



EIS INVESTMENT

THE LAKES DISTILLERY



THE
LAKES DISTILLERY
CUMBRIA

2015/2016 EIS SEASON

 TIER ONE CAPITAL
INDEPENDENT WEALTH MANAGEMENT



WHAT ARE EIS INVESTMENTS?

EIS stands for Enterprise Investment Schemes and such schemes serve to partially mitigate the level of risk investors assume when supporting new and small businesses.

A series of well established attractive tax reliefs are designed to encourage investment into new ventures which stand to create both growth and jobs to benefit the UK economy.

Our investment committee seeks to complement a predominantly fund based approach to EIS investment with suitable direct EIS investment with the potential for equity ownership offering uncapped growth.

Once an underlying business plan is approved, we create a formal EIS investment opportunity and invite external investment toward a set monetary goal.



INCOME TAX RELIEF

Income tax relief is available for investors to a maximum of 30 per cent of any investment into the Lakes Distillery, to be set against each individual's income tax liability for the tax year in which the investment was made.

There is also a carry back facility which allows investors to claim tax relief against income tax paid in the previous tax year.

Any shares purchased must be held for a period of three years or income tax relief will be withdrawn for not wholly complying with the required criteria for EIS eligibility.

Relief is subject to the overriding limit for relief for each year and only income tax which has been paid can be claimed back. This is claimed back via self-assessment.

In the event the project ultimately creates a loss then, net of any initial tax relief, this can be offset against income tax in the tax year of crystallisation or the preceding tax year.

CAPITAL GAINS TAX RELIEF



Any gain from EIS eligible investments is free from capital gains tax assuming investors have initially received income tax relief on the cost of the shares when purchased, and go on to hold the shares for three years or more.



The payment of tax on an existing capital gain can be deferred where the gain is subsequently invested in shares of an EIS qualifying company. This is commonly known in the wider market as roll-over relief.

The gain can arise from the disposal of any kind of asset and to qualify, the investment must be made within the period one year before or three years after the gain arose.



If the shares are disposed of at a loss, you can elect that the amount of the loss, less any income tax relief initially given, can be set against any capital gains until the loss is reclaimed in full.

Any loss can also be set against income tax in the year in which the loss arises, or any income tax of the previous year, instead of being set off against any capital gains.

INHERITANCE TAX RELIEF



Any investment into EIS eligible companies is deemed to fall outside of the investors estate for inheritance tax purposes after a two year period.

Assuming the investors estate is above the nil rate band of £325,000 per spouse, once this period has elapsed it has the effect of reducing an IHT liability of 40% on any capital allocated.

Any allocated capital must continually be held in EIS eligible holdings to ensure it is deemed to be outside of the estate.

A MODERN BLEND OF STYLE & SUBSTANCE

As part of our 2015/16 EIS investment season, Tier One Capital is pleased to bring clients access to a unique investment opportunity into the landmark development of a new whisky distillery in the Lakes.

The underlying company is currently trading and investment is eligible for attractive tax reliefs through the well established Enterprise Investment Scheme legislation.

A landmark project, The Lakes Distillery has been five years in the making. The project affords investors an opportunity to support a highly experienced and skilled management team in delivering a product of the highest quality, a stable of luxury brands and an important new tourist attraction for the Lakes region.





FULL EQUITY PARTICIPATION

Investment into the Lakes Distillery is currently offered on a direct equity basis in accordance with EIS eligibility rules.

This means any investment is uncapped in nature and is dependent on the shareholder value delivered by the management team.

Shares are offered for sale at £40 per share in the current fund raising round which is to raise £600,000 for continued investment into assets on the balance sheet in the form of additional stock and liquid reserves.

The management team have personally invested a collective sum of over £500,000 and are wholly committed to ensuring a successful project.

The collective experience, judgement and corporate governance skills of the management team all serve to give investors confidence that they are not only well placed to build a company that can last but are also strongly experienced in creating material shareholder value.

THE LAKES MALT

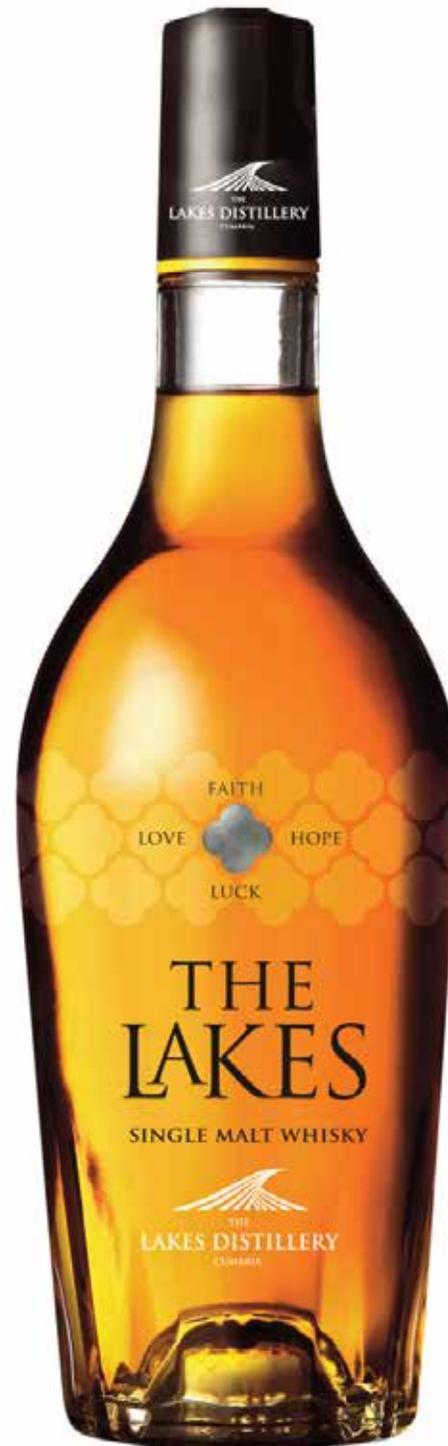
The flagship produce of the new distillery will see the bottling of a unique Malt Whisky using water drawn from the River Derwent.

This will be a lightly peated whisky more akin to the smooth whiskies from the highlands rather than the intensity of Islay, although some batches of a more heavily peated malt will be produced each year.

The Lakes Malt will become available for the first time only once it has been allowed to patiently mature for three years and one day.

The site is naturally home to clovers and the original buildings have stone clovers embedded throughout. According to tradition, each leaf is believed to represent something: the first is for faith, the second is for hope, the third is for love, and the fourth is for luck.

The unique Lakes Malt will therefore be uniquely celebrated with its own toast to faith, hope, luck and love. The toast will also be skilfully engraved into each bottle.



A MODERN STABLE OF BRANDS



THE LAKES VODKA

The Lakes Vodka is the first ever vodka to be produced locally from the region of Cumbria.

Using traditional artisan methods along with a beautiful copper pot still, the distillery is capable of producing a spirit of outstanding quality to export all around the world. The Lakes vodka is double distilled, making it even purer and smoother than a standard vodka.



THE ONE

The One is a unique blend of exceptional whiskies from the British Isles. Each has its own distinctive characteristics, resulting in a whisky of intriguing complexity.

A British Isles blend is an entirely new concept in blended whiskies and is now already being successfully exported across Europe, winning awards in the process.



THE LAKES GIN

The Lakes Gin is a truly Cumbrian gin, made with local botanicals and constitutes the only gin to be distilled in Cumbria.

A truly unique product, and many clients' favourite of the three, it has been carefully crafted using classic gin botanicals augmented with those native to Cumbria, including juniper, bilberry, heather and meadowsweet.

WORLD CLASS EQUIPMENT & PRODUCTION FACILITIES



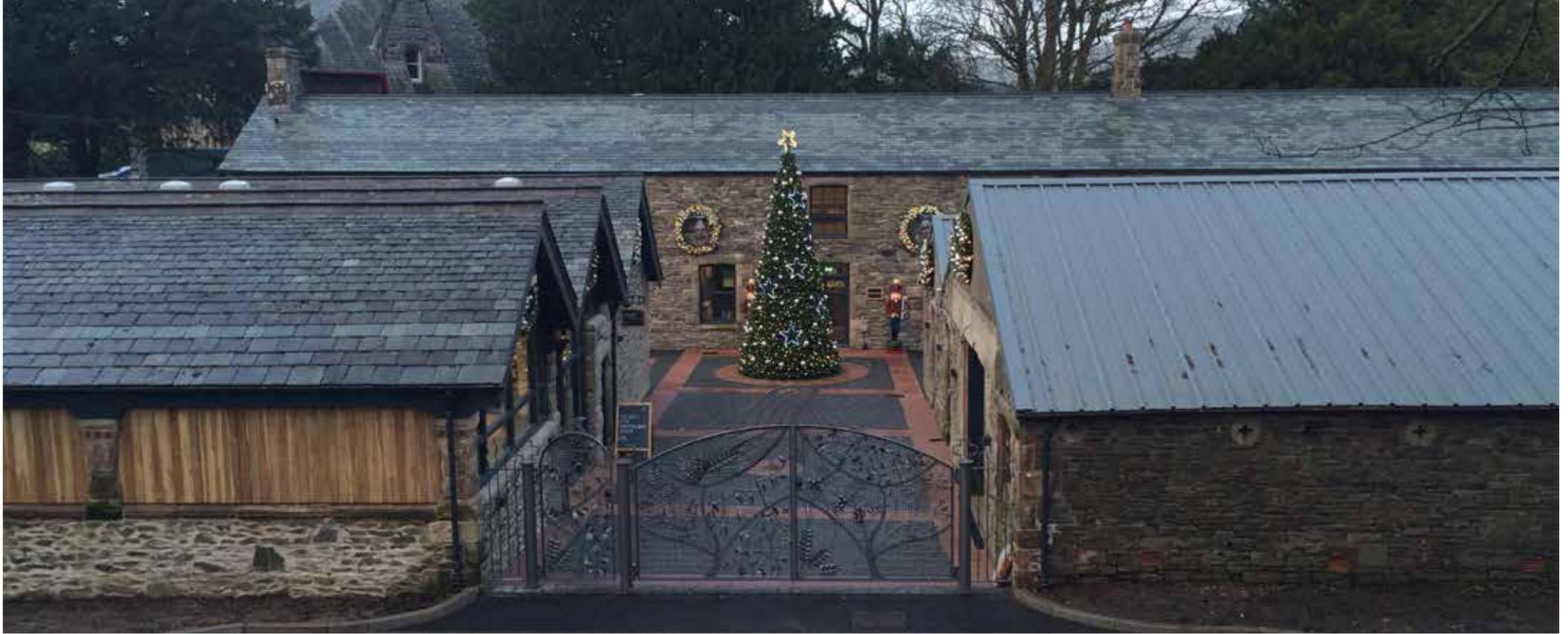
Production on-site is controlled by the highly experienced Lakes management team. Managing Director Paul Currie co-founded the widely acclaimed, award winning Arran distillery and brings with him the invaluable experience of starting a project from scratch.

Alan Rutherford, former production director at Diageo and council member of the Scotch Whisky Association, has driven operational set up to ensure only the finest equipment is sourced for each part of the process.



The master distiller Chris Anderson has crossed the border from Scotland with a lifetime's experience of making the highest quality whisky, including as manager of a number of well known distilleries.





AN ONGOING TOURIST ATTRACTION



The Lakes Distillery is now a fully operational, working facility producing whisky, gin and vodka on site. It is also generating material revenue as a new and notable indoor visitor attraction for tourists visiting the stunning Lakes region.

A bar and bistro complements tours of the distillery and importantly is able to generate stand alone revenue on evenings and weekends.

Development works were completed on time in December 2014 to an excellent standard across the site. The finished visitor centre also houses a Lakes Distillery gift shop as well as boardroom and conferencing facilities for hire.

This stunningly ambient setting will also be used in the summer to erect marquees to host a variety of events such as seminars and weddings.

AN EXPERIENCED MANAGEMENT TEAM



Paul Currie, Founder & MD

Paul has previously co-founded the now well established Isle of Arran distillery in Arran, Scotland. He is the driving force behind the Lakes Distillery and is responsible as MD for all aspects of the company's operations, sales and development.



Nigel Mills, Chairman

Nigel successfully built the well known chain of Mills Newsagents over 25 years before exiting with a sale to Tesco in 2012. He has also ran the Trout Hotel in Cockermouth successfully since 1989 and has a strong track record in creating significant shareholder value.



Chris Anderson, Master Distiller

Chris comes from a long line of Scottish whisky distillers. He worked at Caolila on Islay and then at Lagavulin before moving to manage all of Dewars' distilleries. Chris will use his vast experience whilst playing the central role in creating the new Lakes Malt.



Brian Jobling, Director

Brian is Executive Chairman of award winning global video game developer Eutechnyx. He has previously been awarded E&Y's Young Entrepreneur of the Year for the Northern Region and is ensuring a world class approach to e-commerce system is adopted.



Dr Alan Rutherford OBE, Director

Alan boasts a stellar career in the whisky industry which spans almost 40 years. He is one of the leading figures in the whisky industry, is a former council member of the Scotch Whisky Council and was previously Scotch Whisky Production Director at Diageo.



Gary Thornton, Financial Director

Gary has previously operated as a FD across a number of multi-million pound turnover firms including Milltrust International as well as Close Asset Management. He is tasked with ensuring a financially prudent approach is outlined and maintained.

A CONSISTENT BUSINESS MODEL

The business model of a whisky distillery is similar in nature to that of a champagne house. Each year, a distillery will only sell a small percentage of the whisky produced and will hold the remaining whisky to mature in the cask over the following years and decades.

This means that above and beyond the significant post development value of the buildings and production equipment, the Lakes Distillery will naturally become more asset rich from retaining produce each year.

At the same time, the whisky becomes more valuable as it ages due to aged whiskies being more readily sought by the market.

The Lakes Distillery has now purchased suitable premises to house its own modern and secure storage facility and is developing the facilities to an appropriate fit out standard. This long-term focus will continue to enhance the long-term stability of the business model.



BOARD REPRESENTATION & MONITORING



Our investors have the reassurance of knowing that a Tier One Capital representative is operating as a regular Guest of the Board at each board meeting to monitor their investment and aide in facilitating a successful outcome on their behalf.

Our representative serves to represent and protect the interests of the collective shareholding across Tier One Capital clients.

Tier One Capital carries full access rights to management accounts to ensure the agreed project is carried out in complete accordance with the agreed strategy and within the agreed parameters.

Our representative is also charged with ensuring the accurate reporting to investors of updates on the project in a timely fashion.

HOW TO PROCEED



Should you be interested in investing into this unique EIS eligible opportunity please contact a Tier One Capital adviser at your convenience.

A formal investment pack and application form is available upon request.



Existing clients will be provided with legal documentation prepared by a prominent and respected legal team and will have already satisfied identification requirements.

New investors to Tier One Capital will additionally need to provide the relevant identification documents and source of funding in accordance with anti-money laundering regulations.



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OWN A PART OF WHISKY HISTORY...

Please call us or visit our website to find out more about our EIS eligible investments.



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IMPORTANT PROJECT INFORMATION

This brochure is issued by Tier One Capital Limited, of Keel House, Garth Heads, Newcastle upon Tyne, NE1 2JE, and which is authorised and regulated by the Financial Conduct Authority (FCA number: 583021).

Applications to participate in the Lakes Distillery fundraising may only be made using the application form provided by the Lakes Distillery, and will be subject to the terms and conditions of the subscription.

This material is directed only at HNW persons in the UK and is not an offer or invitation to buy or sell securities, nor does it solicit any such offer or invitation.



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IMPORTANT EIS INFORMATION

Enterprise Investment Schemes invest in small, unlisted companies and are considered high risk investments. Investments in small companies will generally not be publicly traded or freely marketable and may therefore be difficult to sell. It may be difficult to obtain accurate information about how much the shares are worth or the level of risk they pose.

Recent budgetary changes have reduced the size of company that qualifies for EIS investment purposes. This may mean that current EIS issues are higher risk than those of previous years. HMRC will reclaim any Income Tax relief granted if the shares are not held for at least three years.

There is no guarantee that the scheme will continue to qualify as an EIS. If the directors fail to meet the qualifying requirements, HMRC may reclaim any Income Tax relief given and any prospective Capital Gains Tax and Inheritance Tax reliefs may be lost.

The availability of various tax reliefs should not cause you to overlook the risks inherent in Enterprise Investment Schemes. Tax reliefs depend on personal circumstances and government policy, both of which are subject to change.