenWyvis button badge

Plus in year 3 of production:

- 200ml bottle of GlenWyvis whisky
- Glencairn whisky glass



Selected items that will feature in your full rewards package.

THE BUSINESS

GlenWyvis Distillery is the world's first 100% 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 reputation of Scotch whisky 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
- 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 the latest technologies and a balance of hydro, solar, wind, and biomass to derive all of the required energy on-site
- Using only local barley sourced from a farmers' co-operative or another sustainable local source, and locally malted
- Marketing internationally primarily through the **Scottish Craft Distillers Association**, also a cooperative

SCOTTISH CRAFT DISTILLERS ASSOCIATION

- Producing a range of non-matured spirits including **GlenWyvis** Gin to generate a positive cash flow prior to our single malt being bottled

GlenWyvis Distillery is run by a group of Founder Members (directors). Six of the nine directors were on the previous Limited Company Board, and they have been joined by three new directors on the board of the **Community Benefit Society**. All nine directors give their time and expertise on a voluntary basis to the Society.

The current board of directors will run **GlenWyvis Distillery** until the first Annual General Meeting, when three of the current board of nine directors are required to stand down and be replaced by others elected from among the membership.

Members living within the IV postcode area can elect up to six members of the board, whereas members outside the IV postcode area elect three members of the board. All members have one vote and the rules are designed to ensure the distillery remains in local community ownership. If required, the board can co-opt up to three additional directors bringing the total to a maximum of 12.

A Distillery Manager will be appointed in 2017 who will be responsible for day-to-day management of the business – and he or she will be supported by a production team.



The products

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 Dingwall botanicals, is already well received in the market. With investment from this open share offer, our aim is to distill **GlenWyvis** Gin on site in Dingwall from mid-2018.

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 there are opportunities for small distilleries such as **GlenWyvis** to build sales in this area. Cask sales will commence in late 2017 – with **GlenWyvis** members given the first option to buy.

New make spirit

Once the whisky distillery becomes operational, the plan is 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 three years and it is planned that a range of young products (termed Spirit Drinks) will 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

In the early years, before the whisky is fully matured, **GlenWyvis Distillery** also intends to sell a liqueur.

3 year old whisky

Whisky must mature for three years before it can be called such. Once we have a mature product (late 2020), it will be released as an un-aged single malt Scotch whisky.

8 year old whisky

At eight years old the product will reach an age of maturity when the age will be put on the bottle. This will mark the beginning of **GlenWyvis** Whisky moving into significant and mainstream markets in the UK and abroad.









PROJECT FINANCING

GlenWyvis Distillery commenced its build programme shortly after the completion of the 2016 share offer having secured all the required planning consents. A 175 year lease for the four plots of land at Upper Dochcarty was also agreed with the landowner John F Mckenzie for a nominal rent of £1.

At the start of the programme, GlenWyvis entered into contracts with the main builder, J C Cameron Ltd; secured the distillery equipment (the stills and associated fittings); and carried out a tendering process for the biomass equipment.

As the first share offer raised £750,000 over target (after increased share offer costs were deducted), the Directors decided to bring forward the build for the first bonded warehouse, previously scheduled for 2020. This allowed GlenWyvis to secure cheaper construction costs and will also enable the first whisky casks to be matured on site, avoiding storage charges.

The Directors have maintained a close watch on build and other costs. However, as outline design plans have been developed into the full design and build warrant, there have been substantial cost additions. Initial ground and road works are higher than anticipated as a retaining wall is now required; extra storage tanks are necessary to ensure the building meets SEPA consents to protect waterways; the design of the biomass boiler means that additional steelworks are required for effective loading; and there is now a requirement for a dual-supply electricity to maintain production in case of temporary failure of the renewable generation systems. In addition, the biomass boiler was sourced from the EU, and its price increased due to the exchange rate.

Other cost increases arose due to the success of the share offer. The cost of rewards and the fees to the payment handlers (PayPal, Stripe, Crowdfunder and GoCardless) both increased substantially as the share take-up increased.

Finally, the original Business Plan allowed for working capital finance to be available on an on-going basis after the construction phase was complete. As a start-up business with a relatively long time period before profitability, GlenWyvis has had to plan to use capital finance secured over its assets. These loans are at a higher rate of interest than foreseen in the original share offer. Increased costs and lower than forecast grant funding have resulted in an increase in the amount of commercial lending required. The Directors have funded these cost increases and the reduction in anticipated grant almost entirely from within the original Share Offer investment. Total start-up costs, including the first three years working capital, are now at £3.8 million compared to the original share offer projection of £2.6million. However, only an additional £0.25million in loans is now required to support these changes.

GlenWyvis is now an account-managed client of **Highlands & Islands Enterprise (HIE)**. In addition to providing grant funding, HIE is giving support in areas such as strategic planning and export marketing. The directors also continue to explore a range of other grant funding opportunities.

Start up costs – comparison of original Share Offer with July 2017 position

Start up costs	Share Offer	July 2017	Start up funding	Share Offer	July 2017
Item	**£000s**	**£000s**	**Funds source**	**£000s**	**£000s**
Distillery	638	939	HIE / government grant	387	200
Bonded warehouse 1		160	Close Brothers asset finance	750	500
Total buildings	638	1,099	Social Investment Scotland		250
Distillery equipment	1,096	1,165	Other (in application)		250
Biomass boiler	325	382	Community shares	1,500	2,620
Other assets	50	45	Non-share investments	-	40
Total assets	2,109	2,691			
3-Year working capital	23	375			
HMRC guarantee	270	270			
Other start-up costs*	185	185			
Share reward costs	50	339			
Total development costs	**2,637**	**3,860**	**Total funding**	**2,637**	**3,860**

**The £185k start up costs included 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.*

Early trading activity

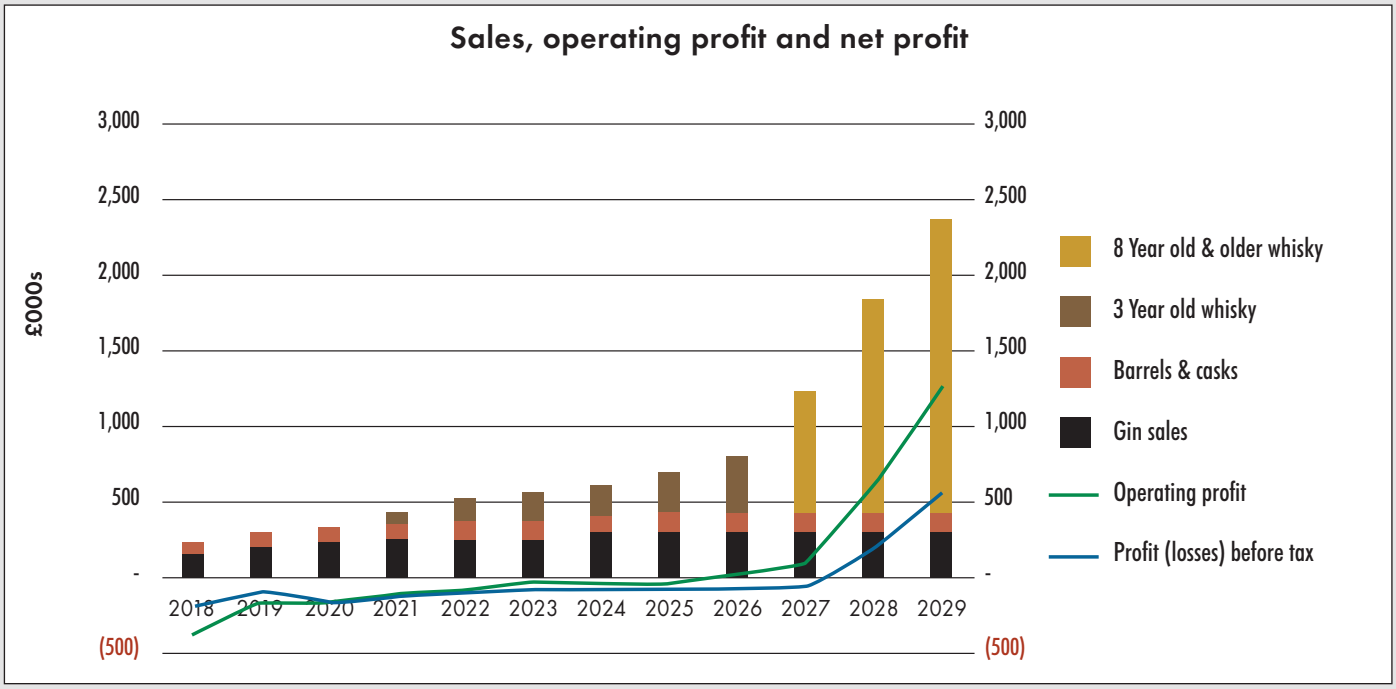
The Distillery will commence production in late 2017, with sales of new make spirit and casks to assist in reaching operating profits by 2020. The GlenWyvis Gin has been trading successfully for over 18 months and continues to build market. However, the gin market has become increasingly competitive over the same time period.

Early sales forecasts have struggled to reach our targets, and while margins have remained as forecast they are under pressure. The Directors are working with expert agencies to rebrand the product and to develop a more focussed sales and marketing strategy. Our aim is to achieve wider UK and international sales earlier than previously foreseen.

Our current forecasts show that GlenWyvis will reach operating profits before interest and depreciation in 2020, but will continue to have losses before tax until 2027 firstly due to the higher cost of borrowing and secondly to a higher depreciation charge on more costly assets.

Sales, operating profit, and net losses					
£000s	**2017**	**2018**	**2019**	**2020**	**2021**
Sales	141	271	317	359	442
Operating profit	(137)	(61)	(15)	5	20
Net (loss) after depreciation and interest	(139)	(113)	(171)	(132)	(124)

The losses will reverse in 2027 as mature whisky (8 years plus) will reach international markets, and sales increase significantly.



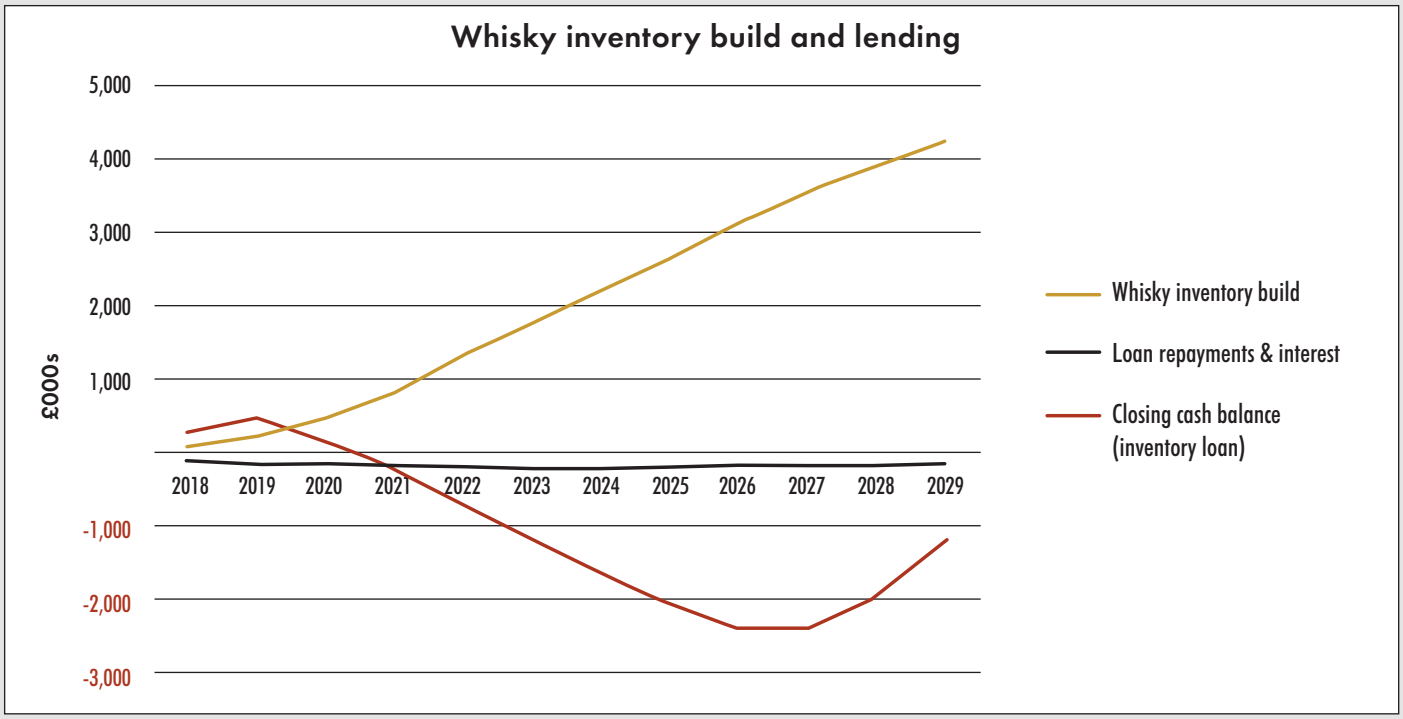
Cash Flow

During the first 10 years, the Distillery will be producing from 45,000 growing to 105,000 litres of alcohol each year. Most of this will not be sold, but will be stored to mature into 8 year old or 10 year old malts, as well as even older mature whiskies.

GlenWyvis will require additional funds over the first 10 years of operation both to fund the costs of producing the whisky and the costs of laying it down in casks to mature. This is the single greatest demand on GlenWyvis' cash flow. By the end of 2027, GlenWyvis will have a stock of maturing whisky that cost £2.6 million to produce.

In order to fund this inventory growth, and to fund the production overheads and storage costs associated with the inventory, GlenWyvis plans to use flexible funding secured on the sales value of the inventory. This is possible because whisky gains value as it ages, so that older whisky can secure a higher loan. GlenWyvis also plans to carry out a further share offer in 2020, when 3 year old GlenWyvis whisky comes on to market.

The need to borrow to build the inventory means that GlenWyvis will have significant secured debt over the first ten years, with a resulting high interest cost. By 2027, GlenWyvis will have paid almost £1million in interest costs.



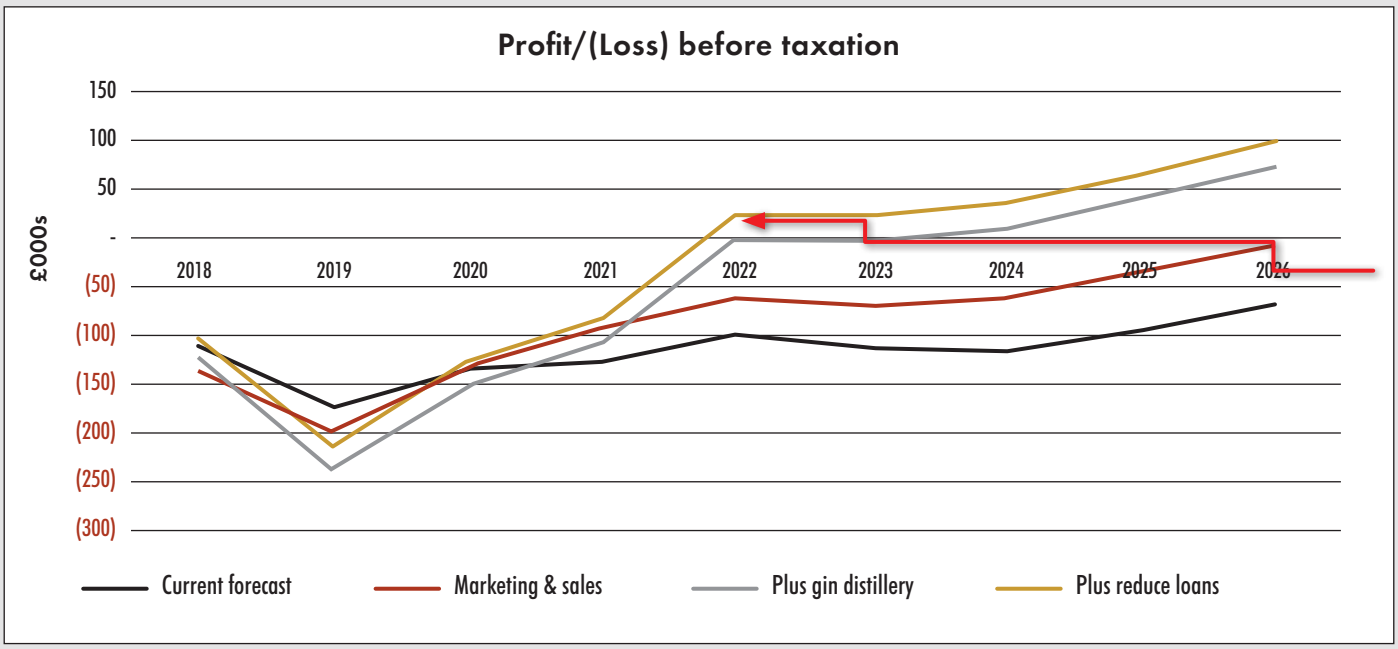
Impact of this Share Offer

The Directors are undertaking this share offer to raise an additional £750,000:

1. Accelerate brand development, sales and marketing: with additional funding of £250,000 **GlenWyvis** will be able to engage an international Brand Development partner, employ a Sales and Marketing Director, and by year three double gin sales over current targets. This will also ensure the success of our early whisky sales.
2. Bring gin distillation on site in Dingwall: with a further £250,000 **GlenWyvis** will be able to produce its own gin on site at the distillery, increasing local employment and increasing the profitability of our gin sales.
3. Reduce lending: and with a final £250,000 raised, **GlenWyvis** will eliminate the need to increase lending above the original estimate of £750,000, while also reducing the interest costs and increasing financial resilience.

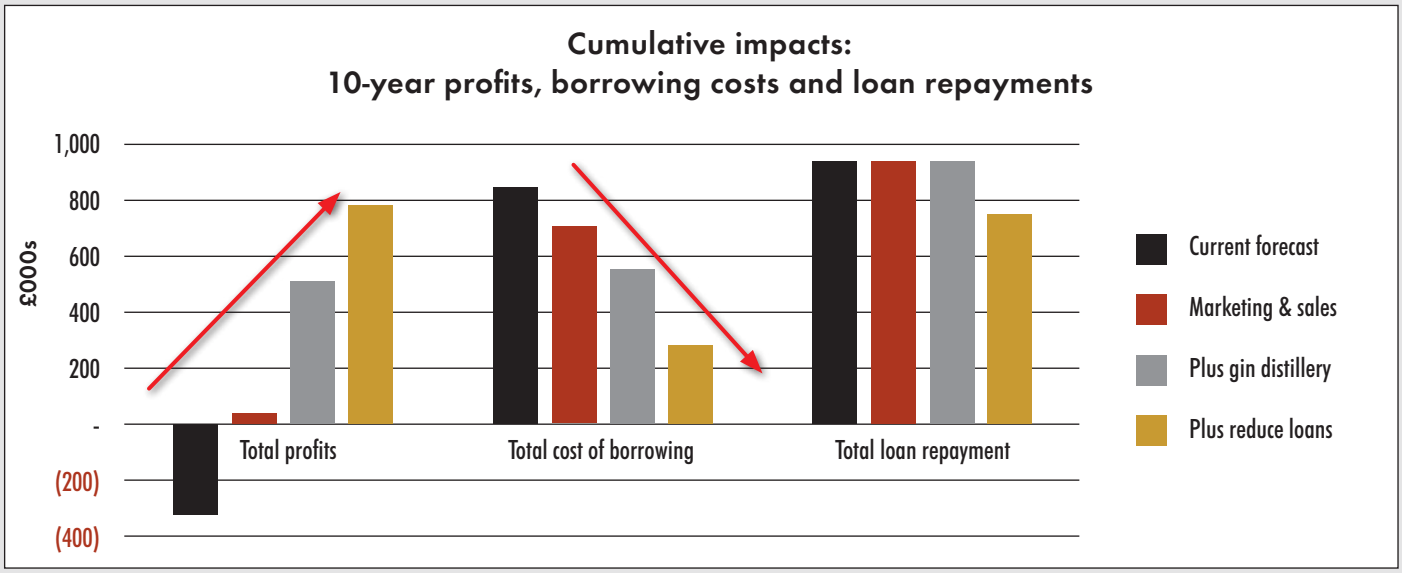
The Directors have considered the impact on profitability, interest repayments, and total debt of each option, and consider that using additional investment as prioritised above will provide the most effective use of that investment.

The cumulative impact of these measures is shown below.



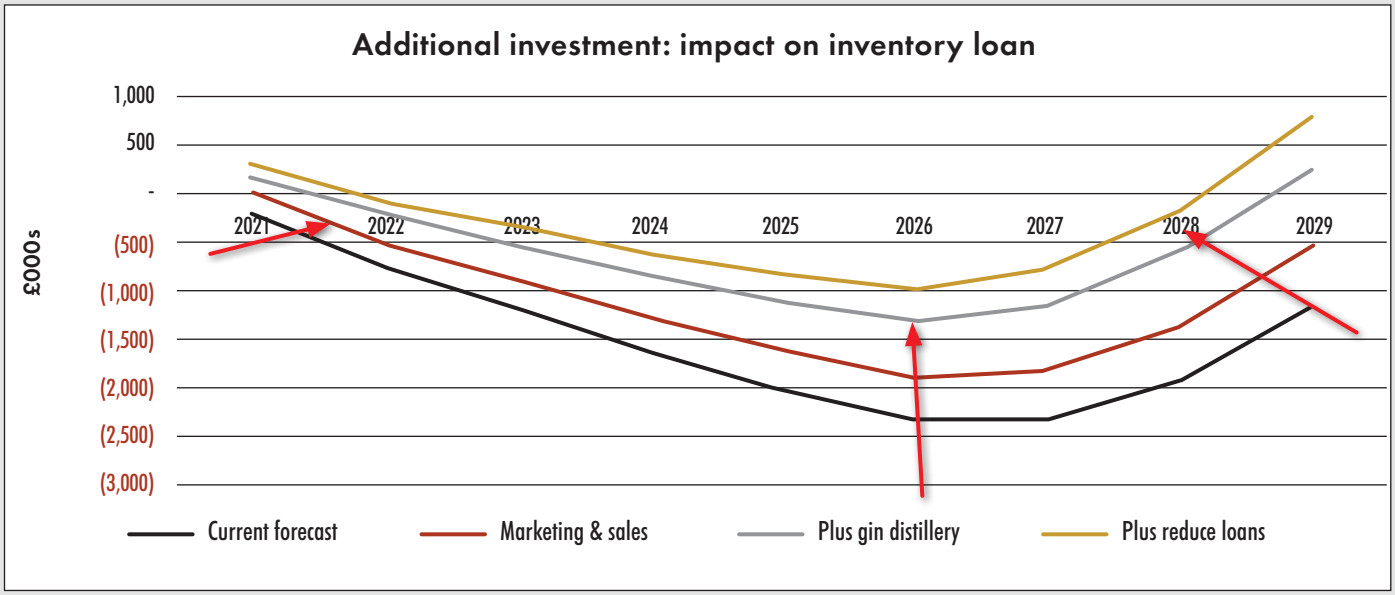
The point at which GlenWyvis makes a profit after interest will be brought forward. With no additional investment, this is forecast to be in 2027. Additional sales and marketing effort (1 above) would bring this forward to 2026; then increasing margins on the gin sold by investment in gin distilling on site (2 above) would bring this forward to 2023. And finally, reducing the loan requirement in the early years (3 above) would mean that GlenWyvis generates net profits by 2022.

The impact on financial performance over the 11 years from 2018 to 2028 is shown in the chart below. Again, these are cumulative, showing current forecast, then the impact of additional sales and marketing (1 above); then increasing margins on the gin sold (2 above); then reducing the loan requirement in the early years (3 above).



Total profits rise from a current overall loss of £316k over the next 11 years, to a total overall profit of £785k – an increase in profitably of £1.1m for an additional share offer investment of £0.75m.

One of the reasons for this is that the total cost of borrowing, i.e. the interest paid on loans, falls from £846k to £290k – a fall of £557k. Interest costs also fall because, with the additional share offer investment, the amount of debt GlenWyvis requires to fund the whisky inventory growth falls substantially.



With each £250k of additional share offer funding, the amount of borrowing required to build the whisky inventory falls sharply, and the length of time which GlenWyvis has to borrow, shortens. If a full £750k Share Offer investment is reached, the maximum amount of debt that GlenWyvis reaches to fund the inventory build falls from £2.4million to £1.0million, a reduction of £1.4 million. The time GlenWyvis is in debt reduces from 12 years to 7 years.

The reduction in inventory borrowing means that GlenWyvis is far more robust financially during a critical period of growth, as its whisky inventory reaches a maximum before mature whisky is sold on the international markets.

THE RISKS

As GlenWyvis Distillery has been incorporated with limited liability, the liability of its members will be limited to the amount paid for their shares. However, prior to making any decision to subscribe for shares in GlenWyvis Distillery, you should carefully consider, together with all other information contained in this document, the specific risk factors described below which are considered to be material.

However, these risk factors are not set out in any particular order of priority and the list should not be regarded as exhaustive or a complete and comprehensive statement of all potential risks and uncertainties associated with the scheme. Additional risks and uncertainties that are not presently known or which are currently deemed immaterial may also have an adverse effect on operating results, financial condition and prospects.

Risks			
The risk:	**Because**	**Risk after mitigation**	**Resources allocated to mitigation in this Plan?**
Financial targets not achieved	Construction overspends mean start-up funds insufficient.	Low	Cost control and ongoing financial planning has ensured that all necessary funding has been identified and agreed except the final £250,000 tranche required to secure the HMRC guarantee. Lenders have been identified and discussions are ongoing for this.
Financial targets not achieved	Sales volumes are not achieved or are not achieved as quickly as forecast.	Medium	Sales have struggled to reach targets due to the increasing competition in the market. The Directors are working with international brand agencies and support agencies to rebrand and retarget markets overseas. Additional resources are being sought to achieve and to overreach original targets to ensure robust financials.
Financial targets not achieved	Overspends on production costs etc.	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 but allow the Distillery to continue. Potential to market whisky options to overseas investors being actively pursued. 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 a large whisky corporation; and distribute any surplus assets as required by FCA law and regulation.

Other legal information we need to tell you

GlenWyvis Distillery Limited was registered with the Financial Conduct Authority on 5 April 2016 (registered number 7305). Our governing document, the '**Rules of GlenWyvis Distillery Limited**', is available to download at **www.glenwyvis.com** and explains member rights as well as the management and constitution. Other relevant background documents can also be found on our website.

As with any investment there is risk involved. Should **GlenWyvis Distillery** get into financial difficulties:

- We may not be in a position to pay interest
- We may have to suspend your rights to withdraw shares
- You may lose all the money you pay for your shares

If **GlenWyvis Distillery** is wound up, its assets will first be used to meet its liabilities; next to repay members for their shares; finally any surplus remaining will be passed onto a charity, society or other asset locked body serving the Dingwall community.

If a member dies the repaid value of the shares will normally be added to the estate for probate purposes. The application form at the end of this document offers the option for you to nominate a recipient for the value of the shares in the event of your death.

We encourage prospective members to view their investment as a long-term commitment to the project – a one-off investment to generate a long-term financial benefit to yourself and a lifetime of whisky production and social benefit to Dingwall. Shareholders should be prepared to tie up their capital for a number of years. Share capital cannot be withdrawn for the first three years of investment and thereafter only at the directors' discretion. Please note, the directors may resolve at any time to return excess capital to members in the proportions in which they provided it. Also the directors reserve the right to refuse an application for withdrawal to protect the financial position.

If you are in any doubt as to the action you should take you are recommended to seek your own independent financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (FSMA) or from another appropriately authorised independent financial adviser.

The content of this document has not been approved by an authorised person within the meaning of FSMA. Reliance on this document for the purposes of engaging in investment activity may expose an individual to a risk of losing all the money he/she has invested.

Nothing in this document constitutes investment, tax, legal or other advice by **GlenWyvis Distillery**, its directors or advisers.

ADVISERS

Solicitors: Callum Macleod – Harper Macleod

Accountants: Jamie Waugh – Johnston Carmichael

Consultants: Hazel Allen – Financial Consultant
David Hollings – CMS – Society Rules and Share Offer process
Neil Urquhart – Brand Consultant
Stuart Nickerson – Whisky Consultant
Fiona Stewart – PR Consultant
Sandra MacAskill – Community Shares Scotland
Reynolds Architecture Ltd – Architect

DIRECTORS

GlenWyvis Distillery is run by a team of nine local directors, who bring a wide range of business experience and expertise to the project.



John Fraser McKenzie – founder/managing director

An ex-Army Air Corps helicopter pilot, John runs **The Flying Farmer** business which he established in 2007 on the edge of his home town of Dingwall. A range of renewable energy projects have been completed at the livestock farm including a hydro scheme, wind turbine, solar pv, biomass, solar thermal and solar gain. The borehole and electric car completes the set up. The existing energy systems are being used to power **GlenWyvis Distillery**. Passionate about Scotland and its history, John was born on Burns Day, 25th January 1975. A keen promoter of Community Ownership, John has backed ten other community projects throughout Scotland. Four sites on John's farm are now rented to the distillery on a 175 year lease for a fee of just £1. Following extensive research and planning, John led the launch of the **GlenWyvis** share offer in 2016 which will see the **GlenWyvis Distillery Community Benefit Society** open on St Andrews Day 2017.



David O'Connor – chairman

David was a police officer for 31 years and during that time he was commander in Dingwall and Inverness prior to taking 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 Director's 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.



Hazel Allen – finance director

Hazel Allen is a chartered accountant who runs her own Dingwall-based business consultancy, **Athena Solutions**. She works with a range of charities, social enterprises and SMEs across the Highlands to help them plan, finance, and deliver their vision. Hazel, who joined the board of **GlenWyvis** in August 2016, is also a board member of Inverness College UHI.



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 over 25 markets across 5 continents.



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.



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.



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.



Neil Urquhart – director

Owner of **Cairn 57 Communications**, Neil is a corporate writer and creative director with more than 25 years of experience across a broad range of advertising, marketing and communication disciplines. Brought up in Dingwall, Neil returned to the Highlands in 1992, and has lived in Strathpeffer for the past 22 years – while working throughout the UK. Having worked closely with the **GlenWyvis** team on the successful share offer of 2016, Neil was invited to join the board in September 2016.

HOW TO INVEST

Your application

You can apply online at **www.glenwyvis.com**. You can download a copy of the application form from our website. Once your application is complete, simply return the form with a **cheque** or **proof of your BACS payment** for your investment to:

GlenWyvis Distillery Limited
Upper Dochcarty
Dingwall
IV159UF

BACS payments should be made to **GlenWyvis Distillery Limited**.

If you do make a **BACS** payment, please can you let us know by emailing **info@glenwyvis.com** or by telephoning **01349 862005**.

BANK ACCOUNT..... **Bank of Scotland**

SORT CODE..... **80 22 60**

ACCOUNT NUMBER.... **13775161**

IBAN..... **GB74BOFS 8022 6013 7751 61**

Add your name to GlenWyvis

Alongside the share issue, **GlenWyvis Distillery** will be continuing to give supporters opportunities to have their name added to the distillery roof, or to have a personalised brick added to the Path to the Stills. Details of both these opportunities are on the website at **www.glenwyvis.com**.

We also have a limited number of the original share offer t-shirt available (see below) – and you can buy one while stocks last. Just ask us direct – when you make your application.



GlenWyvis Distillery Limited
Open Share Offer Application Form

I/we wish to become a member of GlenWyvis Distillery Limited in accordance with the Rules and apply for:

Withdrawable Shares to the value of: **£** _____ and enclose a cheque for this amount, made payable to **GlenWyvis Distillery Limited**. **For this offer the minimum shareholding is £250**. Applications can be received at **GlenWyvis Distillery Limited** until the Directors declare the offer closed.

INVESTMENT AS A GIFT

This investment is a gift ☐ Gifter's Name _____

NAME AND ADDRESS OF MEMBER/SHAREHOLDER (PLEASE USE CAPITAL LETTERS)

For more than two joint applicants, please photocopy this form and ensure each applicant completes and signs the form.

	Applicant	Joint Applicant
First name(s) in full		
Last Name		
Address		
Town/city		
Postcode		
Telephone number		
Email		

EIS TAX RELIEF

We anticipate that the scheme will be approved for EIS tax relief. This will only be available to UK taxpayers who own shares.

I would like my investment to be eligible for EIS tax relief (tick box): ☐

AGREEMENT

- I have read the Share Offer Document, including risk factors
- I wish to become a member of **GlenWyvis Distillery Limited**
- I agree to be bound by the Terms and Conditions included in the Share Offer Document and Rules of **GlenWyvis Distillery Limited** **www.glenwyvis.com**
- I understand that the Board of Directors of **GlenWyvis Distillery Limited** may reject my/our application, and are not obliged to tell us why it has been rejected.
- I consent to receiving formal notices by email and links to formal documents on the **GlenWyvis Distillery** website.

(Email **info@glenwyvis.com**, or phone **01349 862005**, if this is not possible)

Applicant	Joint Applicant
Signature	Signature
Name in Print	Name in Print
Date	Date

Please send your completed application form and payment (cheques payable to **GlenWyvis Distillery Limited**) to:
GlenWyvis Distillery Ltd. Upper Dochcarty, Dingwall, IV159UF.

☐ If you wish to nominate a person to whom you wish your shares to be transferred on your death, please tick the box and complete the form overleaf.

DATA PROTECTION AND MONEY LAUNDERING

The data provided by you on this form will be stored within a computerised database. This data will be used for **GlenWyvis Distillery Limited** purposes and will not be disclosed to any third party. It is a condition of the offer that to ensure compliance with the Money Laundering Regulations 2003, **GlenWyvis Distillery Limited** may at its absolute discretion require verification of identity of any person seeking to invest.

Holding shares on behalf of children and nomination of shares on death

(PLEASE USE CAPITAL LETTERS)

You can choose to:

- Hold shares on behalf of children and/or
- Nominate a person to whom you wish your shares to be transferred on your death.

Please fill in the relevant sections below.

HOLDING SHARES ON BEHALF OF CHILDREN

If you wish to hold shares on behalf of someone who is under 16, please fill in that person's details below (noting EIS and other tax relief issues).

First name(s) in full .....

Last name .....

Date of birth .....

Address (if different from that supplied on the application form overleaf) .....

.....

Town/city .....

Postcode

NOMINATION OF SHARES ON YOUR DEATH

You can nominate a person aged 16 or over to whom you wish your shares to be transferred on your death. Trustees will need to be appointed for a nominee under 16 years old. **GlenWyvis Distillery Limited** will respect your wish in so far as the law and our Rules permit. If you are a joint shareholder, your holding will pass to the other joint shareholder(s) on your death, unless you complete the form below.

Personal details of your nominee

First name(s) in full .....

Last name .....

Date of birth .....

Address (if different from that supplied on the application form overleaf) .....

.....

Town/city .....

Postcode

I understand that it may not be possible for **GlenWyvis Distillery Limited** to action this request and I and my heirs will not hold the Society responsible for its actions. I understand that these instructions can only be revoked or amended by my giving clear written instructions to the Secretary of **GlenWyvis Distillery Limited** at its Registered Office.

I understand that trustees will need to be appointed if my nominee is under 16 years of age.

Signature ..... Date .....

Name in print .....

Signature of Witness ..... Date .....

Name in print

Please send your completed form to: GlenWyvis Distillery Limited, Upper Dochcarty, Dingwall, IV159UF

TERMS AND CONDITIONS

Your application

You cannot withdraw your application for shares after we receive your application form.

Your application may not automatically be accepted and it may not be possible to allocate you all or any of the shares that you requested.

You can apply (and pay) for shares to be issued in someone else's name – i.e. you can gift the shares to family or friends.

Your promise to us

You promise that:

- Your cheque will be honoured on presentation
- You, as an individual, are at least 16 years of age
- You have authority to sign the application form. If you are signing it for another person, you will provide the directors with evidence of your authority to sign if they ask to see it
- You will supply us with proof of your identity and address if the directors ask for it. We may need to do this to comply with the Money Laundering Regulations 2003. The directors may have to hold back your shares until they see this
- You are not relying on any information or representation which is not included in this document

Your payment

The directors will acknowledge receipt of your cheque/BACS payment and application within 7 days. **GlenWyvis Distillery** will hold your money on trust for you until your application is considered and completed. All successful applications worldwide will be completed within a minimum of 14 days and a maximum of 28 days from receipt.

If you are not a UK resident or do not have a UK bank account, applications can be made by BACS. The money will belong to **GlenWyvis Distillery** as soon as **GlenWyvis Distillery** issues the shares to you (to the extent that they take it as payment for shares).

If your application for shares is unsuccessful, your money will be returned within 28 days of the board of directors' meeting. If fewer are issued to you than you applied for, they will return the balance to you within 28 days of that meeting. **GlenWyvis Distillery** will not pay interest on any money it returns to you.

The purchase of shares should be seen as a social investment to support the aims of **GlenWyvis Distillery** and not purely as an investment for personal gain or profit.

Minimum investment

The minimum investment for all investors in this Open Share Offer is £250.

Community Shares Standard Mark

The **Community Shares Standard Mark** is awarded by the **Community Shares Unit** to share offers that meet national standards of good practice. These standards ensure that:

- The offer document and application form are easy to understand
- You are provided with all the facts you need to make an informed decision
- The facts are supported by the annual accounts and/ or business plan for the society
- Nothing in the documents is purposefully incorrect, confusing or misleading

Societies are asked to sign a Code of Practice requiring them, among other things, to give the public a right of complaint to the Community Shares Unit.

For more information about community shares, the **Community Shares Standard Mark** and the **Community Shares Unit** go to: **www.communityshares.org.uk**

Community Shares STANDARD

Supported by Community Shares Scotland

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@glenwyvis

www.glenwyvis.com

GlenWyvis Distillery Limited

Upper Dochcarty

Dingwall

IV159UF

Community Shares STANDARD