

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PART II OF THIS DOCUMENT (*EXPLANATORY STATEMENT*) COMPRISES AN EXPLANATORY STATEMENT IN COMPLIANCE WITH SECTION 897 OF THE COMPANIES ACT 2006.**

**If you are in any doubt about the Acquisition or the action you should take, you are recommended to seek your own personal 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 (as amended) if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.**

If you sell, or have sold or otherwise transferred, all of your The Lakes Shares, please send this document and any accompanying documents (but not any accompanying personalised documents, including the Forms of Proxy) at once to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. **However, such documents should not be distributed, forwarded or transmitted in or into any jurisdiction where to do so would constitute a violation of the relevant laws or regulations of such jurisdiction.** If you sell or have sold or otherwise transferred part only of your holding of The Lakes Shares, you should retain these documents and consult the stockbroker, bank or other agent through whom the sale or transfer was effected.

The release, publication or distribution of this document and/or the accompanying documents in or into jurisdictions other than the United Kingdom may be restricted by the laws of those jurisdictions and therefore persons into whose possession this document comes should inform themselves about, and observe, any such restrictions or applicable requirements. Any failure to comply with any such restrictions or applicable requirements may constitute a violation of the securities laws of any such jurisdiction. This document does not constitute an offer to sell or issue, nor the solicitation of an offer to buy or subscribe for, shares in any jurisdiction in which such offer or solicitation is unlawful. This document is not a prospectus, a prospectus-equivalent document or an exempted document.

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## **RECOMMENDED CASH OFFER**

**for**

## **THE LAKES DISTILLERY COMPANY PLC**

*(Incorporated in England and Wales with company registration number 07769363)*

**by**

## **NYETIMBER WINES AND SPIRITS GROUP LIMITED**

*(Incorporated in England and Wales with company registration number 15281873)*

### **TO BE EFFECTED BY MEANS OF A SCHEME OF ARRANGEMENT UNDER PART 26 OF THE COMPANIES ACT 2006**

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This document (including any documents incorporated into this document by reference to another source) should be read as a whole together with the accompanying Forms of Proxy. Your attention is drawn in particular to Part I (*Letter from the Chairman of The Lakes Distillery Company plc*) of this document, which contains the unanimous recommendation of The Lakes Directors that Scheme Shareholders vote in favour of the Scheme at The Lakes Court Meeting and The Lakes Shareholders vote in favour of the Resolutions at The Lakes General Meeting.

A letter from Singer Capital Markets explaining the Scheme and comprising an Explanatory Statement in compliance with section 897 of the Companies Act 2006 appears in Part II (*Explanatory Statement*) of this document.

**It is important that Scheme Shareholders use their votes so that the Court can be satisfied that there is a fair and reasonable representation of their views.**

Notices of The Lakes Court Meeting and The Lakes General Meeting, each of which will be held at The Victoria Suite, Royal Station Hotel, Neville Street, Newcastle upon Tyne, NE1 5DH on 10 May 2024, are set out in Part IX (*Notice of The Lakes Court Meeting*) and Part X (*Notice of The Lakes General Meeting*) of this document. The Lakes Court Meeting will start at 11.00 a.m. on that date and The Lakes General Meeting will start at 11.15 a.m. on that date (or as soon thereafter as The Lakes Court Meeting is concluded or adjourned).

**Whether or not you intend to be present at the Meetings in person, please complete and sign each of the Forms of Proxy in accordance with the instructions printed on them and return them to the Registrars as soon as possible and, in any event, so as to be received by the Registrars by 11.00 a.m. on 8 May 2024 in respect of The Lakes Court Meeting and by 11.15 a.m. on 8 May 2024 in respect of The Lakes General Meeting.**

The accompanying Forms of Proxy are personalised. If you have recently purchased or been transferred The Lakes Shares, you should contact The Lakes' registrars, Link Group, on the telephone number set out on page 10 of this document to obtain replacements for these documents.

If the BLUE Form of Proxy for The Lakes Court Meeting is not returned by the specified time, it may be handed to representatives of the Registrars, on behalf of the Chairman of The Lakes Court Meeting, before the start of that meeting and it will still be valid. In the case of The Lakes General Meeting, however, unless the WHITE Form of Proxy is returned by the time mentioned in the instructions printed on it, it will be invalid. The completion and return of a Form of Proxy will not prevent The Lakes Shareholders from attending, voting and speaking in person at either The Lakes Court Meeting or The Lakes General Meeting respectively, or any adjournment thereof, if they so wish and are so entitled.

At The Lakes Court Meeting, voting will be by poll and each Scheme Shareholder present in person, or by proxy will be entitled to one vote for each Scheme Share held as at the Voting Record Time. The approval required at The Lakes Court Meeting is a majority in number of the Scheme Shareholders who are present in person or by proxy, entitled to vote and vote, and who represent not less than 75 per cent. in value of the Scheme Shares voted by those Scheme Shareholders.

At The Lakes General Meeting, voting on the Resolutions will be by poll and each The Lakes Shareholder present in person, or by proxy will be entitled to one vote for each The Lakes Share held as at the Voting Record Time. The approval required for the Resolutions to be passed is The Lakes Shareholders who are present, entitled to vote and vote, either in person or by proxy, at The Lakes General Meeting who represent not less than 75 per cent. in value of The Lakes Shares voted by those The Lakes Shareholders.

The Lakes Shareholders are strongly encouraged to appoint **the Chairman of the relevant Meeting** as their proxy. If a Scheme Shareholder or a The Lakes Shareholder (as the case may be) wishes to appoint a person other than the Chairman of the relevant Meeting as its proxy then it may do so. This should be done as soon as possible and at least 48 hours (excluding any part of such 48 hour period falling on a non-working day) before the relevant Meeting.

If you have any questions about this document, The Lakes Court Meeting, The Lakes General Meeting or on the completion and return of the Forms of Proxy, please contact Georgeson, a trading name of Computershare Investor Services PLC, on +44 (0) 330 229 5931 between the hours of 9.00 a.m. and 5.00 p.m. Monday to Friday. Please note, that for legal reasons, Georgeson will only be able to provide you with information contained in this document and will be unable to give advice on the merits of the Acquisition or to provide legal, financial or taxation advice on the contents of this document or the Acquisition. The helpline is available to answer questions regarding the Acquisition, this document, The Lakes Court Meeting, The Lakes General Meeting or the completion and return of the Forms of Proxy.

If you have questions about your shareholding in The Lakes or whether or not you are permitted to vote at the Meetings, please contact The Lakes' Registrars, Link Group, Central Square, 29 Wellington Street, Leeds LS1 4DL or by calling Link Group on 0371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. until 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Link Group cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

### **Questions at the Meetings**

The Lakes Shareholders can submit questions on the business of the relevant Meeting in advance by email to [investors@lakesdistillery.com](mailto:investors@lakesdistillery.com) with the subject line 'Court Meeting Questions/General Meeting Questions' (as relevant), provided that such emails are received no later than 48 hours (excluding any part of such 48 hour period falling on a non-working day) before the time fixed for the relevant Meeting or any adjournment thereof. In addition, for both The Lakes Court Meeting and The Lakes General Meeting, The Lakes Shareholders (and any of their respectively duly appointed proxies and/or corporate representatives) may also submit questions in person at the relevant Meetings.

Subject to time limitations, the Chairman of the Meetings will ensure that relevant matters relating to the formal business of the relevant Meeting are addressed in the relevant Meeting. Where multiple Scheme Shareholders and/or The Lakes Shareholders submit questions of a similar nature or theme, the questions will all be read aloud at The Lakes Court Meeting or The Lakes General Meeting (as applicable) for transparency, but only one response may be provided to prevent repetition of responses on a similar theme.

**Action to be taken by The Lakes Shareholders is set out on pages 9 and 10 and at paragraph 15 of Part II (*Explanatory Statement*) of this document. The Lakes Shareholders will find enclosed with this document a BLUE Form of Proxy and a WHITE Form of Proxy, each of which has been stamped for your convenience (prepaid for use in the UK only). The BLUE Form of Proxy is to be used in connection with The Lakes Court Meeting and the WHITE Form of Proxy is to be used in connection with The Lakes General Meeting. Whether or not you intend to attend both or either of these Meetings in person, please complete and sign both Forms of Proxy and return them (together with any power of attorney or other authority under which they are signed) in accordance with the instructions to The Lakes' Registrars, Link Group, PXS 1, Central Square, 29 Wellington Street, Leeds, LS1 4DL, by post, to be received by 11.00 a.m. on 8 May 2024 (in the case of the BLUE Form of Proxy for The Lakes Court Meeting, subject as set out in the next paragraph) or 11.15 a.m. on 8 May 2024 (in the case of the WHITE Form of Proxy for The Lakes General Meeting) (or in the case of an adjournment of either Meeting, not later than 48 hours before the time fixed for the holding of the adjourned Meeting (excluding any part of such 48 hour period falling on a non-working day)).**

Notwithstanding the instructions set out above, in the event that a Scheme Shareholder intends to appoint the Chairman of the Court Meeting as its proxy, if the BLUE Form of Proxy relating to The Lakes Court Meeting is not returned by or lodged by 11.00 a.m. on 8 May 2024 (or in the case of any adjournment, not later than 48 hours before the time fixed for the holding of the adjourned Meeting (excluding any part of such 48 hour period falling on a non-working day)), it may be handed to the Chairman of The Lakes Court Meeting or to the Registrars (on behalf of the Chairman of The Lakes Court Meeting) before the start of The Lakes Court Meeting and will still be valid. However, in the case of The Lakes General Meeting, if the WHITE Form of Proxy is not lodged so as to be received by the time mentioned above and in accordance with the instructions on that Form of Proxy, it will be invalid.

Completion and return of a Form of Proxy, or other due submission of a proxy appointment, will not prevent you from attending and voting in person at either of the Meetings, or any adjournment thereof, should you so wish.

Capitalised words and phrases used in this document shall have the meanings given to them in Part VIII (*Definitions*).

## **Important Information**

Singer Capital Markets, which is regulated by the FCA in the United Kingdom, is acting exclusively as financial adviser to The Lakes and for no-one else in connection with the Acquisition and will not be responsible to any person other than The Lakes for providing the protections afforded to its clients nor for providing advice in relation to the Acquisition or any other matters referred to in this document. Neither Singer Capital Markets nor any of its affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Singer Capital Markets in connection with the Acquisition, any statement contained herein or otherwise.

Rothschild & Co, which is authorised and regulated by the FCA in the United Kingdom, is acting exclusively as financial adviser to Nyetimber and for no-one else in connection with the Acquisition and will not be responsible to any person other than Nyetimber for providing the protections afforded to its clients nor for providing advice in relation to the Acquisition or any other matters referred to in this document. Neither Rothschild & Co nor any of its affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Rothschild & Co in connection with the Acquisition, any statement contained herein or otherwise.

The Acquisition will be implemented solely pursuant to the terms of this document (or, if the Acquisition is implemented by way of a Takeover Offer, the Offer Document), which contains the full terms and conditions of the Acquisition, including details of how to vote in respect of the Acquisition. Any vote in respect of, or other response to, the Acquisition should be made only on the basis of the information contained in this document (or, if the Acquisition is implemented by way of a Takeover Offer, the Offer Document).

This document has been prepared in accordance with the Code. The statements contained in this document are not to be construed as legal, business, financial or tax advice. If you are in any doubt about the content of this document, you should consult your own legal, financial or tax adviser for legal, business, financial or tax advice.

The statements contained in this document are made as at the date of this document, unless some other time is specified in relation to them, and publication of this document shall not give rise to any implication that there has been no change in the facts set out in this document since such date.

### **No profit forecasts or estimates**

Nothing in this document shall be deemed to be a forecast, projection or estimate of the future financial performance of The Lakes for any period and, in particular, no statement in this document should be interpreted to mean that earnings or earnings per share for The Lakes or any member of The Lakes Group, as appropriate, for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per share for The Lakes.

### **Disclosure requirements of the Code**

Under Rule 8.3(a) of the Code, any person who is interested in 1 per cent. or more of any class of relevant securities of an offeree or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified.

An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 p.m. (London time) on the 10th Business Day following the commencement of the offer period and, if appropriate, by no later than 3.30 p.m. (London time) on the 10th Business Day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror before the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1 per cent. or more of any class of relevant securities of the offeree or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree and (ii) any securities exchange offeror, save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 p.m. (London time) on the Business Day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3. Opening Position Disclosures must also be made by the offeree and by any offeror and Dealing Disclosures must also be made by the offeree, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).

Details of the offeree and the offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at [www.thetakeoverpanel.org.uk](http://www.thetakeoverpanel.org.uk), including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.

### **Dispensation**

The Panel has granted a dispensation from the requirements in Note 3 on Rule 8 of the Code that disclosures made under Rule 8 of the Code must be made via an RIS. Therefore, any Opening Position Disclosures and Dealing Disclosures required under Rule 8 of the Code may be made by email to [investors@lakesdistillery.com](mailto:investors@lakesdistillery.com) and will be published on The Lakes' website at <https://lakesdistillery.com/proposed-acquisition>. A copy must also be sent to the Panel's Market Surveillance Unit by email ([monitoring@thetakeoverpanel.org.uk](mailto:monitoring@thetakeoverpanel.org.uk)).

### **Forward-looking statements**

This document (including any information incorporated by reference in this document), oral statements made regarding the Acquisition, and other information published by Nyetimber and/or The Lakes may contain certain forward looking statements with respect to the financial condition, results of operations and business of Nyetimber and/or The Lakes and certain plans and objectives of Nyetimber and/or The Lakes with respect thereto. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements often use words such as "anticipate", "target", "expect", "estimate", "intend", "plan", "goal", "believe", "hope", "aims", "continue", "will", "may", "should", "would", "could", or other words of similar meaning. These statements are based on assumptions and assessments made by Nyetimber and/or The Lakes in the light of their experience and their perception of historical trends, current conditions, future developments and other factors they believe appropriate. By their nature, forward-looking statements involve risk and uncertainty, because they relate to events and depend on circumstances that will occur in the future and the factors described in the context of such forward-looking statements in this document could cause actual results and developments to differ materially from those expressed in or implied by such forward-looking statements. Although it is believed that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct and you are therefore cautioned not to place undue reliance on these forward-looking statements which speak only as at the date of this document. Neither Nyetimber nor The Lakes assumes any obligation to update or correct the information contained in this document (whether as a result of new information, future events or otherwise), except as required by applicable law.

There are several factors which could cause actual results to differ materially from those expressed or implied in forward-looking statements. Among the factors that could cause actual results to differ materially from those described in the forward-looking statements are changes in the global, political, economic, business, competitive, market and regulatory forces, future exchange and interest rates, changes in tax rates and future business combinations or dispositions.



## **No representations**

No person within Nyetimber or The Lakes, and no adviser, dealer, salesperson or other person is authorised to give any information or to make any representations with respect to the Acquisition other than such information or representations contained in this document and, if given or made, such information or representations must not be relied upon as having been authorised by either Nyetimber or The Lakes.

## **Rounding**

Certain figures included in this document have been subjected to rounding adjustments. Accordingly, figures shown in the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

## **Overseas Shareholders**

This document has been prepared for the purposes of complying with English law and the Code and the information disclosed may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws of jurisdictions outside the United Kingdom.

The release, publication or distribution of this document in or into jurisdictions other than the United Kingdom may be restricted by the laws of those jurisdictions and therefore persons who are not resident in the United Kingdom or who are subject to the laws of any jurisdiction other than the United Kingdom should inform themselves about, and observe, such restrictions or applicable requirements. Failure to comply with any such restrictions or applicable requirements may constitute a violation of the securities laws of any such jurisdiction.

Neither this document nor the accompanying documents constitute, or form part of, any offer to sell or issue or an invitation to purchase or subscribe for any securities or the solicitation of an offer to buy any securities pursuant to these documents or otherwise in any jurisdiction in which such offer, invitation or solicitation is unlawful.

The Acquisition is not being made, directly or indirectly, in or into, or by the use of the mails or by any means or instrumentality (including, without limitation, telephonically or electronically) of interstate or foreign commerce, or by any facility of a national, state or other securities exchange, of a Restricted Jurisdiction and no person may vote, or procure the vote, in favour of (or against) the Acquisition by any such use, means, instrumentality or facility or from within a Restricted Jurisdiction. Accordingly, copies of this document and any related documents are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any Restricted Jurisdiction. Persons receiving such documents (including, without limitation, custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in, into or from a Restricted Jurisdiction. **Further details concerning Overseas Shareholders are contained in paragraph 14 of Part II (Explanatory Statement) of this document.**

**The Lakes Shareholders who are in any doubt regarding such matters should consult an appropriate independent professional adviser in the relevant jurisdiction without delay.**

## **Electronic communications**

Please be aware that addresses, electronic addresses and certain information provided by The Lakes Shareholders and other relevant persons for the receipt of communications from The Lakes may be provided to Nyetimber during the Offer Period as requested under section 4 of Appendix 4 to the Code.

## **Availability of hard copies**

If you have received this document in electronic form or via a website notification, you may request a hard copy of this document and/or any information incorporated into this document by reference to another source by contacting Finn Gordon at Singer Capital Markets on telephone number +44 20 7496 3000 between 9.00 a.m. and 5.00 p.m., Monday to Friday (excluding public holidays) or in writing at Project.Fortify@singercm.com. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. Calls are charged at the standard

geographical rate and will vary by provider. Calls from outside the United Kingdom will be charged at the applicable international rate.

You may also request that all future documents, announcements and information to be sent to you in relation to the Scheme should be in hard copy form. You will not receive copies of this document or any document or information incorporated by reference into this document unless such a request is made.

### **Shareholder helplines**

If you have any questions in relation to the Acquisition, please contact Georgeson, a trading name of Computershare Investor Services PLC, on +44 (0) 330 229 5931 between the hours of 9.00 a.m. and 5.00 p.m. Monday to Friday.

Please note, that for legal reasons, Georgeson will only be able to provide you with information contained in this document and will be unable to give advice on the merits of the Acquisition or to provide legal, financial or taxation advice on the contents of this document or the Acquisition. The helpline is available to answer questions regarding the Acquisition, this document, The Lakes Court Meeting, The Lakes General Meeting or the completion and return of the Forms of Proxy.

If you have questions about your shareholding in The Lakes or whether or not you are permitted to vote at the Meetings, please contact The Lakes' Registrars, Link Group, Central Square, 29 Wellington Street, Leeds LS1 4DL or by calling Link Group on 0371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. until 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Link Group cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

### **Website publication**

In accordance with Rule 26.1 of the Code, a copy of this document, and the information incorporated by reference herein, will be available, subject to certain restrictions relating to persons resident in any Restricted Jurisdiction, free of charge on The Lakes' website at <https://lakesdistillery.com/proposed-acquisition> as soon as possible and in any event by no later than 12.00 noon (London time) on 18 April 2024 until the end of the Offer Period. For the avoidance of doubt, neither the content of any website referred to in this document or the Announcement nor the content of any website accessible from hyperlinks, is incorporated into, or forms part of, this document.

### **Times**

All references to time are to the time in London, England (unless specified otherwise).

This document is dated 17 April 2024.

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## Action to be taken

This page should be read in conjunction with the rest of this document, the accompanying Forms of Proxy and any document incorporated by reference.

The Scheme requires approval at a meeting of Scheme Shareholders convened by order of the Court to be held at The Victoria Suite, Royal Station Hotel, Neville Street, Newcastle upon Tyne, NE1 5DH at 11.00 a.m. on 10 May 2024.

Implementation of the Scheme also requires the passing of the necessary Resolutions by The Lakes Shareholders at The Lakes General Meeting to be held at the same place at 11.15 a.m. on 10 May 2024 (or, if later, as soon as The Lakes Court Meeting has been concluded or adjourned).

### Documents

Please check you have received the following with this document:

- a BLUE Form of Proxy for use in respect of The Lakes Court Meeting;
- a WHITE Form of Proxy for use in respect of The Lakes General Meeting; and
- a pre-paid business return envelope (for use in the UK and Channel Islands only).

If you have not received, or have not been able to access online, all of these documents, please contact the Registrars, Link Group, on 0371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. until 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Link Group cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes. If you have previously elected or been deemed to consent to receive documents and information from The Lakes by means of its website, you will not receive a hard copy of this document but will receive a separate notification in accordance with your prescribed method.

### Sending Forms of Proxy by post

**PLEASE COMPLETE AND SIGN BOTH** the BLUE and WHITE Forms of Proxy and return them to the Registrars, Link Group, PXS 1, Central Square, 29 Wellington Street, Leeds, LS1 4DL as soon as possible, but in any event so as to be received by no later than 11.00 a.m. on 8 May 2024 in the case of BLUE Forms of Proxy for The Lakes Court Meeting and by no later than 11.15 a.m. on 8 May 2024 in the case of WHITE Forms of Proxy for The Lakes General Meeting or if The Lakes Court Meeting or The Lakes General Meeting is adjourned, not later than 48 hours before the time appointed for the adjourned meeting (excluding any part of such 48 hour period falling on a non-working day). This will enable your votes to be counted at the Meetings in the event of your absence.

The Forms of Proxy have a pre-paid address for your convenience for use in the UK only. If the BLUE Form of Proxy for use at The Lakes Court Meeting is not lodged by the above time, it may be handed to the Chairman to The Lakes Court Meeting or to the Registrars (on behalf of the Chairman of The Lakes Court Meeting) before the start of The Lakes Court Meeting and will still be valid. However, if the WHITE Form of Proxy for The Lakes General Meeting is not returned so as to be received by the above time, it will be invalid.

The appointment of a proxy or proxies by completing, signing and returning the Forms of Proxy by post or by any other procedure described in this document) will not prevent you from attending and voting at the Meetings (or either of them), or any adjournment thereof, in person at one or both of the Meetings.

Additionally, The Lakes Shareholders can submit questions on the business of the relevant Meeting in advance by email to [investors@lakesdistillery.com](mailto:investors@lakesdistillery.com) with the subject line 'Court Meeting Questions/General Meeting Questions' (as relevant), provided that such emails are received no later than 48 hours (excluding any part of such 48 hour period falling on a non-working day) before the time fixed for the relevant Meeting or any adjournment thereof. In addition, for both The Lakes Court Meeting and The Lakes General Meeting, The Lakes Shareholders (and any of their respectively duly appointed proxies and/or corporate representatives) may also submit questions in person at the relevant Meetings.

**IT IS IMPORTANT THAT, FOR THE LAKES COURT MEETING IN PARTICULAR, AS MANY VOTES AS POSSIBLE ARE CAST SO THAT THE COURT MAY BE SATISFIED THAT THERE IS A FAIR AND REASONABLE REPRESENTATION OF SCHEME SHAREHOLDER OPINION. YOU ARE THEREFORE STRONGLY URGED TO SIGN AND RETURN YOUR FORMS OF PROXY AS SOON AS POSSIBLE, AND IN PARTICULAR THE BLUE FORM OF PROXY FOR THE LAKES COURT MEETING TO ENSURE YOUR VOTE IS RECORDED.**

### **Further information about proxies and voting**

Further information in relation to the appointment of proxies for and voting at The Lakes Court Meeting and The Lakes General Meeting respectively is set out in paragraph 15 of Part II (*Explanatory Statement*) of this document, in the notes to the notice of The Lakes Court Meeting set out in Part IX (*Notice of The Lakes Court Meeting*) of this document, in the notes to the notice of The Lakes General Meeting set out in Part X (*Notice of The Lakes General Meeting*) of this document, and in the instructions printed on the Forms of Proxy.

### **The Lakes Share Schemes**

Participants in The Lakes Share Schemes will be written to separately to inform them of the effect of the Scheme on their rights under The Lakes Share Schemes, including details of any appropriate proposals being made. Further details of the effect of the Acquisition on The Lakes Share Schemes are set out in paragraph 5 of Part II (*Explanatory Statement*) of this document.

### **Holders of The Lakes Convertible Loan Notes**

Holders of The Lakes Convertible Loan Notes will be written to separately to inform them of the effect of the Scheme on their rights under The Lakes Convertible Loan Notes, including details of any appropriate proposals being made.

Further details of the effect of the Acquisition on The Lakes Convertible Loan Notes are set out in paragraph 6 of Part II (*Explanatory Statement*) of this document.

### **Shareholder helplines**

If you have any questions in relation to the Acquisition, please contact Georgeson, a trading name of Computershare Investor Services PLC, on +44 (0) 330 229 5931 between the hours of 9.00 a.m. and 5.00 p.m. Monday to Friday.

Please note, that for legal reasons, Georgeson will only be able to provide you with information contained in this document and will be unable to give advice on the merits of the Acquisition or to provide legal, financial or taxation advice on the contents of this document or the Acquisition. The helpline is available to answer questions regarding the Acquisition, this document, The Lakes Court Meeting, The Lakes General Meeting or the completion and return of the Forms of Proxy.

If you have questions about your shareholding in The Lakes or whether or not you are permitted to vote at the Meetings, please contact The Lakes' Registrars, Link Group, Central Square, 29 Wellington Street, Leeds LS1 4DL or by calling Link Group on 0371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. until 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Link Group cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

Members may not use any electronic address provided in either this document or any related documents (including the enclosed Forms of Proxy) to communicate with The Lakes for any purposes other than those expressly stated.

**Register of members**

Only those persons or entities named on the Company's register of members as at the Voting Record Time are holders of The Lakes Shares and are the persons and entities that will be entitled to attend and vote at The Lakes Court Meeting (or their duly appointed proxies).

**Crowdcube**

Crowdcube Nominees Limited is the registered legal holder of 1,438,455 The Lakes Shares. Persons who invested in The Lakes through the investment platform Crowdcube hold the beneficial interest only in The Lakes Shares held by Crowdcube Nominees Limited and are not Scheme Shareholders.

## Expected timetable of principal events

Publication of this document	17 April 2024
Latest time for lodging BLUE Forms of Proxy for The Lakes Court Meeting	11.00 a.m. on 8 May 2024 <sup>(1)</sup>
Latest time for lodging WHITE Forms of Proxy for The Lakes General Meeting	11.15 a.m. on 8 May 2024 <sup>(2)</sup>
Voting Record Time	6.30 p.m. on 8 May 2024 <sup>(3)</sup>
The Lakes Court Meeting	11.00 a.m. on 10 May 2024
The Lakes General Meeting	11.15 a.m. on 10 May 2024 <sup>(4)</sup>
Court Hearing	21 May 2024
Scheme Record Time	6.00 p.m. on 22 May 2024
Effective Date of Scheme	23 May 2024 <sup>(5)</sup>
Latest date for despatch of cheques for Scheme payments	By no later than 14 calendar days after the Scheme Effective Date
Long Stop Date	31 August 2024 <sup>(6)</sup>

### Notes:

1. It is requested that BLUE Forms of Proxy for The Lakes Court Meeting be lodged by 11.00 a.m. on 8 May 2024 or, if The Lakes Court Meeting is adjourned, not later than 48 hours before the time appointed for The Lakes Court Meeting (excluding any part of such 48 hour period falling on a non-working day). BLUE Forms of Proxy not so lodged may be handed to the Chairman of The Lakes Court Meeting or to the Registrars (on behalf of the Chairman of The Lakes Court Meeting) before the start of the meeting and will still be valid.
2. WHITE Forms of Proxy for The Lakes General Meeting must be lodged by 11.15 a.m. on 8 May 2024 or, if The Lakes General Meeting is adjourned, not later than 48 hours before the time appointed for The Lakes General Meeting (excluding any part of such 48 hour period falling on a non-working day). WHITE Forms of Proxy not returned by this time will be invalid.
3. If either The Lakes Court Meeting or The Lakes General Meeting is adjourned, the Voting Record Time for the relevant adjourned meeting will be 6.30 p.m. on the day falling two days (excluding non-working days) before the date of the adjourned meeting.
4. The Lakes General Meeting will commence at 11.15 a.m. on 10 May 2024 or as soon thereafter as The Lakes Court Meeting shall have concluded or been adjourned.
5. These dates and times are indicative only and will depend, among other things, on the date upon which the (i) the Conditions are satisfied or (if capable of waiver) waived, (ii) the Court sanctions the Scheme and (iii) the date on which the Scheme Court Order sanctioning the Scheme is delivered to the Registrar of Companies.
6. This is the latest date by which the Scheme may become Effective. However, the Long Stop Date may be extended to such later date as may be agreed in writing by The Lakes and Nyetimber (with the Panel's consent and as the Court may approve (if required)).

All references in this document to times are to London time unless otherwise stated.

**If any of the above expected dates change, The Lakes will give notice of the change by issuing an announcement on its website at <https://lakesdistillery.com/proposed-acquisition>. All Scheme Shareholders have the right to attend the Court Hearing.**

## Part I

### Letter from the Chairman of The Lakes Distillery Company plc



## The Lakes Distillery Company plc

*(incorporated in England and Wales with registered number 07769363)*

*Directors:*

Timothy Bahram Neville Farazmand *(Independent Non-Executive Chairman)*  
James Richard Somerset Pennefather *(Chief Executive Officer)*  
David Peter Robinson *(Chief Finance Officer)*  
Kirsten Amanda Taylor *(Commercial Director)*  
Paul Anthony Neep *(Independent Non-Executive Director)*  
Nigel John Mills *(Independent Non-Executive Director)*  
Richard John Hutton *(Independent Non-Executive Director)*  
Craig Wilkinson *(Independent Non-Executive Director)*

*Registered office:*

Low Barkhouse Farm  
Setmurthy  
Cockermouth  
Cumbria  
CA13 9SJ

**17 April 2024**

*To The Lakes Shareholders and, for information only, participants in The Lakes Share Schemes and holders of The Lakes Convertible Loan Notes*

Dear shareholder

### **RECOMMENDED CASH OFFER**

**for**

### **THE LAKES DISTILLERY COMPANY PLC**

**by**

### **NYETIMBER WINES AND SPIRITS GROUP LIMITED**

### **TO BE EFFECTED BY MEANS OF A SCHEME OF ARRANGEMENT UNDER PART 26 OF THE COMPANIES ACT 2006**

#### **1. Introduction**

On 2 April 2024, the boards of Nyetimber Wines and Spirits Group Limited (“**Nyetimber**”) and The Lakes Distillery Company plc (“**The Lakes**”) announced the terms of a recommended cash offer to be made by Nyetimber to acquire the entire issued and to be issued ordinary share capital of The Lakes (the “**Acquisition**”) to be effected by means of a court sanctioned scheme of arrangement between The Lakes and Scheme Shareholders under Part 26 of the Act (the “**Scheme**”).

I am writing to you today, on behalf of The Lakes Directors, to set out the background to the Acquisition and the reasons why The Lakes Directors consider the terms of the Acquisition to be fair and reasonable and are unanimously recommending that you vote in favour of the Scheme at The Lakes Court Meeting

and in favour of the Resolutions to be proposed at The Lakes General Meeting as The Lakes Directors who hold The Lakes Shares have irrevocably committed to do in respect of their The Lakes Shares. I also draw your attention to the letter from Singer Capital Markets set out in Part II (*Explanatory Statement*) of this document which gives details about the Scheme and the Acquisition and to the additional information set out in Part VII (*Additional Information on The Lakes and Nyetimber*) of this document.

In order to approve the Acquisition, the required majority of Scheme Shareholders will need to vote in favour of the Scheme at The Lakes Court Meeting (as set out in Part IX (*Notice of The Lakes Court Meeting*) of this document) and the required majority of The Lakes Shareholders will need to vote in favour of the Resolutions necessary to implement the Scheme to be proposed at The Lakes General Meeting (as set out in Part X (*Notice of The Lakes General Meeting*) of this document). The Lakes Court Meeting and The Lakes General Meeting are to be held at The Victoria Suite, Royal Station Hotel, Neville Street, Newcastle upon Tyne, NE1 5DH on 10 May 2024 at 11.00 a.m. and 11.15 a.m. (or, if later, as soon thereafter as The Lakes Court Meeting is concluded or adjourned), respectively. In addition, the Scheme will require the subsequent sanction of the Court.

Any changes to the arrangements for The Lakes Court Meeting and The Lakes General Meeting will be communicated to Scheme Shareholders and The Lakes Shareholders before the Meetings through issuing an announcement on The Lakes' website at <https://lakesdistillery.com/proposed-acquisition>.

It is important that, for The Lakes Court Meeting in particular, as many votes as possible are cast so that the Court may be satisfied that there is a fair and reasonable representation of Scheme Shareholders opinion. I therefore strongly urge Scheme Shareholders to sign and return your Forms of Proxy as soon as possible and in particular the BLUE Form of Proxy for The Lakes Court Meeting.

Details of the actions you should take are set out in paragraph 15 of Part II (*Explanatory Statement*) of this document. The recommendation of the Lakes Directors is set out in paragraph 3 of this letter.

## **2. Summary of the terms of the Acquisition**

Under the terms of the Acquisition, each The Lakes Shareholder will be entitled to receive:

**For each The Lakes Share:                    116 pence in cash (the "Acquisition Price")**

Accordingly, the Acquisition values The Lakes' existing issued and to be issued share capital at approximately £46.1 million. This implies an Enterprise Value of £71.0 million, based on The Lakes Directors' expectation for The Lakes' net financial debt as at 31 May 2024, which comprises £25.8 million of financial debt and associated make whole payments, less £0.9 million of cash and cash equivalents.

Subject to the terms of the Scheme, if, on or after the date of the Announcement and prior to the Acquisition becoming Effective, any dividend, distribution or other return of value is announced, declared, made, paid or becomes payable by The Lakes in respect of The Lakes Shares, Nyetimber reserves the right (without prejudice to any right of Nyetimber to invoke Condition 3(c)(iii) in Part III (*Conditions to the implementation of the Scheme*) of this Document) to reduce the consideration payable by the amount of any such dividend, distribution or other return of value.

The Lakes Shares will be acquired pursuant to the Acquisition fully paid and free from all liens, charges, equitable interests, encumbrances and rights of pre-emption and any other interests of any nature whatsoever and together with all rights attaching thereto.

## **3. Recommendation**

**The Lakes Directors, having been so advised by Singer Capital Markets as to the financial terms of the Acquisition, consider the terms of the Acquisition to be fair and reasonable. In providing advice to The Lakes Directors, Singer Capital Markets has taken into account the commercial assessments of The Lakes Directors.**

**Accordingly, The Lakes Directors unanimously recommend that The Lakes Shareholders vote in favour of the Scheme at The Lakes Court Meeting and the Resolutions relating to the Acquisition**



**at The Lakes General Meeting (or, in the event that the Acquisition is implemented by way of a Takeover Offer, to accept or procure acceptance of such Takeover Offer).**

#### **4. Background to and reasons for the Acquisition**

Nyetimber believes that The Lakes is the leading English distiller of premium quality Single Malt Whisky and other premium spirits, differentiated by its characteristic Sherry-led house style, wood forward approach and depth of flavour.

Having significantly expanded capacity over the last few years, Nyetimber believes that there is a sizeable opportunity for The Lakes to grow its market share within the UK Single Malt Whisky market, as well as to continue to expand its presence internationally, where Nyetimber is of the view that the quality and profile of The Lakes' products and English provenance will resonate well with consumers.

Nyetimber believes that it is the right long-term partner to support The Lakes' management team to deliver on its ambitions to become a leading international spirits brand, with the acquisition of The Lakes marking an important next step in Nyetimber's plan to create a globally relevant, English luxury drinks group.

#### **5. Background to and reasons for the recommendation by The Lakes Directors**

In deciding to recommend the Acquisition to The Lakes Shareholders, The Lakes Directors have taken into account a range of factors, including those outlined in this paragraph 5.

The Lakes Directors are pleased to recommend the offer by Nyetimber, an independent, family-owned British company which is a pioneer in the English sparkling wine category and has a proven track record of building brands in the alcoholic drinks category. The Lakes Board notes Nyetimber's strategic plans for The Lakes focus around growing market share within the UK Single Malt Whisky market, as well as expanding The Lakes' presence internationally and deliver on The Lakes' ambitions to become a leading international spirits brand.

The Lakes Board recently approved an ambitious new ten year plan to achieve a 1 per cent. share of the global luxury dark spirits market by 2030. This plan entails an additional funding requirement of £10 million over the next three years to provide the necessary capital to increase production capacity, to further invest in laying down maturing spirit stocks, to grow the brand's footprint in international markets and to meet The Lakes' debt service obligations, of which £3 million is required in the coming months. The offer by Nyetimber offers the prospect of an owner with the same shared strategic vision and, crucially, certainty of funding.

The Lakes Directors are confident that joining the Nyetimber family of luxury drinks companies will confer significant benefits to The Lakes' long-term prospects both as a brand and as a company.

In considering the Nyetimber offer, The Lakes Board assessed a number of alternative funding options in what is currently a tough market for raising capital. Its conclusion was that there is a degree of uncertainty around The Lakes' ability to fully fund the business as an independent entity without compromising the ten year plan and furthermore that such funding might only become available on terms which are materially dilutive to the future equity returns for current The Lakes Shareholders. As a result, The Lakes Directors' assessment is that the Nyetimber offer, which values The Lakes at an enterprise value of approximately £71.0 million, equivalent to a multiple of 12.2 times net revenues for FY23, represents not only the best way to ensure that The Lakes remains fully funded but also provides fair value for existing shareholders at this stage in The Lakes' growth journey.

**Accordingly, following careful consideration, The Lakes Directors unanimously recommend that The Lakes Shareholders vote in favour of the Scheme at The Lakes Court Meeting and the Resolutions relating to the Acquisition at The Lakes General Meeting, as The Lakes Directors who hold The Lakes Shares have irrevocably committed to do in respect of their The Lakes Shares.**

## **6. Irrevocable undertakings**

Those The Lakes Directors who hold The Lakes Shares have entered into irrevocable undertakings to vote in favour of the Scheme at The Lakes Court Meeting and the Resolutions relating to the Acquisition at The Lakes General Meeting (or, in the event that the Acquisition is implemented by way of a Takeover Offer, to accept or procure acceptance of the Takeover Offer) in respect of their beneficial interests in The Lakes Shares amounting, in aggregate, to 2,227,101 The Lakes Shares, representing in aggregate approximately 5.9 per cent. of The Lakes' issued share capital as at the Last Practicable Date.

In addition, the following The Lakes Shareholders have entered into irrevocable undertakings to vote in favour of the Scheme at The Lakes Court Meeting and the Resolutions relating to the Acquisition at The Lakes General Meeting (or, in the event that the Acquisition is implemented by way of a Takeover Offer, to accept or procure acceptance of the Takeover Offer) in respect of their beneficial interests in The Lakes Shares:

- Comhar Capital (1804) Limited in respect of 4,308,774 The Lakes Shares, representing approximately 11.4 per cent. of The Lakes' issued share capital as at the Last Practicable Date;
- Paul Currie in respect of 2,103,385 The Lakes Shares, representing approximately 5.6 per cent. of The Lakes' issued share capital as at the Last Practicable Date; and
- David McLaughlin in respect of 1,895,535 The Lakes Shares, representing approximately 5.0 per cent. of The Lakes' issued share capital as at the Last Practicable Date.

Therefore, Nyetimber has received irrevocable undertakings in respect of 27.8 per cent. of The Lakes Shares in aggregate. Further details of these irrevocable undertakings are set out in paragraph 7 of Part VII (*Additional information on The Lakes and Nyetimber*).

## **7. Intentions with regards to The Lakes**

### ***Nyetimber's strategic plans for The Lakes***

Nyetimber's strategic plans for The Lakes focus around growing market share within the UK Single Malt Whisky market, as well as expanding The Lakes' presence internationally. Nyetimber believes that The Lakes' significant capacity expansion in recent years has created a sizeable opportunity to grow the business and deliver on The Lakes' ambitions to become a leading international spirits brand. The acquisition of The Lakes also represents an important next step in Nyetimber's plan to create a globally relevant, English luxury drinks group.

Prior to the date of the Announcement, consistent with market practice, Nyetimber was granted limited access to The Lakes' senior management for the purposes of its due diligence. Following the Scheme becoming Effective, Nyetimber intends to work with The Lakes' management to undertake a more detailed review of The Lakes' business and operations in order to validate brand development opportunities and refine its future strategic plans.

Nyetimber has no plans to close or relocate The Lakes' headquarters or the distillery from their current Cockermouth location, or to redeploy any of The Lakes' fixed assets. As part of its business and operations review Nyetimber will, however, review the size and location of The Lakes' administrative, headquarter and support functions which are performed outside the distillery with a particular focus on the functions currently located in The Lakes' Newcastle office. This may result in the relocation of relevant staff and/or headcount reductions affecting up to 25 employees.

Nyetimber also intends as part of its business and operations review to explore the feasibility of bringing forward The Lakes' ten year plan and further increasing capacity of production and associated warehousing at the Cockermouth distillery to at least 500,000 litres per annum. Nyetimber understands that a production and capacity increase of this volume may necessitate the relocation or closure of the on-site bar and restaurant. Nyetimber has not yet made any firm decisions in relation to this but understands that a relocation or closure of the on-site bar and restaurant would affect up to 12 employees.

As noted in paragraph 8.3 of Part VII (*Additional Information*) of this document, Nyetimber has agreed with The Lakes to offer an enhanced redundancy package to any employees affected by the outcomes of its business and operations review.

As at the date of this document, the results of Nyetimber's business and operations review are uncertain and no firm decisions have been made in relation to the specific actions which may be taken. Any relevant actions will be taken in consultation with The Lakes' management and affected functions. Nyetimber expects this review to be completed within 12 months from the Effective Date.

### ***Board, management and employees***

Nyetimber has given assurances to The Lakes Directors that the existing contractual and statutory employment rights of The Lakes' existing management and employees will be safeguarded in accordance with applicable law and that Nyetimber does not envisage any material change in the conditions of employment of The Lakes employees following the Scheme becoming Effective.

Nyetimber does not expect the acquisition to have any impact on levels of employment save for any headcount reductions which may result from Nyetimber's business and operations review referred to above. It is also expected that the non-executive directors of The Lakes will step down following the Effective Date.

Nyetimber does not intend to make any material change to the balance of skills and functions of The Lakes employees and management. Nyetimber does not intend to make any changes to the benefits provided by The Lakes' defined contribution pension schemes and intends for the employer to continue to make contributions in line with the current arrangements.

### ***Management incentivisation arrangements***

Nyetimber has not entered into, and has not had discussions on proposals to enter into, any form of incentivisation arrangements with members of The Lakes' management, nor does it expect to have any such discussions before completion of the Acquisition. It is Nyetimber's intention to put in place future management incentivisation arrangements after an appropriate period following completion of the Acquisition.

### ***Headquarters, locations and fixed assets***

As noted above, Nyetimber has no plans to close or relocate The Lakes' headquarters or the Cockermouth distillery, or to redeploy any of The Lakes' fixed assets.

Nyetimber intends for The Lakes' successful direct-to-consumer business across ecommerce and its retail shop at the Cockermouth distillery to continue to operate, with an increased portfolio of brands to include Nyetimber's wider range of English luxury drinks.

The Lakes does not have research and development functions.

### ***Trading facilities***

The Lakes Shares are not currently listed on any recognised investment exchange or recognised overseas investment exchange (as such terms are defined in the FCA Handbook) and Nyetimber has no intention of changing this.

**No statements in this paragraph 7 constitute "post-offer undertakings" for the purposes of Rule 19.5 of the Code.**

## **8. Indicative timing**

The timing of implementation of the Acquisition will be dependent upon a number of factors including the outcome of The Lakes Court Meeting and The Lakes General Meeting. Subject to satisfaction or waiver of the relevant Conditions, the Scheme is expected to become Effective in Q2 2024.

## **9. Actions to be taken**

Your attention is drawn to pages 9 and 10 and paragraph 15 of Part II (*Explanatory Statement*) of this document, which explain to you the actions you should take in respect of your voting in respect of the Acquisition at the Meetings.

Overseas Shareholders should refer to paragraph 14 of Part II (*Explanatory Statement*) of this document for important information.

Crowdcube Nominees Limited is the registered legal holder of 1,438,455 The Lakes Shares. Persons who invested in The Lakes through the investment platform Crowdcube hold the beneficial interest only in The Lakes Shares held by Crowdcube Nominees Limited and are not Scheme Shareholders.

#### **10. United Kingdom taxation**

A summary of certain UK tax consequences of the Scheme is set out in Part VI of this document. **That summary relates only to the position of certain categories of The Lakes Shareholders (as explained further in Part VI), does not constitute tax advice and does not purport to be a complete analysis of all potential UK tax consequences of the Scheme. If you are in any doubt about your own tax position or you are subject to taxation in any jurisdiction other than the UK, you are strongly advised to consult an appropriately qualified professional adviser immediately.**

#### **11. Further information**

Your attention is drawn to the letter from Singer Capital Markets set out in Part II (*Explanatory Statement*) of this document (being the explanatory statement made in compliance with section 897 of the Companies Act), which gives further details about the Acquisition and in relation to the terms of the Scheme that are set out in full at the end of this document.

You should read the whole of this document (and the accompanying documents) and not rely solely on the information contained in this letter or Part II (*Explanatory Statement*) of this document.

Yours faithfully

**Timothy Farazmand**

*Non-Executive Chairman*

## Part II

### Explanatory Statement

(in compliance with section 897 of the Companies Act 2006)



Singer Capital Markets  
1 Bartholomew Lane  
London  
EC2N 2AX

17 April 2024

To The Lakes Shareholders and, for information only, participants in The Lakes Share Schemes and holders of The Lakes Convertible Loan Notes

Dear shareholder

#### RECOMMENDED CASH OFFER

for

**THE LAKES DISTILLERY COMPANY PLC**

by

**NYETIMBER WINES AND SPIRITS GROUP LIMITED**

**TO BE EFFECTED BY MEANS OF A SCHEME OF ARRANGEMENT  
UNDER PART 26 OF THE COMPANIES ACT 2006**

#### 1. Introduction

On 2 April 2024 the boards of Nyetimber and The Lakes announced that they had agreed the terms of a recommended cash acquisition by Nyetimber, pursuant to which Nyetimber will acquire the entire issued and to be issued ordinary share capital of The Lakes (the “**Acquisition**”). The Acquisition is to be implemented by means of a Court-sanctioned scheme of arrangement under Part 26 of the Companies Act (although Nyetimber reserves the right to elect, with the consent of the Panel, to implement the Acquisition by way of a Takeover Offer as an alternative to the Scheme).

**Your attention is drawn to Part I (*Letter from the Chairman of The Lakes Distillery Company plc*) of this document, which forms part of this Explanatory Statement. The letter contains, among other things, the unanimous recommendation by The Lakes Directors to The Lakes Shareholders to vote in favour of the Scheme at The Lakes Court Meeting and of the Resolutions at The Lakes General Meeting. That letter also states that The Lakes Directors, who have been so advised by Singer Capital Markets, consider the terms of the Acquisition to be fair and reasonable. In providing advice to The Lakes Directors, Singer Capital Markets has taken into account the commercial assessments of The Lakes Directors. Singer Capital Markets is providing independent financial advice to The Lakes Directors for the purpose of Rule 3 of the Code.**

We have been authorised by The Lakes Directors to write to you to explain the terms of the Acquisition and the Scheme, and to provide you with other relevant information.

The terms of the Scheme are set out in full in Part IV (*The Scheme of Arrangement*) of this document. Your attention is also drawn to the other parts of this document including the information in Part VII (*Additional Information*) of this document.

## 2. Summary of the terms of the Acquisition

Under the terms of the Scheme, which is subject to the Conditions and the further terms set out in Part III (*Conditions to the implementation of the Scheme*) of this document, The Lakes Shareholders will be entitled to receive:

### **116p in cash for each The Lakes Share**

The Acquisition values the entire issued and to be issued ordinary share capital of The Lakes at approximately £46.1 million on a fully diluted basis. This implies an Enterprise Value of £71.0 million, based on The Lakes Directors' expectation for The Lakes' net financial debt as at 31 May 2024, which comprises £25.8 million of financial debt and associated make whole payments, less £0.9 million of cash and cash equivalents.

Subject to the Conditions and further terms set out in Part III (*Conditions to the implementation of the Scheme*) of this document, The Lakes Shares will be acquired by Nyetimber fully paid and free from all liens, equitable interests, charges, encumbrances, rights of pre-emption and any other third party rights or interests whatsoever and together with all rights existing at the date of this document or thereafter attaching thereto, including (without limitation) the right to receive and retain, in full, all dividends and other distributions (if any) declared, made or paid or any other return of capital (whether by way of reduction of share capital or share premium account or otherwise) made on or after the date of this document in respect of The Lakes Shares.

If any dividend or other distribution in respect of The Lakes Shares is declared, paid or made on or after the date of this document, Nyetimber reserves the right to reduce the consideration payable for each The Lakes Share under the terms of the Acquisition by the amount per The Lakes Share of such dividend or distribution. To the extent that any such dividend or other distribution and/or other return of capital announced, declared, paid or made is: (a) transferred pursuant to the Acquisition on a basis which entitles Nyetimber to receive the dividend or other distribution and to retain it or (b) cancelled, then in either case the consideration payable in respect of the Acquisition will not be subject to change in accordance with this paragraph. If Nyetimber exercises this right or makes such a reduction in respect of a dividend or distribution, The Lakes Shareholders will be entitled to receive and retain that dividend or distribution. Any exercise by Nyetimber of its rights referred to in this paragraph shall be the subject of an announcement and, for the avoidance of doubt, shall not be regarded as constituting any revision or variation of the terms of the Acquisition.

**If the Scheme becomes Effective, it will be binding on all The Lakes Shareholders, irrespective of whether or not they attended or voted at The Lakes Court Meeting or The Lakes General Meeting, and irrespective of whether or not they voted in favour of, or against, or abstained from voting on the Scheme at The Lakes Court Meeting or the Resolutions to be proposed at The Lakes General Meeting.**

## 3. Information relating to the Nyetimber Group

### ***Nyetimber***

Nyetimber is a private limited company incorporated in England and Wales on 14 November 2023 and formed for the purposes of making the Acquisition. It is the holding company for the 'Nyetimber' sparkling wine business (the Nyetimber business) and is wholly owned by Eric Heerema. Nyetimber's directors are Mr. Heerema and Hans Sleenwenhoek. Save for activities in connection with the making, implementation and financing of the Acquisition and being the holding company for the Nyetimber business, Nyetimber has not carried on any business prior to the date of this document, nor has it entered into any third party obligations.

Nyetimber is part of a group of companies under the ownership of Mr Heerema, which are collectively referred to and branded as 'Nyetimber'. The Nyetimber business was founded over 30 years ago and is now a world-renowned English Sparkling Wine producer based in the South of England. Since its inception, the business has had a single aim: to make the finest English Sparkling Wine, to rival the very best sparkling wines in the world. The Nyetimber business has sought to redefine tastes and attitudes towards English Sparkling Wine, by achieving exceptional quality and consistency in each of its vintages.

Mr Heerema became the owner and custodian of the Nyetimber business in 2006, believing that the estate, with its ideal soil and location, had yet to achieve its full potential.



The Nyetimber business owns 992 hectares of land (of which 374 is currently under vine) across 11 vineyards in West Sussex, Hampshire and Kent, devoted exclusively to the Chardonnay, Pinot Meunier and Pinot Noir grapes.

### **Mr Heerema**

Mr Heerema moved to the United Kingdom in 1999, and his first venture into English wine started in 2003 when he bought a farmhouse in West Sussex and planted 16 acres of vines. His interest in English winemaking later led to the acquisition of the Nyetimber business in 2006. Mr Heerema recruited Head Winemaker Cherie Spriggs and Winemaker Brad Greatrix, who both shared his vision of crafting the finest English sparkling wines. Since then, Nyetimber wines have gone on to achieve global acclaim, winning international awards and blind-tasting competitions, as well as being recognised by some of the world's most celebrated wine experts.

## **4. Information relating to The Lakes**

The Lakes, one of the leading English Single Malt Whisky producers, distils and distributes a range of spirits including a Single Malt Whisky which won the coveted title of 'World's Best Single Malt' in the World Whiskies Awards in 2022. The Lakes was formed in 2011 and commenced operations in December 2014 with the aspiration to create a global luxury whisky brand.

The Lakes distillery and visitor centre, comprising a tour facility, shop and bistro is located on an eleven acre freehold site near Bassenthwaite Lake in the Lake District National Park, selected for its heritage, the natural beauty of the surrounding area and its proximity to a natural water source, the River Derwent. In line with its ambition to create a global luxury whisky brand, The Lakes has developed a signature multi-oak, Sherry-led maturation process, maturing its whisky in bespoke casks and employing the technique of elevage long favoured by the world's leading cognac producers. The intended result is to provide a range of flavours which The Lakes' Whiskymaker can use to create The Lakes' distinctive and award-winning Single Malt Whisky.

As well as distilling and maturing stocks of award-winning single malt whisky, The Lakes has built a complementary portfolio of premium spirits brands, including both blended whiskies and white spirits. The Lakes has a diversified business model with multiple income streams and rapidly increasing export sales.

The Lakes has remained lossmaking in recent financial years as management has invested heavily in brand development, single malt production levels and laying down stock, with in excess of 1 million OLA (Original Litres of Alcohol) of spirits maturing in cask as at 31 December 2023. During the financial year ended 30 June 2023, The Lakes reported an audited EBITDA loss of £1.3 million on net revenue of £5.8 million. Trading in the current financial year ended 30 June 2024 has thus far been consistent with The Lakes Board's internal plan, with unaudited management accounts showing year-on-year net revenue growth of 35 per cent. during the seven months ended 31 January 2024.

## **5. The Lakes Share Schemes**

Participants in The Lakes Share Schemes will be contacted separately on or around the date of this document regarding the effect of the Acquisition on their rights under The Lakes Share Schemes and, where applicable, will be provided with details of the appropriate proposals being made to such participants in accordance with Rule 15 of the Code (**Rule 15 Letters**).

A summary of the effect of the Acquisition on the rights of the participants in The Lakes Share Schemes is set out below. In the event of any conflict between the summary set out below and the rules of the relevant The Lakes Share Scheme, the terms of the Rule 15 Letters and/or the proposed amendments to The Lakes Articles, if approved at The Lakes General Meeting (as the case may be), will prevail.

- (a) **EMI schemes:** the options granted under either of The Lakes EMI Plan 2017 and The Lakes EMI Plan 2019 will become exercisable on the Court Sanction Date. However, the exercise price of each option is greater than the 116 pence per share offered in connection with the Scheme, therefore being viewed as 'underwater' options. The Lakes will send a communication to all holders of options granted pursuant to The Lakes EMI Plan 2017 and The Lakes EMI Plan 2019 confirming their options shall

become exercisable but will be 'underwater' and so holders of these options would lose money if they were to exercise them.

- (b) **The Lakes Share Plan 2021:** The Lakes' remuneration committee resolved that all options granted pursuant to The Lakes Share Plan 2021 will vest in full on the Court Sanction Date. All options not already vested, will vest and shall become exercisable. Options granted pursuant to The Lakes Share Plan 2021 will remain exercisable for such period of time notified to the holders in the relevant Rule 15 Letter.
- (c) **The Lakes LTIP 2022:** As set out in The Lakes LTIP 2022 plan rules, vesting of options granted pursuant to the LTIP 2022 are subject to certain performance criteria being achieved in FY23 and FY24. The Lakes' remuneration committee resolved that not all performance conditions were met in FY23 and that as a result 120,259 options granted pursuant to the LTIP 2022 shall lapse on the Court Sanction Date. It is agreed the remainder of the LTIP 2022 options in respect of FY23 and all of the LTIP 2022 options in respect of FY24 shall vest and become exercisable on the Court Sanction Date.
- (d) **Certain individual share options granted to The Lakes Directors and certain employees:** It is agreed between The Lakes and Nyetimber that standalone options granted to directors and certain employees will vest and become exercisable to such extent determined by The Lakes remuneration committee.

An aggregate of 1,805,520 The Lakes Shares will be required to satisfy outstanding options and awards under The Lakes Share Schemes. It is anticipated that such options and awards will be satisfied by the issuance and allotment of new The Lakes Shares.

The Scheme will extend to any The Lakes Shares which are unconditionally allotted at or before the Scheme Record Time, including those allotted, issued or transferred to satisfy the vesting of awards or exercise of options under The Lakes Share Schemes.

Subject to the proposed amendments to The Lakes Articles being approved at The Lakes General Meeting, the Scheme will apply to any The Lakes Shares (which would not otherwise be Scheme Shares) which are issued to satisfy the exercise of options or awards under The Lakes Share Schemes on or after the passing of the Resolutions and before the Scheme Record Time.

Additionally, the proposed amendments to The Lakes Articles will mean that any The Lakes Shares issued on or after the Scheme Record Time to satisfy the exercise of options or awards will, subject to the Scheme becoming Effective, be automatically acquired by Nyetimber for the same consideration as payable under the Scheme.

Further information in respect of the proposed amendments to The Lakes Articles is contained in the Notice of The Lakes General Meeting in Part X (*Notice of The Lakes General Meeting*) of this document.

## **6. Holders of The Lakes Convertible Loan Notes**

Holders of The Lakes Convertible Loan Notes will be written to separately to inform them of the effect of the Scheme on their rights under The Lakes Convertible Loan Notes.

The following is a summary of the effect of the Acquisition on The Lakes Convertible Loan Notes. The Lakes intends to redeem The Lakes Convertible Loan Notes in full immediately prior to the Scheme becoming Effective, which, in accordance with the terms of The Lakes Convertible Loan Notes, would result in the note holders receiving an amount which is twice the nominal amount of their The Lakes Convertible Loan Notes. All The Lakes Convertible Loan Notes shall then be cancelled and there shall be no further issue of convertible loan notes under The Lakes Convertible Loan Notes.

## **7. Financing of the Scheme**

The cash consideration payable to The Lakes Shareholders under the terms of the Acquisition will be fully financed through Nyetimber's existing cash resources.

**Rothschild & Co, in its capacity as financial adviser to Nyetimber, is satisfied that sufficient financial resources are available to Nyetimber to enable it to satisfy in full the cash consideration payable to The Lakes Shareholders under the terms of the Acquisition.**

#### **8. The Lakes directors and the effect of the Scheme on their interests**

Details of the interests of The Lakes Directors in the share capital of The Lakes are set out in paragraph 3.5 of Part VII (*Additional Information*) of this document. The Lakes Shares held by The Lakes Directors will be subject to the Scheme.

Each The Lakes Director who is also a The Lakes Shareholder has undertaken to vote his The Lakes Shares in favour of the Scheme at The Lakes Court Meeting and of the Resolutions at The Lakes General Meeting. Further details on these irrevocable undertakings are set out in paragraph 7 of Part VII (*Additional Information*).

Particulars of the service contracts and letters of appointment of The Lakes Directors are set out in paragraph 5 of Part VII (*Additional Information*) of this document. No amendments to such service contracts or letters of appointment have been agreed in connection with the Acquisition.

Save as stated in this paragraph 8, the effect of the Scheme on the interests of The Lakes Directors does not differ from its effect on the like interests of any other person.

#### **9. Structure of the Scheme and conditions**

The Offer is being implemented by way of a court sanctioned scheme of arrangement between The Lakes and the Scheme Shareholders who are on the register of members of The Lakes at the Scheme Record Time, under Part 26 of the Companies Act. The procedure requires approval by Scheme Shareholders at The Lakes Court Meeting and approval of the Resolutions by The Lakes Shareholders at The Lakes General Meeting, and sanction of the Scheme by the Court. The Scheme is set out in full in Part IV (*The Scheme of Arrangement*) of this document.

The Scheme provides for Nyetimber to become the owner of the whole of the issued and to be issued share capital of The Lakes. The procedure will involve, among other things, an application by The Lakes to the Court to sanction the Scheme and to transfer the shares to Nyetimber, in consideration for which the Scheme Shareholders will receive cash on the basis set out in paragraph 2 above.

The implementation of the Scheme is subject to satisfaction (or, where applicable, waiver) of the Conditions and further terms set out in Part III (*Conditions to the implementation of the Scheme*) of this document and shall only become Effective if, among other things, the following events occur by no later than 11.59 p.m. on the Long Stop Date:

- (i) approval of a majority in number of the Scheme Shareholders who are present, entitled to vote and vote, either in person or by proxy, at The Lakes Court Meeting and who represent not less than 75 per cent. in value of the Scheme Shares voted by those Scheme Shareholders;
- (ii) approval of the Resolutions by The Lakes Shareholders who are present, entitled to vote and vote, either in person or by proxy, at The Lakes General Meeting who represent not less than 75 per cent. in value of The Lakes Shares voted by those The Lakes Shareholders; and
- (iii) sanction of the Scheme by the Court and, following such sanction, the delivery of a copy of the Scheme Court Order to the Registrar of Companies.

The Scheme and the Acquisition will lapse if:

- (i) the Scheme does not become Effective by 11.59 p.m. on the Long Stop Date;
- (ii) The Lakes Court Meeting is not held on or before the 22nd day after the expected date of The Lakes Court Meeting as set out in this document (or such later date, if any, as Nyetimber may determine with the agreement of The Lakes or with the consent of the Panel and approval of the Court, if such approval is required);
- (iii) The Lakes General Meeting is not held on or before the 22nd day after the expected date of The Lakes General Meeting as set out in this document (or such later date, if any, as Nyetimber may determine

with the agreement of The Lakes or with the consent of the Panel and approval of the Court, if such approval is required); or

- (iv) the Scheme is not sanctioned on or before the 22nd day after the date of the expected Court Hearing as set out in this document (or such later date as may be agreed between Nyetimber and The Lakes, and the Court may allow) and a copy of the Scheme Court Order is not delivered to the Registrar of Companies,

and such deadlines are not waived by Nyetimber or otherwise extended by agreement between Nyetimber and The Lakes, with the consent of the Panel and/or the Court (if such consent is required).

Upon the Scheme becoming Effective:

- (i) the Scheme will be binding on all The Lakes Shareholders (irrespective of whether or not they attended or voted at The Lakes Court Meeting and/or The Lakes General Meeting, and irrespective of whether or not they voted in favour of, or against, or abstained from voting on the Scheme at The Lakes Court Meeting or the Resolutions to be proposed at The Lakes General Meeting);
- (ii) The Lakes will become a wholly-owned subsidiary of Nyetimber;
- (iii) share certificates in respect of the existing The Lakes Shares will cease to be valid; and
- (iv) the cash consideration payable under the Scheme will be dispatched to The Lakes Shareholders by no later than 14 days after the Effective Date.

Nyetimber reserves the right, subject to the prior consent of the Panel, to elect to implement the Scheme by way of a Takeover Offer. In such event, such Takeover Offer will be implemented subject to the same conditions and on the same terms (amended as appropriate in the manner described in paragraph 2 of Part III (*Conditions to the implementation of the Scheme*) of this document), as those applying to the Scheme. If sufficient acceptances of such a Takeover Offer were received and/or sufficient The Lakes Shares otherwise acquired, it would be the intention of Nyetimber to apply the provisions of section 979 of the Companies Act to acquire compulsorily any outstanding The Lakes Shares to which the Takeover Offer related.

#### 9.1 **The Meetings**

The Scheme requires the approval of Scheme Shareholders at The Lakes Court Meeting to be held at 11.00 a.m. on 10 May 2024, and of The Lakes Shareholders at The Lakes General Meeting to be held at 11.15 a.m. on 10 May 2024. You are strongly encouraged to vote at both of these Meetings whether in person or by proxy.

**Notice of The Lakes Court Meeting is set out in Part IX (*Notice of The Lakes Court Meeting*) and notice of The Lakes General Meeting is set out in Part X (*Notice of The Lakes General Meeting*) of this document. Entitlement to attend and vote at these Meetings and the number of votes which may be cast at the Meetings will be determined by reference to the register of members of The Lakes at 6.30 p.m. for The Lakes Court Meeting and 6.30 p.m. for The Lakes General Meeting on the date which is two days (excluding non-working days) before the Meeting or any adjourned meeting (as the case may be).**

**If the Scheme becomes Effective, it will be binding on all Scheme Shareholders, irrespective of whether or not they attended or voted at The Lakes Court Meeting or The Lakes General Meeting, and irrespective of whether or not they voted in favour of, or against, or abstained from voting on the Scheme at The Lakes Court Meeting or the Resolutions to be proposed at The Lakes General Meeting.**

No The Lakes Shares owned by Nyetimber or any other member of the Wider Nyetimber Group will qualify to be Scheme Shares. No member of the Wider Nyetimber Group which owns The Lakes Shares will be entitled to vote at The Lakes Court Meeting in respect of The Lakes Shares held or acquired by or for it. All The Lakes Shareholders will be entitled to vote at The Lakes General Meeting; however, no members of the Wider Nyetimber Group will exercise the voting rights attaching to any The Lakes Shares so held or acquired at The Lakes General Meeting.

A. *The Lakes Court Meeting*

The Lakes Court Meeting is being held at the direction of the Court to seek the approval of Scheme Shareholders for the Scheme. At The Lakes Court Meeting, voting will be by way of a poll, and each Scheme Shareholder present in person or by proxy will be entitled to one vote for each Scheme Share held. The approval required at The Lakes Court Meeting is of a majority in number of the Scheme Shareholders who are present, entitled to vote and vote, either in person or by proxy, at The Lakes Court Meeting and who represent not less than 75 per cent. in value of Scheme Shares voted by those Scheme Shareholders.

**It is important that as many votes as possible are cast so that the Court may be satisfied that there is a fair and reasonable representation of Scheme Shareholder opinion. You are therefore strongly urged to complete, sign and return your Forms of Proxy.**

B. *The Lakes General Meeting*

The Lakes General Meeting has been convened for the same date as The Lakes Court Meeting at 11.15 a.m. (or as soon thereafter as The Lakes Court Meeting has concluded or been adjourned) to consider and, if thought fit, pass the Resolutions (which requires votes in favour from The Lakes Shareholders who are present, entitled to vote and vote, either in person or by proxy, at The Lakes General Meeting who represent not less than 75 per cent. in value of The Lakes Shares voted by those The Lakes Shareholders) to approve:

- (a) the Scheme and authorise The Lakes Directors to take all actions as they may consider necessary or appropriate for carrying the Scheme into effect; and
- (b) certain amendments to The Lakes Articles as described in paragraph 9.2 below. Voting on the Resolutions will be by way of a poll.

9.2 ***Amendments to The Lakes Articles***

The Resolutions to be proposed at The Lakes General Meeting contains provisions to amend The Lakes Articles to ensure that any The Lakes Shares issued (other than to Nyetimber, their respective nominees or any member of the Wider Nyetimber Group) after the Scheme Record Time will automatically be acquired by Nyetimber on the same terms as under the Scheme. These provisions will avoid any person (other than a member of the Wider Nyetimber Group) holding The Lakes Shares after the Effective Date.

Paragraph 1(b) of the Resolutions set out in Part X (*Notice of The Lakes General Meeting*) of this document contains the proposed amendments to The Lakes' Articles for which the approval of The Lakes Shareholders is sought.

9.3 ***Re-registration of The Lakes as a private company***

The Resolutions to be proposed at The Lakes General Meeting contain provisions to enable, subject to and conditional upon the Scheme becoming Effective, The Lakes changes its status to become a private limited company with the name The Lakes Distillery Company Limited as soon as practicable following the Effective Date.

9.4 ***Entitlement to vote at the Meetings***

Each The Lakes Shareholder who is entered in The Lakes' register of members at the Voting Record Time (6.30 p.m. (London time) on 8 May 2024) will be entitled to attend, vote and speak on all resolutions to be put to The Lakes Court Meeting and The Lakes General Meeting. If either Meeting is adjourned, only those The Lakes Shareholders on the register of members at 6.30 p.m. (London time) on the day which is two days (excluding non-working days) before the adjourned meeting will be entitled to attend and vote. Each eligible The Lakes Shareholder is entitled to appoint a proxy or proxies to attend and, on a poll, to vote instead of him or her. A proxy need not be a shareholder of The Lakes but must attend the Meetings.

The completion and return of a Form of Proxy shall not prevent The Lakes Shareholders from attending, voting and speaking in person at either Meeting or any adjournment thereof if such shareholders wish and are entitled to do so. In the event of a poll on which an The Lakes Shareholder votes in person his/her proxy votes lodged with Link Group and, in the case of The Lakes Court Meeting, the Chairman of The Lakes Court Meeting, will be excluded.

If you are in any doubt as to whether or not you are permitted to vote at the Meetings, please contact The Lakes' Registrars, Link Group, Central Square, 29 Wellington Street, Leeds LS1 4DL or by calling Link Group on 0371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. until 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Link Group cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

#### 9.5 **The Court Hearing**

Under the Companies Act, the Scheme requires the sanction of the Court in addition to the approval of Scheme Shareholders at The Lakes Court Meeting.

The Court Hearing to sanction the Scheme is expected to be held on 21 May 2024 following the satisfaction or waiver of Conditions 2(a) and 2(b) set out in Part A of Part III (*Conditions to the implementation of the Scheme*) of this document, at The Royal Courts of Justice, The Rolls Buildings, Fetter Lane, London, EC4A 1NL. Scheme Shareholders are entitled to attend the Court Hearing, should they wish to do so, in person or through counsel.

The Scheme will become Effective only upon a copy of the Scheme Court Order being delivered to the Registrar.

**If the Scheme becomes Effective, it will be binding on all The Lakes Shareholders, irrespective of whether or not they attended or voted at The Lakes Court Meeting or The Lakes General Meeting, and irrespective of whether or not they voted in favour of, or against, or abstained from voting on the Scheme at The Lakes Court Meeting or the Resolutions to be proposed at The Lakes General Meeting.**

#### 9.6 **Modifications to the Scheme**

The Scheme contains a provision enabling The Lakes and Nyetimber jointly to consent on behalf of all persons concerned to any modification of, or addition to, the Scheme or to any condition approved by the Court. The Court would be unlikely to approve any modification of, or addition to, which might be materially adverse to the interests of the Scheme Shareholders unless Scheme Shareholders were informed of such modification, addition or condition. It would be a matter for the Court to decide, in its discretion, whether or not a further meeting of Scheme Shareholders should be held in circumstances where any modification, amendment or condition is sought by Nyetimber and The Lakes.

### **10. Irrevocable undertakings**

Further details of the irrevocable undertakings given in relation to the Acquisition are set out in paragraph 7 of Part VII (*Additional Information*) of this document.

### **11. Offer related arrangements**

Summaries of offer-related agreements are set out in paragraph 8.3 of Part VII (*Additional Information*) of this document. These agreements have been published on The Lakes' website at <https://lakesdistillery.com/proposed-acquisition>.

### **12. Taxation**

Your attention is drawn to Part VI (*Taxation*) of this document which contains certain UK tax information concerning the implementation of the Scheme. This is intended as a general guide only and does not constitute tax advice.

**The Lakes Shareholders who are in any doubt about their taxation position, or who are subject to taxation in a jurisdiction outside the United Kingdom, are strongly advised to contact an appropriate professional independent adviser immediately.**



### **13. Settlement**

Subject to the Scheme becoming Effective, settlement of the consideration to which any holder of The Lakes Shares is entitled will be effected not later than 14 days after the Effective Date in the manner set out below:

#### **13.1 *The Lakes Shares in certificated form***

Where, at the Scheme Record Time, a Scheme Shareholder holds The Lakes Shares in certificated form, settlement of the consideration to which the Scheme Shareholder is entitled will be made:

- (i) by cheque drawn on a branch of a UK clearing bank, and despatched by first class post (or international standard post, if overseas); or
- (ii) by such other method as may be approved by the Panel and the Court

All such cash payments will be made in pounds sterling. Payments made by cheque will be payable to the Scheme Shareholder(s) concerned or, in the case of joint holders, to the joint holder whose name stands first in the register of members of The Lakes in respect of such joint holding (save that, in the case of joint holders, Nyetimber reserves the right to make such payments to all joint holders on the register of members of The Lakes). Cheques will be despatched by first class post (or international post if overseas) (or by such other method as may be approved by the Panel) at the risk of the person entitled thereto as soon as practicable (and in any event within 14 calendar days or within such other time period as may be approved by the Panel) after the Effective Date. None of The Lakes, Nyetimber, any nominee(s) of The Lakes or Nyetimber or any of their respective agents or Link Group will be responsible for any loss or delay in the transmission of cheques sent in this way and any such cheques are sent at the risk of the person(s) entitled thereto. The encashment of any cheque as is referred to in this paragraph shall be a complete discharge for the monies represented by it.

#### **13.2 *The Lakes Shares acquired by participants in The Lakes Share Schemes***

In the case of The Lakes Shares acquired by participants in The Lakes Share Schemes after the Court Hearing and prior to the Scheme Record Time, pursuant to the exercise of options under The Lakes Share Schemes, the method of settlement of the consideration shall be determined by The Lakes (including, but not limited to, procuring that payments are made through payroll (net of any exercise price, income tax and employee National Insurance contributions) as soon as reasonably practicable after the Effective Date in accordance with the Rule 15 Letters and the rules of the relevant The Lakes Share Plan). For the avoidance of doubt, the payment of any consideration by The Lakes through payroll shall be effected as soon as reasonably practicable after the Effective Date (but is not required to be effected within 14 days following the Effective Date).

### **14. Overseas Shareholders**

The implications of the Scheme for Overseas Shareholders may be affected by the laws of relevant overseas jurisdictions. Overseas Shareholders should inform themselves about and observe any applicable legal requirements.

It is the responsibility of all Overseas Shareholders to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection with the Scheme, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities which are required to be observed and the payment of any issue, transfer or other taxes due in such jurisdiction. Overseas Shareholders who are in any doubt regarding such matters should consult an appropriate independent professional adviser in the relevant jurisdiction without delay.

This document has been prepared in order to comply with English law and the Code, and the information disclosed in this document may not be the same as that which might be required under the laws of jurisdictions outside England and Wales.

Nothing in this document or the accompanying documents should be relied upon for any other reason or purpose. This document and the accompanying documents are for information purposes only and neither this document nor the accompanying documents are intended to, and do not, constitute an offer or invitation to sell, purchase, subscribe for or issue any securities or the solicitation of an offer to buy or subscribe for securities in any jurisdiction in which such offer or solicitation is unlawful.

Unless otherwise determined by Nyetimber or required by the Code and permitted by applicable law and regulation, the Acquisition will not be made available, directly or indirectly, in or into or by use of the mails or any other means or instrumentality (including, without limitation, telephonic or electronic) of interstate or foreign commerce of, or any facility of a national, state or other securities exchange of, a Restricted Jurisdiction, and no person may vote, or procure the vote, in favour of (or against) the Acquisition by any such use, means, instrumentality or facility or from within a Restricted Jurisdiction. Copies of this document and formal documentation relating to the Acquisition are not being, and must not be, directly or indirectly, mailed or otherwise forwarded or distributed in, into or from a Restricted Jurisdiction and persons receiving this document (including custodians, nominees and trustees) must not distribute or send it in, into or from a Restricted Jurisdiction.

**This document does not constitute an offer to sell or issue or the solicitation of an offer to buy or subscribe for shares in any jurisdiction in which such offer or solicitation is unlawful.**

**Overseas Shareholders should consult their own legal and tax advisers with respect to the legal and tax consequences of the Scheme.**

#### **15. Action to be taken by The Lakes Shareholders**

**Your attention is drawn to the information on pages 9 and 10 of this document which explains the actions you should take in relation to the Scheme.**

**The Lakes Shareholders will find enclosed with this document a BLUE Form of Proxy and a WHITE Form of Proxy. The BLUE Form of Proxy is to be used in connection with The Lakes Court Meeting and the WHITE Form of Proxy is to be used in connection with The Lakes General Meeting.**

**Whether or not you intend to attend either or both of these Meetings in person, please complete and sign both Forms of Proxy and return them in accordance with the instructions by post to Link Group, PXS 1, Central Square, 29 Wellington Street, Leeds, LS1, so as to arrive as soon as possible but in any event by no later than 11.00 a.m. on 8 May 2024 (in the case of the BLUE Form of Proxy for The Lakes Court Meeting) or 11.15 a.m. on 8 May 2024 (in the case of the WHITE Form of Proxy for The Lakes General Meeting) (or in the case of any adjournment, not later than 48 hours before the time fixed for the holding of the adjourned Meeting (excluding any part of such 48 hour period falling on a non-working day)).**

**Notwithstanding the instructions set out above, in the event that a Scheme Shareholder intends to appoint the Chairman as its proxy, if the BLUE Form of Proxy relating to The Lakes Court Meeting is not returned by or lodged by 11.00 a.m. on 8 May 2024 (or in the case of any adjournment, not later than 48 hours before the time fixed for the holding of the adjourned Meeting (excluding any part of such 48 hour period falling on a non-working day)), it may be handed to the Registrars (on behalf of the Chairman of The Lakes Court Meeting) before the start of the meeting and will still be valid. However, in the case of The Lakes General Meeting, if the WHITE Form of Proxy is not lodged so as to be received by the time mentioned above and in accordance with the instructions on that Form of Proxy, it will be invalid.**

**The Lakes Shareholders are strongly encouraged to appoint the Chairman of the relevant Meeting as their proxy.**

#### **16. Further information and The Lakes Shareholders helplines**

**Apart from completing, signing and returning the Forms of Proxy, you need take no further action at this stage.**

**A helpline is available for The Lakes Shareholders in relation to the Acquisition and if this is needed they should please contact Georgeson, a trading name of Computershare Investor Services PLC, on +44 (0) 330 229 5931 between the hours of 9.00 a.m. and 5.00 p.m. (London Time) Monday to Friday (excluding public holidays in England and Wales). If calling from outside of the UK, please ensure the country code is used. Calls are charged at the standard geographical rate and will vary by provider. Different charges may apply to calls from mobile telephones and calls**

may be recorded and randomly monitored for security and training purposes. Calls from outside the United Kingdom will be charged at the applicable international rate.

Please note, that for legal reasons, Georgeson will only be able to provide you with information contained in this document and will be unable to give advice on the merits of the Acquisition or to provide legal, financial or taxation advice on the contents of this document or the Acquisition.

If any of The Lakes Shareholders have questions about their shareholding in The Lakes or whether or not they are permitted to vote at the Meetings, please contact The Lakes' Registrars, Link Group, Central Square, 29 Wellington Street, Leeds LS1 4DL or by calling Link Group on 0371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. until 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Link Group cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

Crowdcube Nominees Limited is the registered legal holder of 1,438,455 The Lakes Shares. Persons who invested in The Lakes through the investment platform Crowdcube hold the beneficial interest only in The Lakes Shares held by Crowdcube Nominees Limited and are not Scheme Shareholders.

The terms of the Scheme are set out in full in Part IV (*The Scheme of Arrangement*) of this document. Your attention is also drawn to the further information contained (or incorporated by reference) in this document which forms part of this Explanatory Statement for the purposes of section 897 of the Companies Act and, in particular, Part V (*Financial Information*) and Part VII (*Additional Information*) of this document.

Yours faithfully,

**Sandy Fraser**

*for and on behalf of*

**Singer Capital Markets Advisory LLP**

## Part III

### Conditions to the Implementation of the Scheme

#### Part A: Conditions to the Acquisition and the Scheme

1. The Acquisition is conditional upon the Scheme becoming unconditional and becoming Effective, subject to the provisions of the Code, by no later than 11.59 p.m. on the Long Stop Date.

#### 2. **Scheme approval**

The Scheme is conditional upon:

- (a) (i) its approval by a majority in number representing not less than 75 per cent. in value of the Scheme Shareholders (or the relevant class or classes thereof, if applicable) present and voting, either in person or by proxy, at The Lakes Court Meeting and at any separate class meeting which may be required by the Court or at any adjournment of any such meeting; and (ii) The Lakes Court Meeting being held on or before the 22nd day after the expected date of The Lakes Court Meeting (or such later date, if any, as Nyetimber may determine with the agreement of The Lakes or with the consent of the Panel and approval of the Court, if such approval is required);
- (b) (i) all resolutions necessary to approve and implement the Scheme being duly passed by the requisite majority or majorities at The Lakes General Meeting or at any adjournment of that meeting; and (ii) The Lakes General Meeting being held on or before the 22nd day after the expected date of The Lakes General Meeting (or such later date, if any, as Nyetimber may determine with the agreement of The Lakes or with the consent of the Panel and approval of the Court, if such approval is required);
- (c) (i) the sanction of the Scheme with or without modification (but subject to any such modification being acceptable to Nyetimber and The Lakes) by the Court; and (ii) the Scheme Court Hearing being held on or before the 22nd day after the expected date of the Scheme Court Hearing to be set out in the Scheme Document in due course (or such later date, if any, as Nyetimber may determine with the agreement of The Lakes or with the consent of the Panel and approval of the Court, if such approval is required); and
- (d) the delivery of a copy of the Scheme Court Order to the Registrar of Companies for registration.

#### 3. **General conditions**

In addition, subject to: (i) the terms of Part B of this Part III; and (ii) the requirements of the Panel, Nyetimber and The Lakes have agreed that the Acquisition is conditional on the following conditions having been satisfied or, where applicable, waived and accordingly the necessary actions to make the Scheme become Effective will not be taken unless such Conditions have been so satisfied or, where relevant, waived:

##### (a) **General third Party clearances**

- (i) No government or governmental, quasi governmental, supranational, statutory, regulatory, environmental or investigative body, court, trade agency, association, institution, any entity owned or controlled by any relevant government or state, or any other body or person whatsoever in any jurisdiction (each a "**Third Party**") having given notice of a decision to take, institute, implement or threaten any action, proceeding, suit, investigation, enquiry or reference (and, in each case, not having withdrawn the same), or having enacted, made or proposed any statute, regulation, decision or order, or change to published practice or having taken any other step, and there not continuing to be outstanding any statute, regulation, decision or order which in each case would or might reasonably be expected to:
  - (A) require, prevent or materially delay the divestiture, or materially alter the terms envisaged for any proposed divestiture by any member of the Wider Nyetimber Group or any member of the Wider The Lakes Group of all or any portion of their respective businesses, assets or property or impose any limitation on the ability of any of them to conduct their respective businesses (or any of them) or to own any of their respective

assets or properties or any part thereof which, in any such case, is material in the context of the Wider Nyetimber Group or the Wider The Lakes Group, in either case taken as a whole in the context of the Acquisition;

- (B) require, prevent or materially delay the divestiture by any member of the Wider Nyetimber Group of any shares or other securities in The Lakes;
- (C) impose any material limitation on, or result in a material delay in, the ability of any member of the Wider Nyetimber Group directly or indirectly to acquire or to hold or to exercise effectively any rights of ownership in respect of shares or loans or securities convertible into shares or any other securities (or the equivalent) in any member of the Wider The Lakes Group or the Wider Nyetimber Group or to exercise voting or management control over any such member;
- (D) otherwise adversely affect the business, assets, profits or prospects of any member of the Wider Nyetimber Group or of any member of the Wider The Lakes Group to an extent which is material in the context of the Wider Nyetimber Group or the Wider The Lakes Group, in either case taken as a whole in the context of the Acquisition;
- (E) make the Acquisition or its implementation or the acquisition or proposed acquisition by Nyetimber or any member of the Wider Nyetimber Group of any shares or other securities in, or control of The Lakes void, illegal, and/or unenforceable under the laws of any jurisdiction, or otherwise, directly or indirectly, restrain, restrict, prohibit, delay or otherwise interfere with the same, or impose additional conditions or obligations with respect thereto;
- (F) save as envisaged in the implementation of the Scheme, require any member of the Wider Nyetimber Group or the Wider The Lakes Group to offer to acquire any shares or other securities (or the equivalent) or interest in any member of the Wider The Lakes Group or any member of the Wider Nyetimber Group owned by any third party;
- (G) impose any limitation on the ability of any member of the Wider The Lakes Group to co-ordinate its business, or any part of it, with the businesses of any other members which is adverse to and material in the context of the Wider The Lakes Group, taken as a whole or in the context of the Acquisition; or
- (H) result in any member of the Wider The Lakes Group ceasing to be able to carry on business under any name under which it presently does so,

and all applicable waiting and other time periods (and any extensions thereof) during which any such Third Party could institute, implement or threaten any action, proceeding, suit, investigation, enquiry or reference or any other step under the laws of any jurisdiction in respect of the Acquisition or the acquisition or proposed acquisition of any The Lakes Shares having expired, lapsed or been terminated;

- (ii) The waiver (or non-exercise within any applicable time limits) by a Third Party of any termination right, right of pre-emption, first refusal or similar right (which is material in the context of the Wider The Lakes Group taken as a whole or in the context of the Acquisition) arising as a result of or in connection with the Acquisition including, without limitation, its implementation and financing or the proposed direct or indirect acquisition of any shares or other securities in, or control or management of, The Lakes by Nyetimber or any member of the Wider Nyetimber Group;
- (iii) All necessary filings or applications having been made in connection with the Acquisition and all statutory and regulatory obligations in any jurisdiction having been complied with in connection with the Acquisition or the acquisition by any member of the Wider Nyetimber Group of any shares or other securities in, or control of, The Lakes and all authorisations, orders, grants, recognitions, determinations, confirmations, consents, licences, clearances, permissions, exemptions and approvals deemed necessary or appropriate by Nyetimber or any member of the Wider Nyetimber Group for or in respect of the Acquisition including, without limitation, its implementation and financing or the proposed direct or indirect acquisition of any shares or other securities in, or control of, The Lakes or any member of the Wider The Lakes Group by any member of the Wider Nyetimber Group having been

obtained in terms and in a form reasonably satisfactory to Nyetimber from all appropriate Third Parties or persons with whom any member of the Wider The Lakes Group has entered into contractual arrangements and all such authorisations, orders, grants, recognitions, determinations, confirmations, consents, licences, clearances, permissions exemptions and approvals deemed necessary or appropriate to carry on the business of any member of the Wider The Lakes Group which are material in the context of the Nyetimber Group or The Lakes Group as a whole or for or in respect of the Acquisition including, without limitation, its implementation or financing remaining in full force and effect and all filings necessary for such purpose having been made and there being no notice or intimation of any intention to revoke or not to renew any of the same at the time at which the Acquisition becomes otherwise unconditional and all necessary statutory or regulatory obligations in any jurisdiction having been complied with;

(b) ***Certain matters arising as a result of any arrangement, agreement etc.***

Save as Disclosed, there being no provision of any agreement, arrangement, licence, permit or other instrument to which any member of the Wider The Lakes Group is a party or by or to which any such member or any of its assets may be bound, entitled or subject, or any circumstance which in consequence of the Acquisition or the proposed acquisition of any shares or other securities (or equivalent) in The Lakes or because of a change in the control or management of The Lakes or otherwise, could or would reasonably result in any of the following to an extent which is material and adverse in the context of the Wider The Lakes Group, or the Wider Nyetimber Group, in either case taken as a whole, or in the context of the Acquisition):

- (i) any moneys borrowed by or any other indebtedness or liabilities (actual or contingent) of, or grant available to any such member, being or becoming repayable or capable of being declared repayable immediately or earlier than their or its stated maturity date or repayment date or the ability of any such member to borrow moneys or incur any indebtedness being withdrawn or inhibited or being capable of becoming or being withdrawn or inhibited;
- (ii) any such agreement, arrangement, licence, permit or instrument or the rights, liabilities, obligations or interests of any such member thereunder being terminated or adversely modified or affected or any obligation or liability arising or any action being taken or arising thereunder;
- (iii) any asset or interest of any such member being or failing to be disposed of or charged or ceasing to be available to any such member or any right arising under which any such asset or interest could be required to be disposed of or charged or could cease to be available to any such member otherwise than in the ordinary course of business;
- (iv) other than in the ordinary course of business, the creation or enforcement of any mortgage, charge or other security interest over the whole or any part of the business, property, assets or interest of any such member;
- (v) the rights, liabilities, obligations or interests of any such member, or the business of any such member with, any person, firm, company or body (or any arrangement or arrangements relating to any such interest or business) being terminated, adversely modified or affected;
- (vi) the value of any such member or its financial or trading position or prospects being prejudiced or adversely affected;
- (vii) any such member ceasing to be able to carry on business under any name under which it presently does so; or
- (viii) the creation or acceleration of any liability, actual or contingent, by any such member (including any material tax liability or any obligation to obtain or acquire any material authorisation, order, grant, recognition, determination, confirmation, consent, licence, clearance, permission, exemption, approval, notice, waiver, concession, agreement or exemption from any Third Party or any person) other than trade creditors or other liabilities incurred in the ordinary course of business or in connection with the Acquisition,

and, save as Disclosed, no event having occurred which, under any provision of any agreement, arrangement, licence, permit or other instrument to which any member of the Wider The Lakes Group is a party or by or to which any such member or any of its assets may be bound, entitled



or subject, would or would reasonably be expected to result in any of the events or circumstances as are referred to in sub-paragraphs (i) to (viii) of this Condition;

(c) ***Certain events occurring since the Last Accounts Date***

Save as Disclosed, no member of the Wider The Lakes Group having, since the Last Accounts Date:

- (i) save as between The Lakes and wholly owned subsidiaries of The Lakes or for The Lakes Shares issued under or pursuant to the exercise of options and vesting of awards granted under the Share Schemes, issued or agreed to issue, authorised or proposed the issue of additional shares of any class;
- (ii) save as between The Lakes and such wholly owned subsidiaries of The Lakes or for the grant of options and awards or other rights under the Share Schemes, issued or agreed to issue, authorised or proposed the issue of securities convertible into shares of any class or rights, warrants or options to subscribe for, or acquire, any such shares or convertible securities;
- (iii) other than to another member of The Lakes Group, prior to the completion of the Acquisition, recommended, declared, paid or made any dividend or other distribution whether payable in cash or otherwise or made any bonus issue;
- (iv) save for intraThe Lakes Group transactions, merged or demerged with any body corporate or acquired or disposed of or transferred, mortgaged or charged or created any security interest over any assets or any right, title or interest in any asset (including shares and trade investments) or authorised or proposed or announced any intention to propose any merger, demerger, disposal, transfer, mortgage, charge or security interest, in each case, other than in the ordinary course of business and, in each case, to the extent which is material in the context of the Wider The Lakes Group taken as a whole or in the context of the Acquisition;
- (v) save for intraThe Lakes Group transactions, made, authorised, proposed or announced an intention to make, propose or authorise any change in its loan capital in each case, to the extent which is material in the context of the Wider The Lakes Group taken as a whole or in the context of the Acquisition;
- (vi) issued, authorised or proposed the issue of, or made any change in or to, any debentures or (save for intraThe Lakes Group transactions), save in the ordinary course of business, incurred or increased any indebtedness or become subject to any contingent liability;
- (vii) purchased, redeemed, repaid or announced any proposal to purchase, redeem or repay any of its own shares or other securities or reduced or, save in respect to the matters mentioned in sub-paragraph (i) or (ii) above, made any other change to any part of its share capital in each case, to the extent which is material in the context of the Wider The Lakes Group taken as a whole or in the context of the Acquisition;
- (viii) save for intra-The Lakes Group transactions, implemented, or authorised, proposed or announced its intention to implement, any reconstruction, merger, demerger, amalgamation, scheme, commitment or other transaction or arrangement otherwise than in the ordinary course of business;
- (ix) entered into or varied or authorised, proposed or announced its intention to enter into or vary any contract, transaction or commitment (whether in respect of capital expenditure or otherwise) which is of a long term, onerous or unusual nature or magnitude or which involves or would reasonably be expected to involve an obligation of such a nature or magnitude other than in the ordinary course of business and, in each case, to the extent which is material in the context of the Wider The Lakes Group taken as a whole or in the context of the Acquisition;
- (x) (other than in respect of a member which is dormant and was solvent at the relevant time) taken any corporate action or steps or had any legal proceedings started or threatened against it in relation to the suspension of payments, a moratorium of any indebtedness its winding up, dissolution or reorganisation or for the appointment of a receiver, administrative receiver, administrator, manager, trustee or similar officer of all or any part of its assets or revenues or any analogous proceedings in any jurisdiction or appointed any analogous person in any jurisdiction or had any such person appointed in each case, to the extent

which is material in the context of the Wider The Lakes Group taken as a whole or in the context of the Acquisition;

- (xi) entered into any contract, transaction or arrangement which would be restrictive on the business of any member of the Wider The Lakes Group or the Wider Nyetimber Group other than of a nature and extent which is normal in the context of the business concerned;
- (xii) waived or compromised any claim otherwise than in the ordinary course of business which is material in the context of the Wider The Lakes Group taken as a whole or in the context of the Acquisition;
- (xiii) made any material alteration to its articles of association;
- (xiv) been unable, or admitted in writing that it is unable, to pay its debts or commenced negotiations with one or more of its creditors with a view to rescheduling or restructuring any of its indebtedness, or having stopped or suspended (or threatened to stop or suspend) payment of its debts generally or ceased or threatened to cease carrying on all or a substantial part of its business;
- (xv) entered into any contract, commitment, arrangement or agreement otherwise than in the ordinary course of business or passed any resolution or made any offer (which remains open for acceptance) with respect to or announced any intention to, or proposed to, effect any of the transactions, matters or events referred to in this Condition;
- (xvi) made or agreed or consented to any change to:
  - (A) the terms of the trust deeds constituting the pension scheme(s) established by any member of the Wider The Lakes Group for its directors, employees or their dependents;
  - (B) the contributions payable to any such scheme(s) or to the benefits which accrue or to the pensions which are payable thereunder;
  - (C) the basis on which qualification for, or accrual or entitlement to, such benefits or pensions are calculated or determined; or
  - (D) the basis upon which the liabilities (including pensions) of such pension schemes are funded, valued or made,in each case, to the extent which is material in the context of the Wider The Lakes Group taken as a whole or in the context of the Acquisition;
- (xvii) proposed, agreed to provide or modified the terms of any of the Share Schemes or other benefit constituting a material change relating to the employment or termination of employment of a material category of persons employed by the Wider The Lakes Group or which constitutes a material change to the terms or conditions of employment of any senior employee of the Wider The Lakes Group, save as agreed by the Panel (if required) and by Nyetimber, or entered into or changed the terms of any contract with any director or senior executive;
- (xviii) taken (or agreed or proposed to take) any action which requires, or would require, the consent of the Panel or the approval of The Lakes Shareholders in general meeting in accordance with, or as contemplated by, Rule 21.1 of the Code;
- (xix) entered into or varied in a material way the terms of, any contracts, agreement or arrangement with any of the directors or senior executives of any members of the Wider The Lakes Group; or
- (xx) waived or compromised any claim which is material in the context of the Wider The Lakes Group taken as a whole or in the context of the Acquisition, otherwise than in the ordinary course;

(d) **No adverse change, litigation or regulatory enquiry**

Save as Disclosed, since the Last Accounts Date:

- (i) no adverse change or deterioration having occurred in the business, assets, financial or trading position or profits or prospects or operational performance of any member of the Wider The Lakes Group which, in any such case, is material in the context of the Wider The

Lakes Group taken as a whole or in the context of the Acquisition and no circumstances have arisen which would or would reasonably be expected to result in any such adverse change or deterioration;

- (ii) no litigation, arbitration proceedings, prosecution or other legal proceedings to which any member of the Wider The Lakes Group is or may become a party (whether as a plaintiff, defendant or otherwise) and no enquiry, review or investigation by, or complaint or reference to, any Third Party or other investigative body against or in respect of any member of the Wider The Lakes Group having been instituted announced, implemented or threatened by or against or remaining outstanding in respect of any member of the Wider The Lakes Group which in any such case, has had or might reasonably be expected to have a material adverse effect on the Wider The Lakes Group taken as a whole in the context of the Acquisition; or
  - (iii) no member of the Wider The Lakes Group having conducted its business in breach of any applicable laws and regulations which is material in the context of the Wider The Lakes Group taken as a whole in the context of the Acquisition;
- (e) **No withdrawal, cancellation, termination or modification of licence**
- Save as Disclosed, no steps having been taken which are likely to result in the withdrawal, cancellation, termination or modification of any licence or permit held by any member of the Wider The Lakes Group which is necessary for the proper carrying on of its business and the withdrawal, cancellation, termination or modification of which has had, or would reasonably be expected to have, an adverse effect which is material in the context of on the Wider The Lakes Group taken as a whole or in the context of the Acquisition;
- (f) **No discovery of certain matters**
- (i) Save as Disclosed, Nyetimber not having discovered:
    - (A) that any financial, business or other information concerning the Wider The Lakes Group as contained in the information publicly disclosed at any time by or on behalf of any member of the Wider The Lakes Group is materially misleading, contains a material misrepresentation of fact or omits to state a fact necessary to make that information not misleading and which was not subsequently corrected before the date of this document by disclosure either publicly or otherwise to Nyetimber or its professional advisers, in each case, to the extent which is material in the context of the Wider The Lakes Group taken as a whole or in the context of the Acquisition;
    - (B) that any member of the Wider The Lakes Group or partnership, company, or other entity in which any member of the Wider The Lakes Group has a significant economic interest and which is not a subsidiary undertaking of The Lakes, is subject to any liability (contingent or otherwise) which is not disclosed in The Lakes' audited accounts, in each case, to the extent which is material in the context of the Wider The Lakes Group taken as a whole or in the context of the Acquisition; or
    - (C) any information which affects the import of any information disclosed at any time by or on behalf of any member of the Wider The Lakes Group and which is material in the context of the Wider The Lakes Group taken as a whole or in the context of the Acquisition;
    - (D) any past or present member of the Wider The Lakes Group has failed to comply with any and/or all applicable legislation or regulation of any jurisdiction with regard to the use, treatment, handling, storage, carriage, disposal, spillage, release, discharge, leak or emission of any waste or hazardous substance or any substance likely to impair the environment or harm human health or animal health, or otherwise relating to environmental matters or the health and safety of any humans, or that there has otherwise been any such use, treatment, handling, storage, transport, release, disposal, discharge, spillage, leak or emission (whether or not the same constituted a non compliance by any person with any such legislation or regulation and wherever the same may have taken place) which would be likely to give rise to any liability (actual or contingent) or cost on the part of any member of the Wider The Lakes Group which in any case is material in the context of The Lakes Group taken as a whole or on the context of the Acquisition; or

- (E) there is, or is likely to be, for any reason whatsoever, any liability (actual or contingent) of any past or present member of the Wider The Lakes Group, to make good, remediate, repair, reinstate or clean up any property or controlled waters now or previously owned, occupied, operated, or made use of or controlled by any such past or present member of the Wider The Lakes Group (or on its behalf) or by any person for which a member of the Wider The Lakes Group is or has been responsible or in which any such member may have or previously have had or be deemed to have had an interest under any environmental legislation, regulation, notice, circular or order of any Third Party and which is material in the context of The Lakes Group taken as a whole or in the context of the Acquisition.
  - (ii) circumstances exist (whether as a result of the Acquisition or otherwise) which would be reasonably likely to lead to any Third Party instituting, or whereby any member of the Wider Nyetimber Group or any present or past member of the Wider The Lakes Group would be likely to be required to institute, an environmental audit or take any other steps which would in any such case be reasonably likely to result in any liability (whether actual or contingent) to improve, modify existing or install new plant, machinery or equipment or carry out changes in the processes currently carried out or make good, remediate, repair, re-instate or clean up any land or other asset currently or previously owned, occupied or made use of by any past or present member of the Wider The Lakes Group (or on its behalf) or by any person for which a member of the Wider The Lakes Group is or has been responsible, or in which any such member may have or previously have had or be deemed to have had an interest which is material in the context of the Wider The Lakes Group taken as a whole or in the context of the Acquisition; or
  - (iii) circumstances exist whereby a person or class of persons would be likely to have any claim or claims in respect of any product or process of manufacture or materials used therein currently or previously manufactured, sold or carried out by any past or present member of the Wider The Lakes Group which claim or claims would be likely, materially and adversely, to affect any member of the Wider The Lakes Group and which is material in the context of the Wider The Lakes Group taken as a whole or in the context of the Acquisition; and
- (g) **Anti-corruption, sanctions and criminal property**
- Save as Disclosed, Nyetimber not having discovered that:
- (i) any past or present member, director, officer or employee of the Wider The Lakes Group is or has at any time engaged in any activity, practice or conduct which would constitute an offence under the Bribery Act 2010, the US Foreign Corrupt Practices Act of 1977 or any other applicable anti-corruption or anti-bribery law, rule or regulation or any other applicable law, rule or regulation concerning improper payments or kickbacks; or (b) any person that performs or has performed services for or on behalf of the Wider The Lakes Group is or has at any time engaged in any activity, practice or conduct in connection with the performance of such services which would constitute an offence under the Bribery Act 2010, the US Foreign Corrupt Practices Act of 1977 or any other applicable anti-corruption or anti-bribery law, rule or regulation or any other applicable law, rule or regulation concerning improper payments or kickbacks; or
  - (ii) any asset of any member of the Wider The Lakes Group constitutes criminal property as defined by section 340(3) of the Proceeds of Crime Act 2002 (but disregarding paragraph (b) of that definition) or proceeds of crime under any other applicable law, rule, or regulation concerning money laundering or proceeds of crime or any member of the Wider The Lakes Group is found to have engaged in activities constituting money laundering under any applicable law, rule, or regulation concerning money laundering; or
  - (iii) any past or present member, director, officer or employee of the Wider The Lakes Group, or any other person for whom any such person may be liable or responsible, is or has engaged in any conduct which would violate applicable economic sanctions or dealt with, made any investments in, made any funds or assets available to or received any funds or assets from: (a) any government, entity or individual in respect of which US, UK or European Union persons, or persons operating in those territories, are prohibited from engaging in activities or doing business, or from receiving or making available funds or economic resources, by US, UK or European Union laws or regulations, including the economic

sanctions administered by the United States Office of Foreign Assets Control, or HM Treasury & Customs; or (b) any government, entity or individual targeted by any of the economic sanctions of the United Nations, the United States, the United Kingdom, the European Union or any of its member states save that this shall not apply if and to the extent that it is or would be unenforceable by reason of breach of any applicable law; or

- (iv) any past or present member, director, officer or employee of the Wider The Lakes Group, or any other person for whom any such person may be liable or responsible:
  - (A) has engaged in conduct which would violate any relevant anti-terrorism laws, rules, or regulations, including but not limited to the U.S. Anti-Terrorism Act;
  - (B) has engaged in conduct which would violate any relevant anti-boycott law, rule, or regulation or any applicable export controls, including but not limited to the Export Administration Regulations administered and enforced by the U.S. Department of Commerce or the International Traffic in Arms Regulations administered and enforced by the U.S. Department of State;
  - (C) has engaged in conduct which would violate any relevant laws, rules, or regulations concerning human rights, including but not limited to any law, rule, or regulation concerning false imprisonment, torture or other cruel and unusual punishment, or child labour; or
  - (D) is debarred or otherwise rendered ineligible to bid for or to perform contracts for or with any government, governmental instrumentality, or international organisation or found to have violated any applicable law, rule, or regulation concerning government contracting or public procurement; or
- (v) any member of the Wider The Lakes Group is or has been engaged in any transaction which would cause Nyetimber to be in breach of any law or regulation upon its acquisition of The Lakes, including but not limited to the economic sanctions of the United States Office of Foreign Assets Control, or HM Treasury & Customs, or any other relevant government authority.

For the purposes of these Conditions the “Wider The Lakes Group” means The Lakes and its subsidiary undertakings, associated undertakings and any other undertaking in which The Lakes and/or such undertakings (aggregating their interests) have a significant interest and the “Wider Nyetimber Group” means Nyetimber and its subsidiary undertakings, associated undertakings and any other undertaking in which Nyetimber and/or such undertakings (aggregating their interests) have a significant interest and for these purposes subsidiary undertaking and undertaking have the meanings given by the Act, associated undertaking has the meaning given by paragraph 19 of Schedule 6 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, other than paragraph 19(1)(b) of Schedule 6 to those regulations which shall be excluded for this purpose, and significant interest means a direct or indirect interest in 20 per cent. or more of the total voting rights conferred by the equity share capital (as defined in section 548 of the Act).

## **Part B: Waiver and Invocation of the Conditions**

1. Subject to the requirements of the Panel and in accordance with the Code and to the extent permitted by law:
  - (a) Nyetimber reserves the right, in its sole discretion, to waive:
    - (i) any of the deadlines set out in paragraph 2 of Part A for the timing of The Lakes Court Meeting, The Lakes General Meeting and the Scheme Court Hearing. If any such deadline is not met, Nyetimber shall make an announcement by 8.00 a.m. (London time) on the business day following such deadline confirming whether it has invoked or waived the relevant Condition or agreed with The Lakes to extend the relevant deadline;
    - (ii) in whole or in part, all or any of the Conditions in Part A, except for Condition 2(a)(i), 2(b)(i) and 2(c)(i), which cannot be waived; and
  - (b) The Lakes reserves the right, in its sole discretion, to waive, in whole or in part, Condition 3 (a) to (g), except so far it relates to the Wider The Lakes Group, or any part thereof.



2. Condition 2(a) and 2(b) must be fulfilled by, and Conditions 3 (a) to (g) (inclusive) fulfilled or waived by, no later than 11.59 p.m. on the date immediately preceding the date of the Scheme Court Hearing (or such later date as Nyetimber, The Lakes, the Panel and, if required, the Court may allow), failing which the Scheme will lapse.
3. Nyetimber shall be under no obligation to waive (if capable of waiver), to determine to be or remain satisfied or fulfilled, or treat as satisfied or fulfilled any of the Conditions capable of waiver by a date earlier than the latest date specified above for the fulfilment or waiver thereof, notwithstanding that the other Conditions of the offer may at such earlier date have been waived or fulfilled and that there are at such earlier date, no circumstances indicating that any of such Conditions may not be capable of satisfaction or fulfilment.
4. Under Rule 13.5(a) of the Code, Nyetimber may only invoke a Condition so as to cause the Scheme not to proceed, to lapse or to be withdrawn with the consent of the Panel. The Panel will normally only give its consent if the circumstances which give rise to the right to invoke the condition are of material significance to Nyetimber in the context of the Acquisition. This will be judged by reference to the facts of each case at the time that the relevant circumstances arise. Any Condition that is subject to Rule 13.5(a) of the Code may be waived by Nyetimber.
5. Conditions 1 and 2 and, if applicable, any acceptance condition if the Acquisition is implemented by means of a Takeover Offer, will not be subject to Rule 13.5(a) of the Code.
6. The Acquisition will lapse if the Scheme does not become Effective by no later than 11.59 p.m. (London time) on the Long Stop Date (subject to the rules of the Code and, where applicable, the consent of the Panel).

### **Part C: Implementation by way of a Takeover Offer**

1. If Nyetimber is required by the Panel to make a Takeover Offer for The Lakes shares under the provisions of Rule 9 of the Code, Nyetimber may make such alterations to any of the above Conditions and terms of the Acquisition as are necessary to comply with the provisions of that Rule.
2. Nyetimber reserves the right to elect (with the consent of the Panel), to implement the Acquisition by way of a Takeover Offer as an alternative to the Scheme. In such event, such Takeover Offer will be implemented on the same terms and conditions (subject to appropriate amendments, to reflect the change in method of effecting the Acquisition, including (without limitation) an acceptance condition set at 90 per cent. of the issued share capital of The Lakes (or such lower percentage (being more than 50 per cent.) of the issued share capital of The Lakes as Nyetimber may, subject to the rules of the Code and with the consent of the Panel, decide) as those which would apply to the Scheme. Further, if sufficient acceptances of such Takeover Offer are received and/or sufficient The Lakes Shares are otherwise acquired, it is the intention of Nyetimber to apply the provisions of the Act to acquire compulsorily any outstanding The Lakes Shares to which such offer relates. In the event that the Acquisition is implemented by way of a Takeover Offer, the acceptance condition shall not be capable of being satisfied until all of the other conditions to the Takeover Offer have either been satisfied or (if capable of waiver) waived.

### **Part D: Certain further terms of the Acquisition**

1. The Acquisition and Scheme will be governed by English law and be subject to the jurisdiction of the Court and to the conditions and further terms set out in this Part III and the full terms and conditions set out in the Scheme Document to be published in due course. The Acquisition will be subject to the applicable requirements of the Code and the Panel. This document does not constitute, or form part of, an offer or invitation to purchase The Lakes Shares or any other securities. Each of the Conditions shall be regarded as a separate Condition and shall not be limited by reference to any other Condition.
2. The Acquisition is not being made, directly or indirectly, in or into, or by use of the mails of, or by any means or instrumentality (including, but not limited to, facsimile e-mail or other electronic transmission, telex or telephone) of interstate or foreign commerce of, or of any facility of a national, state or other



securities exchange of, any Restricted Jurisdiction where to do so would violate the laws of that jurisdiction.

3. The availability of the Acquisition to The Lakes Shareholders not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions. Persons who are not resident in the United Kingdom should inform themselves about and observe any applicable requirements. Further details in relation to overseas shareholders are contained in paragraph 14 of Part II (*Explanatory Statement*).

The Lakes Shares which will be acquired under the Acquisition with full title guarantee, fully paid and free from all liens, equities, charges, encumbrances, options, rights of pre-emption and any other third party rights and interests of any nature and together with all rights now or hereafter attaching or accruing to them, including voting rights and the right to receive and retain in full all dividends and other distributions (if any) declared, made or paid, or any other return of capital (whether by reduction of share capital or share premium account or otherwise) made, on or after the date of this document.

4. Subject to the terms of the Scheme, if, on or after the date of this document and prior to the Acquisition becoming Effective, any dividend, distribution or other return of value is announced, declared, made, paid or becomes payable by The Lakes in respect of The Lakes Shares, Nyetimber reserves the right (without prejudice to any right of Nyetimber to invoke Condition 3(c)(iii) in Part A of this Part III) to reduce the consideration payable by the amount of any such dividend, distribution or other return of value, in which case: (a) any reference in this document or in the Scheme Document to the consideration payable for The Lakes Shares will be deemed to be a reference to the consideration payable as so reduced; and (b) the relevant eligible The Lakes Shareholders will be entitled to receive and retain such dividend, distribution or return of value. To the extent that any such dividend, distribution or other return of value announced, declared, made or paid is: (x) transferred pursuant to the Acquisition on a basis which entitles Nyetimber to receive the dividend or distribution and to retain it; or (y) cancelled, the consideration payable will not be subject to change in accordance with this paragraph. Any exercise by Nyetimber of its rights referred to in this paragraph shall be the subject of an announcement and, for the avoidance of doubt, shall not be regarded as constituting any revision or variation of the Acquisition.

## Part IV

### The Scheme of Arrangement

In the High Court of Justice

No.CR-2024-001526

Business and Property Courts of

England and Wales

Companies Court (ChD)

In the matter of The Lakes Distillery Company plc

and

In the matter of the Companies Act 2006

**Scheme of Arrangement**

*(under sections 895 to 899 of the Companies Act 2006)*

Between

**The Lakes Distillery Company plc**

and

**The holders of Scheme Shares**

(as hereinafter defined)

#### Preliminary

- (a) In this Scheme, unless inconsistent with the subject or context, the following expressions bear the following meanings:

<b>Acquisition</b>	the recommended cash offer pursuant to which Nyetimber will acquire the entire issued and to be issued ordinary share capital of The Lakes to be effected by means of this Scheme, and, where the context permits, any subsequent revision, variation, extension or renewal thereof.
<b>Acquisition Price</b>	116 pence per The Lakes Share.
<b>Announcement</b>	the press release announcing Nyetimber's firm intention under Rule 2.7 of the Code to make the Acquisition dated 2 April 2024.
<b>Business Day</b>	a day (other than a Saturday, Sunday, public or bank holiday) on which clearing banks are open for non-automated commercial business in the City of London;
<b>certificated or certificated form</b>	in relation to a share or other security, a share or other security title to which is recorded in the relevant register of the share or other security as being held in certificated form.
<b>Code</b>	the City Code on Takeovers and Mergers.
<b>Companies Act</b>	the Companies Act 2006, as amended from time to time.

<b>Court</b>	the High Court of Justice in England and Wales.
<b>Court Hearing</b>	the hearing by the Court of the application to sanction this Scheme.
<b>The Lakes Court Meeting</b>	the meeting or meetings of the Scheme Shareholders (or of any class or classes thereof) convened by order of the Court pursuant to section 896 of the Companies Act for the purpose of considering and, if thought fit, approving this Scheme (with or without modification approved by the Court and agreed by Nyetimber and The Lakes) including any adjournment, postponement or reconvening thereof.
<b>Effective</b>	this Scheme becoming effective in accordance with its terms.
<b>Effective Date</b>	the date on which this Scheme becomes Effective.
<b>Effective Time</b>	the time on the Effective Date at which this Scheme becomes Effective.
<b>Excluded Shares</b>	<p>any The Lakes Shares</p> <p>(a) registered in the name of or beneficially owned by Nyetimber or any other member of the Nyetimber Group (or any nominee of the foregoing),</p> <p>(b) held as Treasury Shares by The Lakes; and</p> <p>(c) any other The Lakes Shares which Nyetimber and The Lakes agree will not be subject to the Scheme,</p> <p>in each case, at any relevant time or date.</p>
<b>holder</b>	a registered holder and includes any person(s) entitled by transmission.
<b>Last Practicable Date</b>	16 April 2024 (being the last practicable date prior to the publication of this Scheme).
<b>Long Stop Date</b>	31 August 2024 (or such later date as The Lakes and Nyetimber may agree and the Court and the Panel may allow).
<b>The Lakes</b>	The Lakes Distillery Company plc, a public limited company incorporated in England and Wales with registered number 07769363 and whose registered office is Low Barkhouse Farm, Setmurthy, Cockermouth, Cumbria, England, CA13 9SJ.
<b>The Lakes Share Schemes</b>	<p>any of:</p> <p>(a) The Lakes EMI Plan 2017 as adopted on 13 September 2017;</p> <p>(b) The Lakes EMI Plan 2019 as adopted on 25 July 2019;</p> <p>(c) The Lakes Share Plan 2021 as adopted on 19 August 2021;</p> <p>(d) The Lakes LTIP 2022 as adopted on 26 January 2023; and</p> <p>(e) certain individual share options granted to certain The Lakes Directors and certain employees.</p>

<b>The Lakes Shareholders</b>	holders of The Lakes Shares.
<b>The Lakes Shares</b>	the ordinary shares of 2 pence each in the capital of The Lakes.
<b>Nyetimber</b>	Nyetimber Wines and Spirits Group Limited, a company incorporated in England and Wales with registered number 15281873.
<b>Panel</b>	the Panel on Takeovers and Mergers.
<b>Receiving Agent/Registrars</b>	Link Group, a trading name of Link Market Services Limited, Central Square, 29 Wellington Street, Leeds LS1 4DL.
<b>Scheme</b>	this scheme of arrangement in its present form or with or subject to any modification, addition or condition approved or imposed by the Court and agreed by Nyetimber and The Lakes.
<b>Scheme Court Order</b>	the order of the Court sanctioning this Scheme under section 899 of the Companies Act.
<b>Scheme Document</b>	the circular dated 17 April 2024 sent by The Lakes to, amongst others, The Lakes Shareholders, of which this Scheme forms part.
<b>Scheme Record Time</b>	6.00 p.m. on the Business Day immediately after the date on which the Court grants the Scheme Court Order (or such other date and/or time as Nyetimber and The Lakes may agree).
<b>Scheme Shareholders</b>	holders of Scheme Shares.
<b>Scheme Shares</b>	All The Lakes Shares: <ul style="list-style-type: none"> <li>(a) in issue at the date of the Scheme Document;</li> <li>(b) (if any) issued after the date of the Scheme Document and before the Voting Record Time; and</li> <li>(c) (if any) issued at or after the Voting Record Time and before the Scheme Record Time either on terms that the original or any subsequent holders thereof shall be bound by the Scheme or in respect of which the holders thereof shall have agreed in writing to be bound by the Scheme,</li> </ul> <p>in each case, and where the context requires, which remain in issue at the Scheme Record Time but excluding any Excluded Shares.</p>
<b>subsidiary undertaking</b>	has the meaning given in the Companies Act.
<b>Voting Record Time</b>	6.30 p.m. on 8 May 2024, being the day which is two days (excluding any part of a day that is not a Business Day) before the date of The Lakes Court Meeting or, if The Lakes Court Meeting is adjourned, 6.30 p.m. on the day which is two days (excluding any part of a day that is not a Business Day) before the day of such adjourned meeting.
<b>Wider Nyetimber Group</b>	Nyetimber and its respective subsidiaries, subsidiary undertakings and associated undertakings and any other body corporate, partnership, joint venture or person in which Nyetimber and such undertakings (aggregating their interests)

have an interest in 20 per cent. or more of the voting or equity capital (or the equivalent).

**£ or pounds sterling or pence** the lawful currency of the United Kingdom.

References in this Scheme to:

- clauses are to clauses of this Scheme; and
  - times are to London time.
- (b) The total issued share capital of The Lakes at the Last Practicable Date was £757,895.98 divided into 37,894,799 The Lakes Shares all of which are credited as fully paid. The Lakes does not hold any The Lakes Shares in treasury.
- (c) At the Last Practicable Date, options to acquire 2,924,009 The Lakes Shares had been granted pursuant to The Lakes Share Schemes and remain unexercised at the date of the Scheme Document.
- (d) As at the date of this Scheme, no The Lakes Shares were registered in the name of or beneficially owned by Nyetimber or any other members of the Wider Nyetimber Group.
- (e) The purpose of this Scheme is to provide for the transfer of the Scheme Shares by the Scheme Shareholders to Nyetimber (and/or such other nominee(s) of Nyetimber as Nyetimber may determine).
- (f) Nyetimber has, subject to the satisfaction or, where capable, waiver of the Conditions, agreed to appear by counsel at the hearing to sanction this Scheme and to undertake to the Court to be bound by the provisions of this Scheme and to execute and do, or procure to be executed and done, all such documents, acts and things as may be necessary or desirable to be executed or done by it to give effect to this Scheme.

## **1. Transfer of Scheme Shares**

- 1.1 Upon and with effect from the Effective Time, Nyetimber (and/or such other nominee(s) of Nyetimber as Nyetimber may determine) shall acquire all the Scheme Shares fully paid up with full title guarantee, free from all liens, equities, charges, encumbrances, options, rights of pre-emption and any other third party rights or interests whatsoever, and together with all rights at the Effective Time or thereafter attached to such Scheme Shares, including, without limitation, voting rights and the right to receive and retain in full (subject to clause 2.2) all dividends and other distributions (if any) declared, made or paid or which becomes payable or any other return of value (whether made by a reduction of share capital or share premium account or otherwise) by The Lakes made by reference to a record date on or after the Effective Time in respect of the Scheme Shares.
- 1.2 For the purposes of such acquisition, the Scheme Shares shall be transferred from the Scheme Shareholders to Nyetimber (and/or such other nominee(s) of Nyetimber as Nyetimber may determine) by means of a form or forms of transfer or other instrument or instruction of transfer and, to give effect to such transfers, any person may be appointed by Nyetimber as attorney and/or agent and/or otherwise on behalf of the holder or holders concerned, and is authorised as such attorney and/or agent and/or otherwise on behalf of the holder or holders concerned, to execute and deliver as transferor a form of transfer or other instrument (by deed or otherwise) or instruction of transfer or otherwise give any instructions to transfer, all of the Scheme Shares and every form, instrument or instruction of transfer so executed or instruction so given or transfer procured shall be as effective as if it had been executed or given or procured by the holder or holders of the Scheme Shares thereby transferred. Such form, instrument or instruction of transfer shall be deemed to be the principal instrument of transfer and the equitable or beneficial interest in the Scheme Shares shall only be transferred to Nyetimber (and/or such other nominee(s) of Nyetimber as Nyetimber may determine), together with the legal interest in such Scheme Shares, pursuant to such form, instrument or instruction of transfer.
- 1.3 Upon and with effect from the Effective Time, pending the registration of Nyetimber (and/or such other nominee(s) of Nyetimber as Nyetimber may determine) as the holder of any Scheme Share to be transferred pursuant to this Scheme in the register of members of The Lakes, each Scheme

Shareholder irrevocably:

- (a) appoints Nyetimber (and/or such other nominee(s) of Nyetimber as Nyetimber may determine), and Nyetimber (and/or such other nominee(s) of Nyetimber as Nyetimber may determine) shall be empowered, to act as attorney or, failing that, as agent and/or otherwise on behalf of each holder of any such Scheme Share to exercise on behalf of each Scheme Shareholder (in place of and to the exclusion of the relevant Scheme Shareholder) any voting rights attached to its Scheme Shares and any and all rights and privileges (including the right to requisition the convening of a general meeting of the Company or of any class of its shareholders) attaching to its Scheme Shares and to receive any distribution or other benefit accruing or payable in respect thereof;
- (b) appoints Nyetimber (and/or such other nominee(s) of Nyetimber as Nyetimber may determine) and any one or more of its directors or agents to sign on behalf of such Scheme Shareholder any documents, and do all such things, as may in the opinion of Nyetimber (and/or such other nominee(s) of Nyetimber as Nyetimber may determine) and/or any one or more of its directors or agents be necessary or desirable in connection with the exercise of any votes or other rights or privileges attaching to its Scheme Shares, including, without limitation, an authority to sign any consent to short notice of a general or separate class meeting of The Lakes as attorney or agent for, and on behalf of, such Scheme Shareholder and/or to attend and/or execute a form of proxy in respect of its Scheme Shares appointing any person nominated by Nyetimber (and/or such other nominee(s) of Nyetimber as Nyetimber may determine) and/or any one or more of its directors or agents to attend any general and separate class meetings of The Lakes (or any adjournment thereof) and to exercise or refrain from exercising the votes attaching to the Scheme Shares on such Scheme Shareholder's behalf;
- (c) authorises Nyetimber (or such other nominees of Nyetimber as Nyetimber may determine) to take such action as otherwise sees fit in relation to any dealings with or disposal of such Scheme Shares (or any interest in such Scheme Shares), such that from the Effective Time, no Scheme Shareholder shall be entitled to exercise any voting rights attached to the Scheme Shares or (subject to clause 2.2) any other rights or privileges attaching to the Scheme Shares without the consent of Nyetimber (and/or such other nominee(s) of Nyetimber as Nyetimber may determine) and shall not appoint a proxy or representative for or to attend any general meeting, separate class meeting or other meeting of The Lakes; and
- (d) authorises The Lakes and/or its agents to send to Nyetimber (and/or its nominee(s)) any notice, circular, warrant or other document or communication which may be required to be sent to them as a member of The Lakes in respect of such Scheme Shares (including any share certificate(s) or other document(s) of title).

1.4 The authorities granted pursuant to clauses 1.2 and 1.3 shall be treated for all purposes as having been granted by deed.

1.5 The Lakes shall register, or procure the registration of, any transfer(s) of Scheme Shares effected in accordance with clauses 1.2 and 1.3 of this Scheme.

## **2. Consideration for the transfer of Scheme Shares**

2.1 In consideration of the transfer of the Scheme Shares to Nyetimber (and/or such other nominee(s) of Nyetimber as Nyetimber may determine) as provided in clause 1, Nyetimber shall pay or procure that there shall be paid the Acquisition Price to or for the account of each holder of Scheme Shares whose name appears in the register of members of The Lakes at the Scheme Record Time in accordance with clause 3.

2.2 Subject to clause 2.4, if, on or after the date of the Announcement and before the Effective Date, any dividend and/or other distribution and/or other return of capital is announced, declared or paid in respect of the Scheme Shares, Nyetimber reserves the right (without prejudice to any of its other rights) to reduce the consideration payable under the Scheme for the Scheme Shares by the aggregate amount of such dividend, distribution and/or return of capital so announced, declared or paid. Any exercise by Nyetimber of its rights referred to in this clause will be the subject of an announcement and, for the avoidance of doubt, will not be regarded as constituting any revision or variation of the



Scheme. Furthermore, Nyetimber reserves the right to reduce the consideration payable under the Scheme in such circumstances as are, and by such amount as is, permitted by the Panel.

- 2.3 If Nyetimber exercises the right to reduce the consideration payable under the Scheme by all or part of the amount of a dividend, distribution and/or return of capital that has not been paid or made, then: (a) Scheme Shareholders will be entitled to receive and retain the amount of that dividend, distribution and/or return of capital; and (b) any reference in this Scheme to the consideration payable under the Scheme shall be deemed to be a reference to the consideration as so reduced.
- 2.4 To the extent that such a dividend, distribution and/or return of capital has been declared, paid, made or is payable and it is: (i) transferred pursuant to the Scheme on a basis which entitles Nyetimber (and/or such other nominee(s) of Nyetimber as Nyetimber may determine) to receive the dividend, distribution and/or return of capital and to retain it; or (ii) cancelled, the consideration payable under the Scheme will not be subject to change in accordance with clause 2.2.

### **3. Settlement of consideration**

#### **3.1 Consideration**

- (a) Settlement of the cash consideration to which the Scheme Shareholder is entitled pursuant to this Scheme shall be settled by Nyetimber paying or procuring the payment of the requisite amount by cheque, despatched no later than 14 days after the Effective Date by first class post in pre-paid envelopes or by international standard post if overseas (or by such other method as may be approved by the Panel) to the address appearing in the register of The Lakes at the Scheme Record Time. All cheques shall be in sterling drawn on the branch of a UK clearing bank. Cheques shall be payable to the Scheme Shareholder(s) concerned or, in the case of joint holders, jointly to all holders. Payment shall be made to the persons entitled thereto and the encashment of any such cheque as is referred to in this clause 3.1 shall be a complete discharge of Nyetimber's obligation under this Scheme to pay or procure the payment of the monies represented thereby. None of Nyetimber, The Lakes or their respective nominees or agents or Link Group shall be responsible for any loss or delay in the transmission of any notices or cheques sent in accordance with this clause, which shall be sent at the risk of the person or persons entitled thereto.
- (b) Nyetimber reserves the right to make arrangements with such Scheme Shareholder for payment to be made by such other method as may be approved by the Panel.
- (c) In the case of Scheme Shareholders that have not encashed their cheques within six months following the Effective Date, Nyetimber and The Lakes shall procure that the cash consideration due to such Scheme Shareholders shall be held by Link Group in a non-interest bearing designated UK bank account for a period of at least 12 years from the Effective Date solely for the purpose of satisfying Nyetimber's payment obligations under the Scheme, and such Scheme Shareholders may claim the consideration due to them by written notice to Link Group in a form and with such evidence which Link Group determines evidences their entitlement to such consideration at any time during the period of 12 years from the Effective Date.

#### **3.2 The Lakes Share Schemes**

In the case of any Scheme Shares issued under The Lakes Share Schemes after the Court Hearing and before the Scheme Record Time, Nyetimber may satisfy the consideration due to the relevant Scheme Shareholders in respect of such Scheme Shares by paying or procuring the payment to The Lakes (or any of its subsidiary undertakings or otherwise at its or their discretion) of the aggregate consideration in respect of such Scheme Shares by no later than 14 days after the Effective Date, by such method as may be agreed with The Lakes. The Lakes shall procure that any such sums paid to it (or any of its subsidiary undertakings or otherwise at its or their discretion) are paid to the relevant Scheme Shareholders through the payroll of the relevant Scheme Shareholders' employing company as soon as practicable and subject to all deductions or withholdings in respect of the exercise price or as required by law (including applicable income tax and social security contributions or their equivalent in any jurisdiction).

#### **4. Overseas shareholders**

The provisions of clauses 2 and 3 shall be subject to any prohibition or condition imposed by law.

#### **5. Share certificates**

5.1 With effect from and including the Effective Date:

- (a) all certificates representing Scheme Shares shall cease to have effect as documents of title to the Scheme Shares comprised therein and every holder of Scheme Shares shall be bound at the request of The Lakes to deliver up the same to The Lakes, or, as it may direct, to destroy the same; and
- (b) subject to completion of any such form of transfer or other instrument or instruction of transfer as may be required by clause 1.2 and the payment of any stamp duty thereon, appropriate entries will be made in the register of members of The Lakes with effect from the Effective Date to reflect the transfer of the Scheme Shares to Nyetimber (and/or such other nominee(s) of Nyetimber as Nyetimber may determine).

#### **6. Mandates**

All mandates (including, without limitation relating to the payment of dividends on any Scheme Share) and other instructions (including communications preferences) given to The Lakes by Scheme Shareholders in force at the Scheme Record Time shall, as from the Effective Date, cease to be valid.

#### **7. Operation of this Scheme**

7.1 This Scheme shall become Effective in accordance with its terms upon a copy of the Scheme Court Order being delivered to the Registrar of Companies for registration.

7.2 Unless this Scheme shall become Effective as provided in clause 7.1 on or before 11.59 p.m. on the Long Stop Date, or such later date (if any) as The Lakes and Nyetimber may agree and (if required) the Court and the Panel may allow, this Scheme shall never become Effective.

#### **8. Modification**

The Lakes and Nyetimber may jointly consent on behalf of all persons concerned to any modification of or addition to this Scheme or to any condition which the Court may approve. Any such modification or addition shall require the consent of the Panel where such consent is required under the Code. No modifications may be made to the Scheme once it has become Effective.

#### **9. Governing law**

This Scheme and all rights and obligations arising from it are governed by English law. Any dispute of any kind whatsoever arising directly or indirectly as a result of or in connection with this Scheme initiated by Nyetimber, The Lakes, any present or future shareholder of The Lakes, or any director of The Lakes or Nyetimber, irrespective of the causes of action, including whether based on contract or tort, shall be exclusively submitted to the courts of England and Wales. The rules of the Code will apply to the Scheme on the basis set out in the Code.

Dated: 17 April 2024

## Part V

### Financial and ratings information

#### Financial information relating to The Lakes

The following sets out the financial information in respect of The Lakes as required by Rule 24.3 of the Code. The documents referred to below (or parts thereof), are incorporated by reference into this document pursuant to Rule 24.15 of the Code:

<b>Document incorporated by reference</b>	<b>Page number in the reference document (if not whole document)</b>
The Lakes' audited annual report and consolidated financial statements for the year ended 30 June 2023	<p><a href="https://lakesdistillery.com/proposed-acquisition">https://lakesdistillery.com/proposed-acquisition</a> The audited annual consolidated financial statements of The Lakes for the financial year ended 30 June 2023 are set out on pages 11 to 49 (both inclusive) in The Lakes' annual report and accounts for the financial year ended 30 June 2023 (available from The Lakes' website at the link referred to above).</p>
The Lakes' audited annual report and consolidated financial statements for the year ended 30 June 2022	<p><a href="https://lakesdistillery.com/proposed-acquisition">https://lakesdistillery.com/proposed-acquisition</a> The audited annual consolidated financial statements of The Lakes for the financial year ended 30 June 2022 are set out on 10 to 48 (both inclusive) in The Lakes' annual report and accounts for the financial year ended 30 June 2022 (available from The Lakes' website at the link referred to above).</p>

This information is available free of charge on The Lakes' website as set out above.

#### Financial information relating to Nyetimber

The following sets out the financial information in respect of Nyetimber as required by Rule 24.3 of the Code. The documents referred to below (or parts thereof) are incorporated by reference into this document pursuant to Rule 24.15 of the Code:

<b>Document incorporated by reference</b>	<b>Page number in the reference document (if not whole document)</b>
Nyetimber Wines Limited – unaudited financial statements for the year ended 31 December 2022 Nyetimber Wines Limited – unaudited financial statements for the year ended 31 December 2021	

#### Effect of Scheme becoming Effective on Nyetimber

With effect from the Effective Date, the earnings, assets and liabilities of Nyetimber will include the consolidated earnings, assets and liabilities of The Lakes Group.

#### Ratings information

##### **Nyetimber**

No ratings agency has publicly accorded Nyetimber with any current credit rating or outlook.

##### **The Lakes**

No ratings agency has publicly accorded The Lakes with any current credit rating or outlook.

**Hard copies**

A hard copy of this document and/or any information incorporated into this document by reference to another source by contacting Finn Gordon at Singer Capital Markets on telephone number +44 20 7496 3000 between 9.00 a.m. and 5.00 p.m., Monday to Friday (excluding public holidays) or in writing at Project.Fortify@singercm.com. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. Calls are charged at the standard geographical rate and will vary by provider. Calls from outside the United Kingdom will be charged at the applicable international rate.

**Incorporation of website information**

Save as expressly referred to herein, neither the content of The Lakes website nor the Nyetimber website, nor the content of any website accessible from hyperlinks on either The Lakes' website or Nyetimber's website, is incorporated into, or forms part of, this document.

## Part VI

### Taxation

#### United Kingdom taxation

##### 1. General

The following paragraphs, which are intended as a general guide only and not a substitute for detailed tax advice, are based on current UK tax legislation and HM Revenue & Customs published practice as at the Last Practicable Date, both of which are subject to change, possibly with retrospective effect. HM Revenue & Customs' published practice may not be binding on it.

They summarise certain limited aspects of the UK taxation treatment of Scheme Shareholders under the Scheme and relate only to the position of the Scheme Shareholders who are resident and, in the case of individual shareholders, domiciled in the UK for taxation purposes at all relevant times and to whom split year treatment does not apply. They apply only to Scheme Shareholders who hold their Scheme Shares as an investment (other than under a self-invested personal pension plan (**SIPP**) or individual savings account (**ISA**)) and who are the absolute beneficial owners of those shares.

They do not deal with certain types of shareholders, such as charities, persons who have or could be treated for tax purposes as having acquired their Scheme Shares by reason of their employment, persons holding their Scheme Shares for the purposes of a trade, market makers, brokers, dealers, intermediaries and persons connected with depositary arrangements or clearance services, collective investment schemes or insurance companies.

**IF YOU ARE IN ANY DOUBT AS TO YOUR TAXATION POSITION OR IF YOU ARE SUBJECT TO TAXATION IN ANY JURISDICTION OTHER THAN THE UK, YOU SHOULD CONSULT AN APPROPRIATE PROFESSIONAL ADVISER IMMEDIATELY.**

##### 2. UK Taxation of Chargeable Gains

Scheme Shareholders whose Scheme Shares are transferred pursuant to the Scheme in return for cash consideration will be treated as making a disposal of their Scheme Shares for the purposes of UK tax on chargeable gains. That disposal may, depending on the relevant Scheme Shareholder's particular circumstances, give rise to a liability to UK tax on chargeable gains or to an allowable loss.

#### **Individual Scheme Shareholders**

Subject to available reliefs or allowances, gains arising on a disposal of Scheme Shares by an individual Scheme Shareholder will be subject to capital gains tax (**CGT**) at the rate of (for the 2024/2025 tax year) 10 per cent. or 20 per cent. or a combination thereof depending on the individual's personal circumstances, including any other taxable income and gains of that Scheme Shareholder in the relevant tax year.

No indexation allowance will be available to an individual Scheme Shareholder in respect of any disposal of Scheme Shares. The CGT annual exempt amount may, however, be available to individual Scheme Shareholders to offset against chargeable gains realised on the disposal of their Scheme Shares. The annual exempt amount for individuals is £3,000 for the 2024/2025 tax year.

#### **Corporate Scheme Shareholders**

Subject to available exemptions, reliefs or allowances, chargeable gains arising on a disposal of Scheme Shares by a Scheme Shareholder within the charge to UK corporation tax will be taxed at the rate of corporation tax applicable to that Scheme Shareholder.

For Scheme Shareholders within the charge to UK corporation tax (but which do not qualify for the substantial shareholding exemption in respect of their Scheme Shares), indexation allowance may be available in respect of part of the period of ownership of the Scheme Shares to reduce any chargeable gain arising (but not to create or increase any allowable loss) on the disposal of their Scheme Shares under the Scheme in return for cash. Indexation allowance may be available where the Scheme Shares were acquired

prior to 31 December 2017 in respect of the period of ownership of the Scheme Shares up to and including 31 December 2017.

The substantial shareholding exemption may apply to exempt from corporation tax any gain (or disallow any loss) arising to Scheme Shareholders within the charge to UK corporation tax where a number of conditions are satisfied, including that the applicable corporate Scheme Shareholder (together with certain associated companies) has held not less than 10 per cent. of the issued ordinary share capital of The Lakes for a continuous period of at least one year beginning not more than six years prior to the date of disposal.

### **3. Stamp duty and stamp duty reserve tax (SDRT)**

No UK stamp duty or SDRT should be payable by any Scheme Shareholders as a result of the Scheme becoming Effective.



## Part VII

### Additional information on The Lakes and Nyetimber

#### 1. Responsibility

- 1.1 The Lakes Directors, whose names are set out in paragraph 2.1 below, each accept responsibility for the information contained in this document (including any expressions of opinion) other than the information for which responsibility is taken by the Nyetimber Directors pursuant to paragraph 1.2 below. To the best of the knowledge and belief of The Lakes Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document (including any expressions of opinion) for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.2 The Nyetimber Directors, whose names are set out in paragraph 2.3 below, accept responsibility for the information contained in this document (including any expressions of opinion) relating to Nyetimber, each member of the Wider Nyetimber Group and themselves (and, in each case, their close relatives and related trusts). To the best of the knowledge and belief of the Nyetimber Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document (including any expressions of opinion) for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

#### 2. Directors and Corporate Information

- 2.1 The Lakes Directors and their respective positions are:

<i>Name</i>	<i>Position</i>
● Timothy Farazmand	Independent Non-Executive Chairman
● James Pennefather	Chief Executive Officer
● David Robinson	Chief Finance Officer
● Kirsten Taylor	Commercial Director
● Nigel Mills	Independent Non-Executive Director
● Richard Hutton	Independent Non-Executive Director
● Paul Neep	Independent Non-Executive Director
● Craig Wilkinson	Independent Non-Executive Director

- 2.2 The registered office of The Lakes, and the business address of each of The Lakes Directors and the Company Secretary for The Lakes, is at Low Barkhouse Farm, Setmurthy, Cockermouth, Cumbria, England, CA13 9SJ.

- 2.3 The Nyetimber Directors and their respective positions are:

<i>Name</i>	<i>Position</i>
● Eric Niels Heerema	Director
● Hans Ronald Sleuwenhoek	Director

Nyetimber is a private company and the registered office of Nyetimber, and the business address of each of the Nyetimber Directors, is Broughton House 6-8 Sackville Street, London, England, W1S 3DG.

#### 3. Interests and dealings

- 3.1 For the purposes of this paragraph 3.1:

<b>Acting in concert</b>	has the meaning given to it in the Code.
<b>Close relative</b>	has the meaning given to it in the Code.
<b>Dealing</b>	has the meaning given to it in the Code.

<b>Derivative</b>	has the meaning given to it in the Code.
<b>Disclosure period</b>	the period commencing 2 April 2023 (the date 12 months prior to the date of commencement of the Offer Period) and ending on the Last Practicable Date.
<b>Financial Collateral Arrangements</b>	arrangements of the kind referred to in Note 3 on Rule 4.6 of the Code.
<b>Interest or Interests</b>	in relevant securities shall have the meaning given to it in the Code and references to interests of the Nyetimber Directors or The Lakes Directors in relevant securities shall include all interests of any other person whose interests in such securities the Nyetimber Directors or The Lakes Directors, are taken to be interested in pursuant to Part 22 of the Companies Act.
<b>relevant securities</b>	<p>(a) The Lakes Shares and any other securities of The Lakes conferring voting rights;</p> <p>(b) equity share capital of The Lakes; and</p> <p>(c) securities of The Lakes carrying conversion or subscription rights into any of the foregoing.</p>
<b>Short position</b>	any short position (whether conditional or absolute and whether in the money or otherwise), including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery.

If there is any inconsistency between the above definitions and the Code, those used in the Code shall prevail.

### 3.2 **Persons acting in concert with Nyetimber**

In addition to the Nyetimber Directors (together with their close relatives and related trusts), and in addition to members of the Wider Nyetimber Group, the persons who are acting in concert with Nyetimber for the purposes of the Acquisition and which are required to be disclosed are:

<i>Person acting in concert</i>	<i>Type of company</i>	<i>Relationship with Nyetimber</i>	<i>Address</i>
N. M Rothschild & Sons Limited	Private company	Financial adviser to Nyetimber	New Court, St Swithin's Lane, London, EC4N 8AL

### 3.3 **Persons acting in concert with The Lakes**

In addition to The Lakes Directors (together with their close relatives and related trusts), the persons who are acting in concert with The Lakes for the purposes of the Acquisition and which are required to be disclosed are:

<i>Person acting in concert</i>	<i>Type of company</i>	<i>Relationship with The Lakes</i>	<i>Address</i>
Singer Capital Markets	Financial Services	Rule 3 adviser and corporate broker	1 Bartholomew Lane, London EC2N 2AX

### 3.4 **Arrangements of the kind referred to in Note 11 on the definition of acting in concert**

There are no arrangements of the kind referred to in Note 11 on the definition of acting in concert set out in the Code relating to relevant securities which exist between Nyetimber or any person acting in concert with Nyetimber and any other person nor between The Lakes or any person acting in concert with The Lakes and any other person and no such person has dealt in any relevant securities during the Offer Period.

### 3.5 **Interests in relevant securities**

- 3.5.1 At the close of business on the Last Practicable Date, Nyetimber was not interested in any relevant securities.
- 3.5.2 At the close of business on the Last Practicable Date, the Nyetimber Directors, their close relatives and related trusts were not interested in any relevant securities.
- 3.5.3 At the close of business on the Last Practicable Date, persons acting, or presumed to be acting, in concert with Nyetimber, other than the Nyetimber Directors as disclosed in paragraph 3.5.2 above, were not interested in any relevant securities.
- 3.5.4 At the close of business on the Last Practicable Date, none of Nyetimber and/or persons acting in concert with it had borrowed or lent (including for these purposes any financial collateral arrangements of the kind referred to in Note 3 on Rule 4.6 of the Code) in relation to any relevant securities.
- 3.5.5 At the close of business on the Last Practicable Date, the following The Lakes Directors (together with their respective close relatives) held the following interests in The Lakes Shares (with the exception of interests held under the relevant The Lakes Share Schemes, details of which are disclosed under paragraphs 3.5.6 to 3.5.9 below):

<i>Name</i>	<i>Number of The Lakes Shares</i>	<i>Percentage of The Lakes Shares</i>
Timothy Farazmand	72,084	0.19%
Kirsten Taylor	149,172	0.39%
Paul Neep	51,314	0.14%
Lisa Neep	34,493	0.09%
Nigel Mills	1,871,650	4.94%
Emma Mills	34,584	0.09%
Gregory Mills	34,584	0.09%
Rita Mills	125,000	0.33%
Susan Mills	149,235	0.39%
Richard Hutton	82,881	0.22%

- 3.5.6 At the close of business on the Last Practicable Date, the following awards in respect of The Lakes Shares had been granted to the following The Lakes Directors and remained outstanding under The Lakes 2017 EMI Plan and The Lakes 2019 EMI Plan:

<i>Name</i>	<i>Maximum number of The Lakes Shares under option/awards</i>	<i>Date of grant</i>	<i>Exercise price per The Lakes Share (£)</i>	<i>Vesting status</i>
Nigel Mills	240,000 ordinary shares (The Lakes EMI Plan2019)	9 August 2019	1.50	Vested
David Robinson	170,000 ordinary shares (The Lakes EMI Plan2017)	26 October 2017	1.20	Vested
	57,999 ordinary shares (The Lakes EMI Plan2019)	9 August 2019	1.50	Vested
Kirsten Taylor	138,000 ordinary shares (The Lakes EMI Plan 2019)	9 August 2019	1.50	Vested
Total	605,999 ordinary shares			

3.5.7 At the close of business on the Last Practicable Date, the following awards in respect of The Lakes Shares had been granted to the following The Lakes Directors and remained outstanding under The Lakes Share Plan 2021:

<i>Name</i>	<i>Maximum number of The Lakes Shares under option/awards</i>	<i>Date of grant</i>	<i>Exercise price per The Lakes Share (£)</i>	<i>Vesting status</i>
Nigel Mills	90,909 ordinary shares	10 September 2021	0.02	Will vest in full on the Court Sanction Date.
James Pennefather	689,655 ordinary shares	31 March 2023	0.02	Will vest in full on the Court Sanction Date.
David Robinson	69,697 ordinary shares	10 September 2021	0.02	Will vest in full on the Court Sanction Date.
	90,000 ordinary shares	7 July 2023	0.02	Will vest in full on the Court Sanction Date.
Kirsten Taylor	69,697 ordinary shares	10 September 2021	0.02	Will vest in full on the Court Sanction Date.
	90,000 ordinary shares	7 July 2023	0.02	Will vest in full on the Court Sanction Date.
Total	1,099,958 ordinary shares			

3.5.8 At the close of business on the Last Practicable Date, the following awards in respect of The Lakes Shares had been granted to the following The Lakes Directors and remained outstanding under The Lakes LTIP 2022:

<i>Name</i>	<i>Maximum number of The Lakes Shares under option/awards</i>	<i>Date of grant</i>	<i>Exercise price per The Lakes Share (£)</i>	<i>Vesting status</i>
James Pennefather	189,655 ordinary shares	4 November 2023	0.02	Will vest in full on the Court Sanction Date.
David Robinson	89,655 ordinary shares	30 January 2023	0.02	Will partially vest (49,310) on the Court Sanction Date.
	94,138 ordinary shares	3 November 2023	0.02	Will vest in full on the Court Sanction Date.
Kirsten Taylor	89,655 ordinary shares	30 January 2023	0.02	Will partially vest (49,310) on the Court Sanction Date.
	94,138 ordinary shares	3 November 2023	0.02	Will vest in full on the Court Sanction Date.
Total	557,241 ordinary shares			

3.5.9 At the close of business on the Last Practicable Date, the following investments under The Lakes Convertible Loan Notes had been made by the following The Lakes Directors and remained outstanding under the Convertible Loan Notes 2023 agreement:

<i>Name</i>	<i>Number and class of securities</i>	<i>Date of grant</i>
Nigel Mills	£250,000 secured convertible loan notes	7 December 2023
Paul Neep	£65,000 secured convertible loan notes	7 December 2023
Timothy Farazmand	£35,000 secured convertible loan notes	7 December 2023
Total	£350,000 secured convertible loan notes	

3.5.10 At the close of business on the Last Practicable Date, none of The Lakes and/or persons acting in concert with it had borrowed or lent (including for these purposes any financial collateral arrangements of the kind referred to in Note 3 on Rule 4.6 of the Code) in relation to any relevant securities.

### 3.6 **Dealings in relevant securities**

3.6.1 There were no dealings in relevant securities of The Lakes by Nyetimber, the Nyetimber Directors, (nor by their respective close relatives and related trusts or by any persons acting in concert with Nyetimber during the disclosure period.

3.6.2 Dealings in relevant securities of The Lakes by The Lakes Directors and their respective close relatives and related trusts and by persons acting in concert with The Lakes which have taken place during the period between the start of the Offer Period and the Last Practicable Date were as follows:

<i>Name</i>	<i>Nature of dealing</i>	<i>Date</i>	<i>Number of The Lakes Shares</i>	<i>Price per The Lakes Share</i>
Nigel Mills	Acquired £250,000 in The Lakes Convertible Loan Notes	7 December 2023	N/A	N/A
Paul Neep	Acquired £65,000 in The Lakes Convertible Loan Notes	7 December 2023	N/A	N/A
Timothy Farazmand	Acquired £35,000 in The Lakes Convertible Loan Notes	7 December 2023	N/A	N/A

3.6.3 Save as disclosed in paragraph 3.6.2 above, there were no dealings during the period between the start of the Offer Period and the Last Practicable Date in relevant securities of The Lakes or in Nyetimber securities by The Lakes Directors nor by their respective close relatives and related trusts nor by any person acting in concert with The Lakes.

3.6.4 Furthermore, save as disclosed in this document, no dealing arrangement exists with Nyetimber or The Lakes or any person acting in concert with Nyetimber or The Lakes in relation to relevant securities of The Lakes. For these purposes, a “dealing arrangement” includes any indemnity or option arrangement, any agreement or any understanding, formal or informal, of whatever nature, relating to relevant securities of The Lakes which may be an inducement to deal or refrain from dealing in such securities.

### 3.7 **General**

Save as disclosed in this paragraph 3.7, as at the close of business on the Last Practicable Date:

3.7.1 neither Nyetimber nor the Nyetimber Directors (nor any of their respective close relatives and related trusts), nor any person acting in concert with Nyetimber:

3.7.1.1 held any interest in, or right to subscribe for, or any short position in respect of (whether conditional or absolute and whether in the money or otherwise), including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery, any relevant securities; nor

- 3.7.1.2 save for any borrowed shares which have either been on-lent or sold, had borrowed or lent any relevant securities (including for these purposes any financial collateral arrangements of the kind referred to in Note 3 on Rule 4.6 of the Code);
- 3.7.2 none of The Lakes Directors (and their respective close relatives and related trusts), nor any other person acting in concert with The Lakes, held any interest in, or right to subscribe for, or any short position in respect of, including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery, any relevant securities of The Lakes or securities in Nyetimber; and
- 3.7.3 neither The Lakes nor any person acting in concert with The Lakes had borrowed or lent any relevant securities (including for these purposes any financial collateral arrangements of the kind referred to in Note 3 on Rule 4.6 of the Code), save for any borrowed shares which have either been on-lent or sold.

#### **4. The Lakes Share Schemes and The Lakes Convertible Loan Notes**

##### ***Participants in The Lakes Share Schemes***

As at the last day of the disclosure period, the following The Lakes Shares were in issue and options and awards under The Lakes Share Schemes in respect of which The Lakes Shares are required to be issued were outstanding:

The Lakes Shares in issue:	37,894,799
The Lakes Shares required to be issued to satisfy options and awards under The Lakes Share Schemes:	1,805,520*

\* assuming the full exercise of such options and awards that it has been determined will vest and be capable of exercise as a result of the Scheme

##### ***Holders of The Lakes Convertible Loan Notes***

Holders of The Lakes Convertible Loan Notes will be written to separately to inform them of the effect of the Scheme on their rights under The Lakes Convertible Loan Notes.

A summary of the effect of the Scheme on The Lakes Convertible Loan Notes is set out at paragraph 6 of Part II (Explanatory Statement) of this document.

#### **5. Employment contracts, appointment letters and remuneration of The Lakes Directors**

##### **5.1 *The Lakes Executive Directors***

Summaries of the employment contracts entered into between The Lakes and the Executive Directors of The Lakes are set out below. Save as noted below, no such employment contract has been entered into or amended during the six months preceding the date of this document.

##### **5.1.1 *James Richard Somerset Pennefather***

James Pennefather entered into a director service agreement with The Lakes as its Chief Executive Officer, dated 31 March 2023, which commenced on 1 July 2023. The service agreement is subject to termination upon 6 months' notice given by The Lakes and by 6 months' notice given by James Pennefather and provides for an annual salary (£220,000 per annum from 1 July to 31 December 2023, and £231,000 per annum with effect from 1 January 2024) and which is subject to annual review. The employment agreement also provides for the payment of a discretionary annual bonus on such conditions as The Lakes Board may determine. Other benefits include 38 days' paid holiday per annum (inclusive of bank and other public holidays), the provision of a car allowance of £8,000 per annum, ability to be enrolled in The Lakes' NEST pension scheme, participation in The Lakes' private medical insurance scheme, discount of 25 per cent. at The Lakes' bistro and retail shop, and the reimbursement of all reasonable and properly documented expenses incurred in the proper performance of his duties and responsibilities.

### 5.1.2 *David Peter Robinson*

David Robinson entered into a director service agreement with The Lakes as its Chief Financial Officer, effective from 1 June 2018 with continuous service having commenced on 17 January 2017. The service agreement is subject to termination upon 6 months' notice given by The Lakes and by 6 months' notice given by David Robinson and provides for an annual salary (currently £136,500 per annum) and which is subject to annual review. Other benefits include 38 days' paid holiday per annum (inclusive of bank and other public holidays), the provision of a car allowance of £6,996 per annum, ability to be enrolled in The Lakes' NEST pension scheme, participation in The Lakes' private medical insurance scheme, discount of 25 per cent. at The Lakes' bistro and retail shop, and the reimbursement of all reasonable and properly documented expenses incurred in the proper performance of his duties and responsibilities.

### 5.1.3 *Kirsten Amanda Taylor*

Kirsten Taylor entered into a director service agreement with The Lakes as its Commercial Director, effective from 1 March 2022 with continuous service having commenced on 8 January 2018. The service agreement is subject to termination upon 6 months' notice given by The Lakes and by 6 months' notice given by Kirsten Taylor and provides for an annual salary (currently £136,500 per annum) and which is subject to annual review. Other benefits include 38 days' paid holiday per annum (inclusive of bank and other public holidays), the provision of a car allowance of £6,996 per annum, ability to be enrolled in The Lakes' NEST pension scheme, participation in The Lakes' private medical insurance scheme, discount of 25 per cent. at The Lakes' bistro and retail shop, and the reimbursement of all reasonable and properly documented expenses incurred in the proper performance of his duties and responsibilities.

## 5.2 **The Lakes Non-Executive Directors**

Summaries of the appointment letters entered into between The Lakes and the Non-Executive Directors of The Lakes are set out below. No such appointment letter has been entered into or amended during the six months preceding the date of this document.

### 5.2.1 *Timothy Farazmand*

The services of Timothy Farazmand as a Non-Executive Director and Chairman of The Lakes are provided under the terms of a letter of appointment dated 4 June 2018 between him and The Lakes for an initial period of three years (subject to The Lakes Articles) commencing on 1 June 2018 and which have continued after such initial period by mutual agreement, subject to termination by either party giving to the other 1 month prior written notice. Timothy Farazmand is paid an annual fee, currently £40,000 per annum (payable in equal instalments monthly in arrears and covering all duties, including service on any Board committee or subsidiary of The Lakes) as Non-Executive Chairman of The Lakes, and is entitled to reimbursement of all reasonable and properly documented expenses incurred in the proper performance of the duties of his office.

### 5.2.2 *Paul Anthony Neep*

The services of Paul Neep as a Non-Executive Director are provided under the terms of a letter of appointment dated 1 June 2018 between him and The Lakes for an initial period of three years (subject to The Lakes Articles) commencing on 1 June 2018 and which have continued after such initial period by mutual agreement, subject to termination by either party giving to the other 1 month prior written notice. Paul Neep is paid an annual fee, currently £30,000 per annum (payable in equal instalments monthly in arrears and covering all duties, including service on any Board committee or subsidiary of The Lakes) as Non-Executive Director of The Lakes, and is entitled to reimbursement of all reasonable and properly documented expenses incurred in the proper performance of the duties of his office.

### 5.2.3 *Richard John Hutton*

The services of Richard Hutton as a Non-Executive Director are provided under the terms of a letter of appointment dated 1 June 2018 between him and The Lakes for an initial period of three years (subject to the Lakes Articles) commencing on 1 June 2018 and which have



continued after such initial period by mutual agreement, subject to termination by either party giving to the other 1 month prior written notice. Richard Hutton is paid an annual fee, currently £25,000 per annum (payable in equal instalments monthly in arrears and covering all duties, including service on any Board committee or subsidiary of The Lakes) as Non-Executive Director of The Lakes, and is entitled to reimbursement of all reasonable and properly documented expenses incurred in the proper performance of the duties of his office.

#### 5.2.4 *Craig Wilkinson*

The services of Craig Wilkinson as a non-executive director are provided under the terms of a letter of appointment dated 13 December 2019 between him and The Lakes and commencing on 13 December 2019. Craig Wilkinson's appointment will continue for so long as Comhar Capital (1804) Limited hold at least 5 per cent. of The Lakes' total issued share capital. Comhar Capital (1804) Limited is paid an annual fee, currently £25,000 per annum (payable quarterly in advance and covering all duties) for Craig Wilkinson's role as Non-Executive Director of The Lakes, and is entitled to reimbursement of all reasonable and properly documented expenses incurred in the proper performance of the duties of his office.

#### 5.2.5 *Nigel John Mills*

The services of Nigel Mills as a Non-Executive Director are provided under the terms of a letter of appointment dated 30 March 2023 between him and The Lakes for an initial period of three years (subject to The Lakes Articles) commencing on 1 July 2023, subject to termination by either party giving to the other 1 month prior written notice. Nigel Mills is paid an annual fee, currently £25,000 per annum (payable in equal instalments monthly in arrears and covering all duties, including service on any Board committee or subsidiary of The Lakes) as Non-Executive Director of The Lakes, and is entitled to reimbursement of all reasonable and properly documented expenses incurred in the proper performance of the duties of his office.

- 5.3 The Lakes maintains appropriate director's and officer's liability insurance for the benefit of each The Lakes Director and maintains such cover for any claims that might be lawfully brought against them during the policy period (including after they have ceased to be a The Lakes Director).

## 6. **Financing arrangements and cash confirmation**

- 6.1 The cash consideration payable to The Lakes Shareholders under the terms of the Acquisition will be financed by existing cash resources available to Nyetimber.
- 6.2 Rothschild & Co, as financial adviser to Nyetimber, is satisfied that sufficient existing cash resources are available to Nyetimber to enable it to satisfy in full the cash consideration payable to The Lakes Shareholders under the terms of the Acquisition.

## 7. **Irrevocable undertakings**

### **Irrevocable undertakings from The Lakes Directors who hold The Lakes Shares**

The following The Lakes Directors (being all The Lakes Directors who hold The Lakes Shares) have given irrevocable undertakings to vote in favour of the Scheme at The Lakes Court Meeting and Resolutions relating to the Acquisition at The Lakes General Meeting in respect of their own legal and/or beneficial holdings of The Lakes Shares:

<i>Name of The Lakes Director giving the undertaking</i>	<i>Number of The Lakes Shares in respect of which undertaking is given</i>	<i>Percentage of The Lakes' issued share capital</i>
Nigel Mills	1,871,650	4.9%
Tim Farazmand	72,084	0.2%
Richard Hutton	82,881	0.2%
Paul Neep	51,314	0.1%
Kirsten Taylor	149,172	0.4%
TOTAL	2,227,101	5.9%

- 7.1 The irrevocable undertakings given by The Lakes Directors listed above cease to be binding if:
- 7.1.1 the Panel consents to Nyetimber not proceeding with the Acquisition;
- 7.1.2 the Scheme lapses or is withdrawn in accordance with its terms, or the Scheme does not become Effective on or before the Long Stop Date (other than in circumstances where Nyetimber has, prior to such date, elected to exercise its right to proceed by way of a Takeover Offer and announced the same in accordance with the requirements of paragraph 8 of Appendix 7 to the Code); or
- 7.1.3 Nyetimber announces (with the consent of the Panel) that it does not intend to make or proceed with the Acquisition and no new, revised or replacement Takeover Offer or Scheme is announced in accordance with Rule 2.7 of the Code at the same time.

The following The Lakes Shareholders have given irrevocable undertakings to vote in favour of the Scheme at The Lakes Court Meeting and Resolutions relating to the Acquisition at The Lakes General Meeting respect of their own legal and/or beneficial holdings of The Lakes Shares:

<i>Name of The Lakes Shareholder giving the undertaking</i>	<i>Number of The Lakes Shares in respect of which undertaking is given</i>	<i>Percentage of The Lakes' issued share capital</i>
Comhar Capital (1804) Limited	4,308,774	11.4%
Paul Currie	2,103,385	5.6%
David McLaughlin	1,895,535	5.0%
TOTAL	8,307,694	21.9%

- 7.2 The irrevocable commitments given by The Lakes Shareholders listed above cease to be binding if:
- 7.2.1 the Panel consents to Nyetimber not proceeding with the Acquisition;
- 7.2.2 the Scheme lapses or is withdrawn in accordance with its terms, or the Scheme does not become Effective on or before the Long Stop Date (other than in circumstances where Nyetimber has, prior to such date, elected to exercise its right to proceed by way of a Takeover Offer and announced the same in accordance with the requirements of paragraph 8 of Appendix 7 to the Code);
- 7.2.3 Nyetimber announces (with the consent of the Panel) that it does not intend to make or proceed with the Acquisition and no new, revised or replacement Takeover Offer or Scheme is announced in accordance with Rule 2.7 of the Code at the same time; or
- 7.2.4 a person other than Nyetimber announces pursuant to Rule 2.7 of the Code a firm intention to make an offer howsoever structured (including by way of cash only or a combination of cash and shares) to acquire the whole of the issued and to be issued ordinary share capital of The Lakes on terms which entitle The Lakes Shareholders to receive more than the 116 pence for each The Lakes Share.

## 8. Material Contracts

### 8.1 The Lakes

Save as disclosed below, there are no material contracts (not being contracts entered into in the ordinary course of business) to which The Lakes or any member of The Lakes Group is a party which are or, or may be considered to be, material and which have been entered into during the period commencing on 2 April 2022 (being the date two years before the commencement of the Offer Period) and ending on the Last Practicable Date.

#### *Beechbrook facility agreement*

On 18 July 2022 The Lakes entered into a facility agreement with Beechbrook UK SME Credit Limited (**Beechbrook**) and Beechbrook UK SME Credit III Holdings Limited (**Beechbrook Holdings**). The facility agreement was most recently amended and restated on 7 December 2023 and incorporates standard terms and conditions (**Facility Agreement**). The facility totalling £8.35m (**Term Loan**) was

obtained for the purposes of refinancing certain indebtedness with third parties and acquiring a freehold property (being Higham Estate, Setmurthy, Cockermouth).

The Term Loan, which was drawn down on 18 July 2022 and 9 September 2022, is repayable immediately on the earlier of a change of control, the sale of the assets of the group or the fifth anniversary of the date of the agreement, being 18 July 2027.

Interest payments are divided between Cash Interest and Capitalised Interest. Cash Interest is due on each of 31 March, 30 June, 30 September, 31 December but The Lakes may request that it is deferred and capitalised. Cash Interest is calculated as the aggregate of the Cash Margin (being either 5 per cent. or 6 per cent. p/a depending on The Lakes' liquidity position) plus the Bank of England's base rate from time to time (subject to a floor of 0.5 per cent.).

In addition to the Cash Interest, any applicable Capitalised Interest will be charged on the outstanding balance of the Term Loan at the rate which is equal to the Capitalised Margin (which is either 7.5 per cent., 6 per cent., 5 per cent. or 4 per cent., depending on The Lakes' liquidity position and EBITDA). On each interest payment date, the Capitalised Interest which has accrued during the relevant interest period will be capitalised and form part of the Term Loan.

If the Term Loan is repaid earlier than 39 months from the date of the first drawdown (**Make Whole Period**), a pre-payment fee must be paid which is an amount equal to all interest (being the Cash Margin, Capitalised Margin and the Bank of England's base rate from time to time (subject to a floor of 0.5 per cent.)) that would have accrued for the whole Make Whole Period. After expiry of the Make Whole Period but up to month 54 after the first drawdown, an exit fee of 2 per cent. of £8.35m will be payable by The Lakes.

Under the amendment and restatement, a further minimum return fee of 230 per cent. is payable on all deferred amounts owed (such amounts more particularly described in the amended and restated Facility Agreement). The Facility Agreement contains representations, covenants and events of default. Financial covenants specify EBITDA and Minimum Liquidity tests. The Lakes has also granted guarantees and debentures in favour of Alter Domus Trustees (UK) Limited (as Security Agent for Beechbrook and Beechbrook Holdings). These are dated 18 July 2022 and 9 September 2022 (**Debentures**). The Debentures include fixed and floating charges over The Lakes' assets. The priority of such Debentures are set out in a deed of priority with The Lakes' other secured creditors (the terms of which are referenced below).

#### *Convertible Loan Notes*

On 7 December 2023, The Lakes entered into a convertible loan note instrument which constitutes £2,000,000 in nominal value secured convertible loan notes 2023 (**Instrument**). The Instrument includes the details and proportions in which the notes are to be issued to each noteholder.

On the date of the first issue of the loan notes, The Lakes shall pay a fee totalling 2 per cent. of £2,000,000. Thereafter, a monthly fee of 0.415 per cent. of any unissued notes shall be payable to each noteholder (rolled up to 30 June 2024). The notes shall be redeemed immediately on the earlier of an event of default or the termination date. The termination date is 60 months from the date of the Instrument. Events of default include change of control.

Each noteholder has the right to serve a conversion notice on The Lakes within 60 months beginning on the date of the Instrument to convert their convertible loan notes into shares in The Lakes as a price of £1.34 per share. This exercise price per share is greater than the 116 pence per share offered in connection with the Scheme and therefore the convertible loan notes are viewed as being 'underwater'.

If the notes are redeemed before the termination date then the noteholder will receive an amount equal to twice the nominal amount of their notes. Interest accrues at 15 per cent. per annum on the loan notes, which compounds annually and is rolled up and paid when the notes are redeemed. There are certain reserved rights set out in the Instrument to which The Lakes requires the consent of Comhar as arranger. These are very similar to the rights set out in the Equity Side Letter (see below).

In connection with the Instrument, The Lakes also granted a debenture dated 7 December 2023 in favour of Comhar (as trustee for the noteholders). The Debenture includes fixed and floating charge over The Lakes' assets and is subject to the deed of priority (as discussed below).

#### *Beechbrook Holdings and Comhar Capital equity side letter*

On 18 July 2022 The Lakes entered into an equity side letter with Beechbrook Holdings and Comhar Capital (1804) Limited (**Comhar**). The Equity Side Letter was entered into in consideration of the Beechbrook Holdings and Comhar subscribing for, or continuing to hold shares within the capital of The Lakes.

Under the terms of the Equity Side Letter The Lakes agrees not to do certain matters without first obtaining written consent from both Beechbrook Holdings and Comhar to protect their shareholding position.

On 7 December 2023, Beechbrook, Beechbrook Holdings, Comhar, Secure Trust Bank plc and The Lakes entered into a deed of priority which sets out the priorities of each lender's security and how they rank in respect of realisations of property, eligible inventory, non-vesting debts, and any other assets, right and undertaking of The Lakes. The deed deals with the consent of the lenders to security in favour of the other lenders and the process around the enforcement of the rights of the lenders.

## 8.2 **Nyetimber**

There are no material contracts (not being contracts entered into in the ordinary course of business) to which Nyetimber or any member of the Wider Nyetimber Group is a party which are, or may be considered to be, material and which have been entered into during the period commencing on 2 April 2022 (being the date two years before the commencement of the Offer Period) and ending on the Last Practicable Date.

## 8.3 **Offer-Related Agreements**

### *Confidentiality Agreement*

Pursuant to the Confidentiality Agreement, Highland Jersey Limited undertook to keep, and to procure that certain of their representatives keep information relating to The Lakes Group and/or to the Acquisition confidential, to use such information solely for the agreed purposes in relation to the Acquisition and not to disclose it to third parties (with certain exceptions). These confidentiality obligations will remain in force until the earlier of: (a) completion of the Acquisition by Highland Jersey Limited or a member of the Wider Nyetimber Group; or (b) the date falling two years after the date of the Confidentiality Agreement.

### *Share Schemes Side Letter*

On 2 April 2024, Nyetimber and The Lakes entered into a side letter pursuant to which the parties have agreed certain arrangements in respect of The Lakes Share Schemes (the "**Share Schemes Side Letter**"), including the intention to jointly write to The Lakes Share Scheme participants on, or as soon as practicable after, the posting of this document to explain the impact of the Scheme on their awards and the extent to which their awards will vest if not already vested and exercisable.

The Share Schemes Side Letter will terminate in certain circumstances set out within, including circumstances where The Lakes shareholders do not approve the Scheme or pass the resolutions (as applicable) at the relevant The Lakes Meeting, where the Court does not sanction the Scheme, or by written notice from Nyetimber to The Lakes if The Lakes Board withdraws or adversely modifies its recommendation.

### *HR Side Letter*

On 2 April 2024, Nyetimber and The Lakes entered into a side letter in relation to HR matters (the "**HR Side Letter**"). Pursuant to the HR Side Letter, the parties have agreed certain arrangements in respect of those The Lakes employees affected by the proposed business and operations review that Nyetimber intends to conduct following completion of the Acquisition (as described in paragraph

7 of Part I (*Letter from the Chairman of the Lakes Distillery Company plc*) of this document), including offering an enhanced redundancy package to any such employees.

The HR Side Letter will terminate in certain circumstances set out within, including circumstances where The Lakes shareholders do not approve the Scheme or pass the resolutions (as applicable) at the relevant The Lakes Meeting or where the Court does not sanction the Scheme.

## **9. Bases of calculations and sources of information**

- 9.1 For the purposes of the financial comparisons contained in this document, no account has been taken of any liability to taxation or the treatment of fractions under the Acquisition.
- 9.2 At the close of business on the Last Practicable Date, The Lakes had in issue 37,894,799 The Lakes Shares.
- 9.3 The value of the Acquisition of approximately £46.1 million, is calculated on the basis of the issued and to be issued ordinary share capital of The Lakes (as set out in paragraph 9.2 below) multiplied by the consideration of 116 pence for each The Lakes Share).
- 9.4 The value of the Acquisition implies an Enterprise Value of £71.0 million, which is calculated on the basis of The Lakes Directors' expectation for The Lakes' net financial debt as at 31 May 2024, which comprises £25.8 million of financial debt and associated make whole payments, less £0.9 million of cash and cash equivalents.
- 9.5 The fully diluted share capital of 39,700,319 The Lakes Shares is calculated on the basis of:
- 9.5.1 37,894,799 The Lakes Shares in issue on the Last Practicable Date; plus:
- 9.5.2 1,805,520 additional The Lakes Shares which is the maximum number currently expected to be issued on or after the date of this document following the exercise of options and awards under The Lakes Share Schemes.
- 9.6 Unless otherwise stated the financial information relating to The Lakes is extracted or derived from The Lakes' audited annual report and consolidated financial statements for the year ended period ended 30 June 2023.
- 9.7 References to a percentage of issued The Lakes Shares are based on the number of The Lakes Shares in issue as set out in paragraph 9.2 above.
- 9.8 Certain figures included in this Document have been subject to rounding adjustments.

## **10. General**

- 10.1 Except as disclosed in this document, no agreement, arrangement or understanding (including any compensation or incentivisation arrangement) exists between Nyetimber or any party acting in concert with either Nyetimber for the purposes of the Acquisition and any of the directors, recent directors, shareholders or recent shareholders of The Lakes having any connection with or dependence on, or which is conditional on the outcome of, the Acquisition.
- 10.2 Except as disclosed in this document, there is no agreement, arrangement or understanding by which the beneficial ownership of any of the shares which are the subject of the Acquisition acquired by Nyetimber will be transferred to any other person, but Nyetimber reserves the right to transfer any such shares to any other member of the Wider Nyetimber Group or any joint venture, partnership, firm or company in which it has a substantial interest and the right to assign any such shares by way of security or grant any other security interest over such shares.
- 10.3 Except with the consent of the Panel, settlement of the cash consideration payable under the terms of the Acquisition to which any The Lakes Shareholder is entitled will be implemented in full in accordance with the terms of the Scheme without regard to any lien, right of set-off, counterclaim or other analogous right to which Nyetimber may otherwise be, or claim to be, entitled against such The Lakes Shareholder.

- 10.4 Save as disclosed in this document, there are no agreements to which Nyetimber is a party which relate to the circumstances in which it may or may not invoke a condition to the Acquisition.
- 10.5 Rothschild & Co has given and not withdrawn its written consent to the issue of this document with the inclusion of its name and references to it in the form and context in which they appear.
- 10.6 Singer Capital Markets has given and not withdrawn its written consent to the issue of this document with the inclusion of its name and references to it in the form and context in which they appear.
- 10.7 Save as disclosed or referred to in this document, The Lakes Directors are not aware of any significant change in the financial or trading position of The Lakes Group since 30 June 2023, being the date to which the last published audited annual results of The Lakes were prepared.

## 11. Fees and expenses

- 11.1 Nyetimber estimates that the aggregate fees and expenses expected to be incurred by them in connection with the Acquisition will be approximately £1,825,869.42 (excluding applicable VAT). This aggregate number consists of the following categories:

Financial and corporate broking advice:	£1,012,000
Legal advice:	£480,000
Accounting and tax advice:	£255,000
Public relations advice:	£0
Other costs and expenses:	£78,869.42

- 11.2 The Lakes estimates that the aggregate fees and expenses expected to be incurred by The Lakes in connection with the Acquisition will be approximately £1,536,448.37 (excluding applicable VAT). This aggregate number consists of the following categories:

Financial and corporate broking advice:	£460,523.70
Legal advice:	£395,000
Accounting and tax advice:	£0
Public relations advice:	£15,120
Other costs and expenses:	£665,804.67

## 12. Documents on display

Copies of the following documents will be available free of charge at the websites of The Lakes and Nyetimber at <https://lakesdistillery.com/proposed-acquisition> subject to any restrictions relating to persons resident in certain jurisdictions, until the Effective Date:

- 12.1 this document, the Forms of Proxy and the Announcement;
- 12.2 the articles of association of The Lakes;
- 12.3 the articles of association of The Lakes as proposed to be amended;
- 12.4 the articles of association of Nyetimber;
- 12.5 the audited annual report and consolidated financial statements of The Lakes referred to in Part V (*Financial Information*) of this document;
- 12.6 the unaudited financial statements of Nyetimber Wines Limited referred to in Part V (*Financial Information*) of this document;
- 12.7 the material contracts and offer related agreements described in paragraph 8 above to the extent they were entered into in connection with the Acquisition;
- 12.8 the offer related agreements described in paragraph 8.3 above; and
- 12.9 the written consents referred to in paragraphs 10.5 and 10.6 above.

For the avoidance of doubt, save for the financial information referred to at paragraphs 12.5 and 12.6 above which is incorporated by reference into this document, the contents of The Lakes' and Nyetimber's websites are not incorporated into and do not form part of this document.

17 April 2024



## Part VIII

### Definitions

The following apply throughout this document unless the context otherwise requires:

<b>Acquisition</b>	the acquisition of the entire issued and to be issued share capital of The Lakes by Nyetimber to be effected by the Scheme as described in this document (or by the Takeover Offer under certain circumstances described in the Announcement) and, where the context admits, any subsequent revision, variation, extension or renewal thereof.
<b>Acquisition Price</b>	116 pence per The Lakes Share.
<b>Announcement</b>	the press release under Rule 2.7 of the Code announcing Nyetimber's firm intention to make the Acquisition.
<b>Announcement Date</b>	2 April 2024.
<b>Business Day</b>	a day (other than a Saturday, Sunday, public or bank holiday) on which clearing banks are open for non-automated commercial business in the City of London.
<b>Code</b>	the City Code on Takeovers and Mergers.
<b>Companies Act</b>	the Companies Act 2006, as amended from time to time.
<b>Conditions</b>	the conditions to the Acquisition set out in Part III ( <i>Conditions to the implementation of the Scheme</i> ) of this document, and " <b>Condition</b> " means any one of them;
<b>Confidentiality Agreement</b>	the confidentiality agreement dated 4 September 2023 between Highland Jersey Limited (part of the Wider Nyetimber Group) and The Lakes relating to the Acquisition, as described in paragraph 8.3 of Part VII ( <i>Additional Information</i> ) of this document.
<b>Court</b>	the High Court of Justice in England and Wales.
<b>Court Hearing</b>	the hearing by the Court of the application to sanction this Scheme.
<b>Dealing Disclosures</b>	has the meaning given to it in Rule 8 of the Code.
<b>Disclosed</b>	means (i) information included in The Lakes' audited report and accounts for the financial year ended 30 June 2023; (ii) information disclosed in this document; (iii) as otherwise disclosed in writing, or in the documentation or written information provided, including but not limited to the information contained in the virtual data room established by The Lakes for the purpose of the Acquisition, to Nyetimber its respective officers, employees, agents or advisers, by or on behalf of The Lakes prior to the Last Practicable Date in the context of the Acquisition.
<b>Effective</b>	either: <ol style="list-style-type: none"><li>(a) if the Acquisition is implemented by way of the Scheme, the Scheme having become effective in accordance with its terms upon the delivery of the Scheme Court Order to the Registrar of Companies for registration; or</li></ol>

- (b) if Nyetimber elects to implement the Acquisition by way of a Takeover Offer (with Panel consent), such Takeover Offer having been declared or having become unconditional in accordance with the requirements of the Code.

<b>Effective Date</b>	the date on which the Acquisition becomes Effective.
<b>Excluded Shares</b>	any The Lakes Shares <ul style="list-style-type: none"><li>(a) registered in the name of or beneficially owned by Nyetimber or any other member of the Nyetimber Group (or any nominee of the foregoing),</li><li>(b) held as Treasury Shares by The Lakes; and</li><li>(c) any other The Lakes Shares which Nyetimber and The Lakes agree will not be subject to the Scheme,</li></ul> in each case, at any relevant time or date.
<b>Explanatory Statement</b>	the explanatory statement (in compliance with section 897 of the Companies Act) relating to the Scheme, as set out in Part II ( <i>Explanatory Statement</i> ) of this document.
<b>FCA</b>	the Financial Conduct Authority or its successor from time to time.
<b>Form(s) of Proxy</b>	either or both (as the context demands) of the BLUE Form of Proxy in relation to The Lakes Court Meeting and the WHITE Form of Proxy in relation to The Lakes General Meeting, which accompany this document.
<b>FSMA</b>	the Financial Services and Markets Act 2000 (as amended modified, re-enacted or replaced from time to time).
<b>hard copy form</b>	a document, an announcement or any information will be sent in hard copy form if it is sent in a paper copy or similar form capable of being read.
<b>Last Accounts Date</b>	30 June 2023.
<b>Last Practicable Date</b>	16 April 2024, being the last practicable date prior to publication of this document.
<b>London Stock Exchange</b>	London Stock Exchange plc or its successor from time to time.
<b>Long Stop Date</b>	11.59 p.m. on 31 August 2024 or such later date (if any) as Nyetimber may determine with the agreement of The Lakes or with the consent of the Panel and approval of the Court, if such approval is required.
<b>The Lakes</b>	The Lakes Distillery Company plc, a public limited company incorporated in England and Wales with registered number 07769363.
<b>The Lakes Articles</b>	the articles of association of The Lakes from time to time.
<b>The Lakes Convertible Loan Notes</b>	the convertible loan notes issued by The Lakes and constituted by the loan note instrument dated 7 December 2023.

<b>The Lakes Court Meeting</b>	the meeting or meetings of the Scheme Shareholders (or of any class or classes thereof) to be convened by order of the Court pursuant to section 896 of the Companies Act, notice of which is set out in Part IX (Notice of The Lakes Court Meeting) of this document, for the purpose of considering and, if thought fit, approving the Scheme (with or without modification approved or imposed by the Court and agreed by Nyetimber and The Lakes), including any adjournment, postponement or reconvening thereof.
<b>The Lakes Directors or The Lakes Board</b>	the directors of The Lakes at the date of this document, as set out in paragraph 2.1 of Part VII ( <i>Additional Information</i> ).
<b>The Lakes EMI Plan 2017</b>	The Lakes EMI Plan 2017 as adopted on 13 September 2017;
<b>The Lakes EMI Plan 2019</b>	The Lakes EMI Plan 2019 as adopted on 25 July 2019.
<b>The Lakes General Meeting</b>	the general meeting of The Lakes convened by the notice set out in Part X ( <i>Notice of The Lakes General Meeting</i> ) of this document, including any adjournment thereof;
<b>The Lakes Group</b>	The Lakes and its subsidiary undertakings.
<b>The Lakes LTIP 2022</b>	The Lakes LTIP 2022 as adopted on 26 January 2023.
<b>The Lakes Shareholders</b>	Holders of The Lakes Shares.
<b>The Lakes Share Plan 2021</b>	The Lakes Share Plan 2021 as adopted on 19 August 2021.
<b>The Lakes Share Schemes</b>	<ul style="list-style-type: none"> <li>(a) The Lakes EMI Plan 2017;</li> <li>(b) The Lakes EMI Plan 2019;</li> <li>(c) The Lakes Share Plan 2021;</li> <li>(d) The Lakes LTIP 2022; and</li> <li>(e) certain individual share options granted to certain The Lakes Directors and certain employees.</li> </ul>
<b>The Lakes Shares</b>	the ordinary shares of 2 pence each in the capital of The Lakes.
<b>Meetings</b>	The Lakes Court Meeting and/or The Lakes General Meeting, as the case may be.
<b>Nyetimber</b>	Nyetimber Wines and Spirits Group Limited, a company incorporated in England and Wales with registered number 15281873.
<b>Nyetimber Directors</b>	the directors of Nyetimber at the date of this document, as set out in paragraph 2.3 of Part VII ( <i>Additional Information</i> ).
<b>Offer Period</b>	has the meaning given to it in the Code.
<b>Opening Position Disclosure</b>	an announcement in accordance with Rule 8 of the Code containing details of interests or short positions in, or rights to subscribe for, any relevant securities of a party to the offer if the person concerned has such a position.
<b>Overseas Shareholders</b>	The Lakes Shareholders (or nominees of, or custodians or trustees for The Lakes Shareholders) not resident in, or citizens or nationals of, the United Kingdom.

<b>Panel</b>	the Panel on Takeovers and Mergers.
<b>Registrar of Companies</b>	the registrar of companies in England and Wales.
<b>Registrars/Receiving Agent</b>	Link Group, a trading name of Link Market Services Limited of Central Square, 29 Wellington Street, Leeds LS1 4DL.
<b>relevant securities</b>	<p>(a) The Lakes Shares and any other securities of The Lakes conferring voting rights;</p> <p>(b) equity share capital of The Lakes; and</p> <p>(c) securities of The Lakes carrying conversion or subscription rights into any of the foregoing.</p>
<b>Resolutions</b>	the resolutions to be proposed at The Lakes General Meeting necessary to implement the Scheme, including, without limitation, a resolution to amend The Lakes Articles by the adoption and inclusion of a new article under which any The Lakes Shares issued or transferred after the Scheme Record Time (other than to Nyetimber and/or its nominees) shall be automatically transferred to Nyetimber (or as it may direct) (and, where applicable, for consideration to be paid to the transferee or to the original recipient of The Lakes Shares so transferred or issued) on the same terms as the Acquisition (other than terms as to timings and formalities), and the resolution to be proposed at The Lakes General Meeting, that subject to the Scheme becoming Effective, the re-registration of The Lakes as a private limited company.
<b>Restricted Jurisdiction</b>	any jurisdiction where local laws or regulations may result in a significant risk of civil, regulatory or criminal exposure if information concerning the Acquisition is sent or made available to The Lakes Shareholders in that jurisdiction.
<b>RIS</b>	a service approved by the London Stock Exchange for the distribution to the public of announcements and included within the list maintained on the London Stock Exchange's website.
<b>Rothschild &amp; Co</b>	N.M. Rothschild & Sons Limited.
<b>Rule 15 Letters</b>	the letters sent on or around the date of this document by The Lakes and Nyetimber to participants in The Lakes Share Schemes regarding the effect of the Scheme on their rights under The Lakes Share Schemes and, where applicable, containing details of the appropriate proposals being made in accordance with Rule 15 of the Code.
<b>Scheme</b>	the proposed scheme of arrangement under Part 26 of the Companies Act between The Lakes and The Lakes Shareholders as set out in Part IV ( <i>The Scheme of Arrangement</i> ) of this document, with or subject to any modification, addition or condition approved or imposed by the Court.
<b>Scheme Court Order</b>	the order of the Court sanctioning the Scheme under section.
<b>Scheme Document</b>	this document.
<b>Scheme Record Time</b>	6.00 p.m. on the Business Day immediately after the date on which the Court grants the Scheme Court Order (or such other date and/or time as Nyetimber and The Lakes may agree).

<b>Scheme Shareholders</b>	holders of Scheme Shares.
<b>Scheme Shares</b>	<p>All the Lakes Shares:</p> <p>(a) in issue at the date of this document;</p> <p>(b) (if any) issued after the date of this document and before the Voting Record Time; and</p> <p>(c) (if any) issued at or after the Voting Record Time and before the Scheme Record Time, either on terms that the original or any subsequent holders thereof shall be bound by the Scheme or in respect of which the holders thereof shall have agreed in writing to be bound by the Scheme,</p> <p>in each case, and where the context requires, which remain in issue at the Scheme Record Time but excluding any Excluded Shares.</p>
<b>Singer Capital Markets</b>	Singer Capital Markets Advisory LLP, a limited liability partnership incorporated in England and Wales with registered number OC364131 which is acting as financial adviser to The Lakes for the purposes of Rule 3 of the Code in relation to the Acquisition.
<b>subsidiary or subsidiary undertaking</b>	has the meaning given in the Companies Act.
<b>Takeover Offer</b>	if (subject to the consent of the Panel and the terms of this document) the Acquisition is effected by way of a takeover offer as defined in Part 28 of the Companies Act, the offer to be made by or on behalf of Nyetimber to acquire the issued and to be issued share capital of The Lakes on the terms and subject to the conditions to be set out in the related offer document (and, where the context admits, any subsequent revision, variation, extension or renewal of such offer);
<b>Third Party</b>	any relevant government or governmental, quasi-governmental, supranational, statutory, regulatory, environmental or investigative body, court, trade agency, association, institution, any entity owned or controlled by any relevant government or state, or any other body or person whatsoever in any jurisdiction.
<b>UK or United Kingdom</b>	the United Kingdom of Great Britain and Northern Ireland.
<b>US or United States</b>	the United States of America, its territories and possessions, any state of the United States, the District of Columbia and all other areas subject to its jurisdiction.
<b>Voting Record Time</b>	6.30 p.m. on the day which is two days (excluding any part of a day that is not a Business Day) before the date of the relevant Meeting, and if a Meeting is adjourned, 6.30 p.m. on the day which is two days (excluding any part of a day that is not a Business Day) before the day of such adjourned Meeting.
<b>Wider The Lakes Group</b>	The Lakes, its subsidiaries, subsidiary undertakings and associated undertakings and any other body corporate, partnership, joint venture or person in which The Lakes and such undertakings (aggregating their interests) have an interest in 20 per cent. or more of the voting or equity capital (or the equivalent).
<b>Wider Nyetimber Group</b>	Nyetimber and its respective subsidiaries, subsidiary undertakings and associated undertakings and any other body corporate, partnership, joint venture or person in which Nyetimber and such

undertakings (aggregating their interests) have an interest in 20 per cent. or more of the voting or equity capital (or the equivalent).

**£ or pounds sterling or pence** the lawful currency of the United Kingdom.

In this document, unless the contrary is otherwise indicated:

- (a) associated undertaking, parent undertaking, subsidiary undertaking and undertaking have the respective meanings given thereto by the Companies Act;
- (b) references to an enactment include references to that enactment as amended, replaced, consolidated or re-enacted by or under any other enactment before or after the date of this document;
- (c) all the times referred to in this document are London times unless otherwise stated; and
- (d) references to the singular include the plural and *vice versa*.

## Part IX

### Notice of The Lakes Court Meeting

**IN THE HIGH COURT OF JUSTICE  
BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES  
COMPANIES COURT (ChD)**

**No.CR-2024-001526**

**IN THE MATTER OF THE LAKES DISTILLERY COMPANY PLC**

and

**IN THE MATTER OF THE COMPANIES ACT 2006**

**NOTICE IS HEREBY GIVEN** that, by an Order dated 15 April 2024 made in the above matters, the Court has given permission for The Lakes Distillery Company plc (the “**Company**”) to convene a meeting of the holders of Scheme Shares (as defined in the scheme of arrangement referred to below) (the “**The Lakes Court Meeting**”) for the purpose of considering and, if thought fit, approving (with or without modification) a scheme of arrangement pursuant to Part 26 of the Companies Act 2006 (the “**Act**”) proposed to be made between the Company and the holders of Scheme Shares (the “**Scheme of Arrangement**”) and that such meeting will be held at The Victoria Suite, Royal Station Hotel, Neville Street, Newcastle upon Tyne, NE1 5DH at 11.00 a.m. on 10 May 2024.

At The Lakes Court Meeting, the following resolution will be proposed:

*“THAT the scheme of arrangement dated 17 April 2024 between The Lakes Distillery Company plc and the holders of Scheme Shares (as defined in the said scheme), a print of which has been produced to this meeting and, for the purposes of identification, signed by the Chairman thereof, be approved in its original form or with or subject to such modification, addition or condition agreed by The Lakes Distillery Company plc and Nyetimber Wines and Spirits Group Limited and approved or imposed by the Court (the “**Scheme**”), the directors of The Lakes Distillery Company plc (or a duly authorised committee thereof) be authorised to take all such action as they may consider necessary or appropriate for carrying the Scheme into effect.”*

A copy of the Scheme and a copy of the explanatory statement required to be furnished pursuant to section 897 of the Act are incorporated in the document of which this notice forms part. Voting will be by way of a poll.

**Holders of Scheme Shares entitled to vote at The Lakes Court Meeting may vote by appointing the Chairman of The Lakes Court Meeting as their proxy to vote in their stead at The Lakes Court Meeting. A holder of Scheme Shares may appoint the Chairman of The Lakes Court Meeting more than once in relation to The Lakes Court Meeting provided that in each case, the Chairman of The Lakes Court Meeting is appointed to exercise the rights attached to a different share or shares held by that holder. A BLUE Form of Proxy for use at The Lakes Court Meeting is enclosed with this notice. A separate BLUE Form of Proxy should be used for each proxy appointment. If you intend appointing additional proxies, please contact Link Group. Alternatively, you may photocopy the enclosed BLUE Form of Proxy.**

In the case of joint holders of Scheme Shares, any one such joint holder may tender a vote, whether in person or by proxy, however the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holder(s) and for this purpose seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.

It is requested that forms appointing proxies (together with any power of attorney or other authority under which they are signed, or a notarially certified copy of such authority) be lodged with the Company's Registrars, Link Group, in accordance with the instructions printed on such forms not later than 48 hours before the start of The Lakes Court Meeting excluding any part of a day that is not a business day. However, if not so lodged a BLUE Form of Proxy (together with any such authority, if applicable) may be completed



and handed to the Chairman of The Lakes Court Meeting at any time before the start of The Lakes Court Meeting.

Entitlement to vote at The Lakes Court Meeting and the number of votes which may be cast at The Lakes Court Meeting will be determined by reference to the register of members of the Company at 6.30 p.m. on 8 May or, if The Lakes Court Meeting is adjourned, 6.30 p.m. on the day which is two days before the date of such adjourned The Lakes Court Meeting, in each case excluding any part of a day that is not a business day (the "**Voting Record Time**"). Changes to the register of members after the Voting Record Time will be disregarded in determining the rights of any person to vote at The Lakes Court Meeting or any adjournment of it.

By the said order, the Court has appointed Paul Neep, or failing him, James Pennefather, or failing him, David Robinson (each being a director of the Company), or, failing him, any other director of the Company to act as Chairman of The Lakes Court Meeting and has directed the Chairman to report the result of The Lakes Court Meeting to the Court.

The Scheme of Arrangement will be subject to the subsequent sanction of the Court.

Dated 17 April 2024

**Muckle LLP**

Time Central, 32 Gallowgate, Newcastle-Upon-Tyne, NE1 4BF, solicitors for the Company

### **Nominated Persons**

1. The statement of rights of holders of Scheme Shares in relation to the appointment of proxies described in this Notice of Court Meeting does not apply to Nominated Persons (as defined below) in their capacity as such. Such rights can only be exercised by Scheme Shareholders.
2. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "**Nominated Person**") does not, in that capacity, have a right to appoint a proxy, such right only being exercisable by The Lakes Shareholders. However, Nominated Persons may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Scheme Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.

## **GUIDANCE NOTES FOR COMPLETION OF THE BLUE FORM OF PROXY**

The guidance notes below should be read in conjunction with the explanatory notes printed on the BLUE Form of Proxy:

- A. Voting on the resolution will be by way of a poll. Each Scheme Shareholder will be entitled to one vote for every Scheme Share registered in his, her or its name and each corporate representative or proxy will be entitled to one vote for each Scheme Share which he/she represents.
- B. A BLUE Form of Proxy is enclosed for use at this meeting. To be valid, completed BLUE Forms of Proxy should be completed and signed by or on behalf of the Scheme Shareholder in accordance with the instructions printed thereon and returned by post along with the power of attorney or other authority, if any, under which they are signed or a notarially certified or office copy of such power or authority, so as to arrive at the offices of the Company's Registrars, Link Group, PXS 1, Central Square, 29 Wellington Street, Leeds, LS1 4DL as soon as possible and by not later than 11.00 a.m. on 8 May 2024, or if The Lakes Court Meeting is adjourned, at least 48 hours before the start of the adjourned meeting, excluding any part of a day that is not a business day. For your convenience, a freepost facility (for use in the UK only) has been provided with respect to the BLUE Form of Proxy. If the BLUE Form of Proxy for The Lakes Court Meeting is not returned by the specified time, it may be handed to representatives of Link Group, on behalf of the chairman of The Lakes Court Meeting, or the chairman of The Lakes Court Meeting before the start of the meeting and it will still be valid.
- C. A Scheme Shareholder entitled to vote at this meeting is entitled to appoint the chairman of the meeting to vote on his, her or its behalf. A Scheme Shareholder may appoint the chairman of the meeting more than once to exercise his, her or its rights attaching to different shares. A separate BLUE Form of Proxy should be used for each proxy appointment. If you intend appointing additional proxies, please contact Link Group for additional BLUE Forms of Proxy during business hours on 0371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. until 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Link Group cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes or by submitting a request in writing to Link Group, Central Square, 29 Wellington Street, Leeds LS1 4DL. Alternatively, you may photocopy the enclosed BLUE Form of Proxy.
- D. A Scheme Shareholder appointing the chairman of the meeting more than once for the purposes of exercising rights attaching to different shares should indicate the number of shares for which the chairman of the meeting is authorised to act (in each case) on his, her or its holding and mark the box indicating that the proxy instruction is one of multiple instructions being given. Failure to specify the number of shares to which each proxy form relates or specifying a number which, when taken together with the number of shares set out in the other proxy appointments, is in excess of the number of shares held by the Scheme Shareholder may result in the proxy appointment being invalid.
- E. A Scheme Shareholder must inform Link Group in writing of any termination of the authority of a proxy. If more than one valid but differing proxy appointment is received in respect of the same share or shares, the appointment received last before the latest time for the receipt of the proxies will take precedence in respect of that share or shares. If the Company is unable to determine which instrument was last received, none of them shall be treated as valid in respect of that share or shares.
- F. In the case of joint holders of Scheme Shares, any one such joint holder may tender a vote, whether in person or by proxy, however the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the other joint holder(s) and for this purpose seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding (the first named being the most senior).
- G. You may not use any electronic address provided either in this notice or in any related documents (including the enclosed BLUE Form of Proxy) to communicate with the Company for any purposes other than those expressly stated.

## Part X

### Notice of The Lakes General Meeting

## The Lakes Distillery Company plc

(Incorporated in England and Wales under company number 07769363)

**NOTICE IS HEREBY GIVEN** that a general meeting of The Lakes Distillery Company plc (the “**Company**”) will be held at The Victoria Suite, Royal Station Hotel, Neville Street, Newcastle upon Tyne, NE1 5DH at 11.15 a.m. on 10 May 2024 (or as soon thereafter as the meeting of the Scheme Shareholders (as defined in the Scheme as referred to in the resolution set out below) convened for 11.00 a.m. on the same day and at the same place by an order of the High Court of Justice, shall have concluded or been adjourned) for the purpose of considering and, if thought fit, passing the following resolutions as Special Resolutions:

### Special Resolutions

1. **THAT** for the purpose of giving effect to the scheme of arrangement dated 17 April 2024 (as modified or supplemented) between the Company and the holders of Scheme Shares (as defined in such scheme of arrangement), a print of which has been produced to this meeting and for the purposes of identification signed by the chairman of this meeting, in its original form or subject to such modification, addition or condition as may be approved or imposed by the Court (where relevant) and agreed by the Company and Nyetimber Holding Company Limited (the “**Scheme**”):
  - (a) the directors of the Company (or a duly authorised committee of the directors) be authorised to take all such action as they may consider necessary or appropriate for carrying the Scheme into effect;
  - (b) for the purpose of giving effect to the Scheme, with effect from the passing of this resolution, the articles of association of the Company be and are amended by the adoption and inclusion of the following new Article 139 after Article 138:

#### **“139 Scheme of Arrangement**

139.1 *In this Article 139:*

- (i) “**Nyetimber**” means Nyetimber Wines and Spirits Group Limited, a private limited company incorporated in England and Wales with company number 15281873 or such other nominee of Nyetimber which may acquire the shares under the Scheme; and
- (ii) “**Scheme**” means the scheme of arrangement between the Company and the Scheme Shareholders (as defined in the Scheme) dated 17 April 2024 under Part 26 of the Act in its original form or with or subject to any modification, addition or condition agreed by the Company and Nyetimber and which is approved or imposed by the High Court of England and Wales (where relevant) and (save as defined in this Article) expressions in the Scheme will have the same meanings in this Article.

139.2 *Notwithstanding any other provision of these Articles, if the Company issues any shares (other than to Nyetimber any parent undertaking of Nyetimber or any subsidiary of such parent undertaking, or any nominee of Nyetimber (each a “**Nyetimber Company**”)) on or after the date of adoption of this Article 139 and on or prior to the Scheme Record Time (as defined in the Scheme), such shares shall be issued subject to the terms of the Scheme (and shall be Scheme Shares for the purposes thereof) and the original holder or any subsequent holder or holders of such shares (other than a Nyetimber Company and/or its nominee(s)), shall be bound by the Scheme accordingly.*

139.3 *Notwithstanding any other provision of these Articles and subject to the Scheme becoming Effective (as defined in the Scheme), any shares issued or transferred to any person (other than to a Nyetimber Company and/or its nominees) (a “**New Member**”) on or after the Scheme Record Time (as defined in the Scheme) (the “**Transfer Shares**”*

and each a “**Transfer Share**”), shall be issued or transferred on terms that such Transfer Shares shall on the Effective Date (as defined in the Scheme) or, if later, on issue or transfer (but subject to the terms of Articles 139.4 and 139.5 below), be immediately transferred to Nyetimber (or such person as it may direct) (the “**Purchaser**”), who shall be obliged to acquire each Transfer Share in consideration of and conditional upon the payment by or on behalf of Nyetimber to the New Member of an amount in cash for each Transfer Share equal to the consideration to which a New Member would have been entitled under the Scheme had such Transfer Share been a Scheme Share.

- 139.4 On any reorganisation of, or material alteration to, the share capital of the Company (including, without limitation, any subdivision and/or consolidation) carried out after the Effective Date (as defined in the Scheme), the value of the cash consideration per Transfer Share to be paid under Article 139.2 shall be adjusted by the Company in such manner as the auditors of the Company or an investment bank selected by the Company may determine to be appropriate to reflect such reorganisation or alteration. References in this Article to shares or Transfer Shares shall, following such adjustment, be construed accordingly.
- 139.5 To give effect to any transfer of Transfer Shares required pursuant to this Article 139, the Company may appoint any person as attorney and/or agent for the New Member (or any subsequent holder or any nominee of such New Member or any such subsequent holder) to transfer the Transfer Shares to the Purchaser or its nominee(s) and do all such other things and execute and deliver all such documents or deeds as may in the opinion of such attorney or agent be necessary or desirable to vest the Transfer Shares in the Purchaser or its nominee(s) and, pending such vesting, to exercise all such rights attaching to the Transfer Shares as the Purchaser may direct. If an attorney or agent is so appointed, the New Member (or any subsequent holder or any nominee of such New Member or any such subsequent holder) shall not thereafter (except to the extent that such attorney or agent fails to act in accordance with the directions of the Purchaser) be entitled to exercise any rights attaching to the Transfer Shares unless so agreed in writing by the Purchaser. The attorney or agent shall be empowered to execute and deliver as transferor a form or forms of transfer or other instrument(s) or instruction(s) of transfer on behalf of the New Member (or any subsequent holder or any nominee of such New Member or any such subsequent holder) in favour of the Purchaser and/or its nominee(s) and the Company may give a good receipt for the consideration for the Transfer Shares and may register the Purchaser and/or its nominee(s) as holder thereof and issue to it certificate(s) for the same. The Company shall not be obliged to issue a certificate to the New Member (or any subsequent holder or any nominee of such New Member or any such subsequent holder) for the Transfer Shares. The Purchaser shall settle the consideration due to the New Member pursuant to Article 139.3 above by sending a cheque drawn on a UK clearing bank in favour of the New Member (or any subsequent holder), or any alternative method communicated by the Purchaser to the New Member for the purchase price of such Transfer Share as soon as practicable and in any event within 14 days of the date on which the Transfer Shares are issued or transferred to the New Member.
- 139.6 Notwithstanding any other provision of these Articles, both the Company and the Board shall refuse to register the transfer of any Scheme Shares effected between the Scheme Record Time and the Effective Date other than to the Purchaser and/or its nominee(s) pursuant to the Scheme.
- 139.7 If the Scheme shall not have become Effective by 31 August 2024 or such later date, if any, as Nyetimber and the Company may, with the consent of the Panel on Takeovers and Mergers, agree and (if required) the High Court of Justice in England and Wales may allow, this Article 139 shall be of no effect.”
2. **THAT** subject to and conditional upon the Scheme becoming Effective, pursuant to the provisions of the Companies Act 2006:

- a. The Lakes Distillery Company plc be re-registered as a private limited company under the name of 'The Lakes Distillery Company Limited'; and
- b. In connection with such re-registration, the articles of association of The Lakes be amended as follows:
  - i. references to 'The Lakes Distillery Company plc' be amended to 'The Lakes Distillery Company Limited'; and
  - ii. the statement that The Lakes Distillery Company plc is a public company limited by shares be amended to state that The Lakes Distillery Company Limited is a private company limited by shares.

By order of the Board

**Sarah Forster**

*Company Secretary*

Dated 17 April 2024

*Registered Office:*

Low Barkhouse Farm  
Setmurthy  
Cockermouth  
Cumbria, England  
CA13 9SJ

## **GUIDANCE NOTES FOR COMPLETION OF THE WHITE FORM OF PROXY**

The guidance notes below should be read in conjunction with the explanatory notes printed on the WHITE Form of Proxy:

- A. Pursuant to the Company's articles of association and Regulation 41 of the Uncertificated Securities Regulations 2001 (the "**Regulations**"), only holders of ordinary shares of 2 pence each in the capital of the Company (each, a "**Shareholder**") are entitled to vote at this meeting and may appoint a proxy to vote instead of them. Any persons who hold their shares through a nominee are not members as the relevant nominee is the member entitled to attend and vote at this meeting. Any persons who have invested through Crowdcube Limited are not members as Crowdcube Nominees Limited is the registered shareholder in respect of their shares and therefore Crowdcube Nominees Limited is the member entitled to attend and vote at this meeting. Changes to entries on the register of members after 6.30 p.m. on 8 May 2024 shall be disregarded in determining the rights of any person to vote at this meeting. Voting on the resolution will be by way of a poll. Each Shareholder present by proxy will be entitled to one vote for each ordinary share which he/she represents. A Shareholder may appoint more than one proxy in relation to this meeting provided that each proxy is entitled to exercise the rights attaching to a different share or shares held by that member.
- B. A WHITE Form of Proxy is enclosed for use at this meeting. To be valid, completed WHITE Forms of Proxy should be completed and signed by or on behalf of the Shareholder in accordance with the instructions printed thereon and returned by post along with the power of attorney or other authority, if any, under which they are signed or a notarially certified or office copy of such power or authority, so as to arrive at the offices of the Company's Registrars, Link Group, PXS 1, Central Square, 29 Wellington Street, Leeds, LS1 4DL as soon as possible and by not later than 11.15 a.m. on 8 May 2024, or if the meeting is adjourned, at least 48 hours before the start of the adjourned meeting, excluding any part of a day that is not a business day. For your convenience, a freepost facility (for use in the UK only) has been provided with respect to the WHITE Form of Proxy. If the Form of Proxy is not lodged by the relevant time, it will be invalid.
- C. A Shareholder entitled to vote at this meeting is entitled to appoint the chairman of the meeting to vote on his, her or its behalf. A Shareholder may appoint the chairman of the meeting more than once to exercise his, her or its rights attaching to different shares. A separate WHITE Form of Proxy should be used for each proxy appointment. If you intend appointing additional proxies, please contact Link Group for additional WHITE Forms of Proxy on 0371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. until 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Link Group cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes; or by submitting a request in writing to Link Group, Central Square, 29 Wellingtons Street, Leeds LS1 4DL. Alternatively, you may photocopy the enclosed WHITE Form of Proxy. A Shareholder appointing the chairman of the meeting more than once for the purposes of exercising rights attaching to different shares should indicate the number of shares for which the chairman of the meeting is authorised to act (in each case) on his, her or its holding and mark the box indicating that the proxy instruction is one of multiple instructions being given. Failure to specify the number of shares to which each proxy form relates or specifying a number which, when taken together with the number of shares set out in the other proxy appointments, is in excess of the number of shares held by the Shareholder may result in the proxy appointment being invalid. If the WHITE Form of Proxy is returned without an indication as to how the proxy shall vote on any particular matter, the proxy will exercise his discretion as to whether, and if so how, he or she votes. A Shareholder must inform Link Group in writing of any termination of the authority of a proxy. If more than one valid but differing proxy appointment is received in respect of the same share or shares, the appointment received last before the latest time for the receipt of the proxies will take precedence in respect of that share or shares. If the Company is unable to determine which instrument was last received, none of them shall be treated as valid in respect of that share or shares.
- D. In the case of joint holders of ordinary shares, any one such joint holder may tender a vote, whether in person or by proxy, however the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the other joint holder(s) and for this purpose seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding (the first named being the most senior).



- E. You may not use any electronic address provided either in this notice or in any related documents (including the enclosed WHITE Form of Proxy) to communicate with the Company for any purposes other than those expressly stated.
- F. A member of the Company which is a corporation may authorise a person or persons to act as its representative(s) at this meeting. In accordance with the provisions of the Companies Act 2006 (as amended by the Companies (Shareholders' Rights) Regulations 2009), each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual member of the Company, provided that they do not do so in relation to the same shares.
- G. As at 16 April 2024 (being the latest practicable date prior to the publication of this notice), the Company's issued share capital consisted of 37,894,799 ordinary shares, carrying one vote each. The Company does not hold any shares in treasury. Therefore, the total voting rights in the Company as at 16 April 2024 were 37,894,799 ordinary shares, carrying one vote each.

