

The Borders Distillery

The first new legal whisky distillery in the Scottish Borders for almost 200 years is now set to produce 1.8m litres of spirit per annum



**Case
Study**

Scotch Whisky is vital to the Scottish and UK economies, adding £5 billion in value each year, supporting more than 40,000 jobs and exporting £4 billion of Scotch annually to almost 200 markets.* The Borders Distillery is the first Whisky distillery in the Scottish Borders since 1837. Founded by four Scotch industry veterans, the company has successfully completed the regeneration of an old Victorian site in Hawick, the town in which tweed was invented.

Since the business was established in 2013, part of its five-year plan has always been to bring in a new working capital line in the ordinary course of business. However, with a requirement to lay down single malt Whisky for a period of three years, the management team recognised that the structure of the transaction would be less than conventional.

The regional Shawbrook team, with expertise in both complex asset finance and working capital facilities, responded with an amortising structure that led with distillery assets and property and follows-on with receivables to deliver a combined £3.7m working capital line. A plan is already in place for the facility to evolve to include inventory assets as the stock matures.

This revival of a proud manufacturing tradition in the region will create local jobs, tapping into a highly skilled labour market and attracting tourism to the area via the visitor centre. The company has already developed a traditional blend under the "Clan Fraser" brand and an edgier blended malt, "Lower East Side". The first gin will be available from early 2018 and the single malt Whisky in 2022.

*Source: Scotch Whisky Association

"The biggest challenge is financing because the spirit that comes out of the still cannot be a Scotch whisky until it's been in the barrel for at least three years. That costs money and takes time. Shawbrook have been very much in tune with what we wanted to achieve right from the beginning and have an appreciation for what the long term is about. We think we've got a very exciting future and that Shawbrook will continue to play a part in our story."

Tim Carton,
Chief Executive Officer,
The Borders Distillery

"There is significant market interest in this deal and it has been exciting to play a part in a landmark transaction with such a compelling narrative. The management team is very experienced, having all held senior roles at global distillers William Grant & Sons, with particular knowledge of sales, distribution and marketing across the globe. What they have achieved is remarkable and we are delighted to support the management team with working capital that is structured to support the second phase of The Borders Distillery's growth, boosting Scottish manufacturing and export."

Lorna Bell,
Relationship Director,
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