



Broad Street Brands plc
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2nd June 2017

Dear Shareholder

Re: **Re-registration as a private company and
Notice of General Meeting**

Broad Street Brands plc ("Broad Street Brands" or "the Company") is seeking the approval of its shareholders ("the Shareholders") to re-register from a public company to a private company (the "Re-registration"). The purpose of this letter is to explain the directors reasons for seeking Re-registration and to convene a general meeting at which the resolution to re-register will be proposed ("the General Meeting") and to provide you with a background to the proposed Re-registration.

Public companies are subject to more extensive administrative requirements than private companies and they are not permitted to use several simplified procedures under the Companies Act 2006 ("CA 2006") that private companies benefit from. Our single largest overhead is the cost of the annual audit of our accounts, which is required while the Company remains a public company. The only reason for public company status is to allow us to raise investment from "the public". As we have no plans to use the plc status to raise new shareholder capital it will be more cost-effective to operate in future as a private company.

The directors have therefore come to the conclusion that it is necessary for the Company to change itself from a public company to a private company. By doing so we can make significant savings in the annual accounting and auditing costs which a plc status company must bear.

Notice Of General Meeting

We enclose a Notice convening a General Meeting of your company which will be held in London at 11.30 a.m. on Wednesday 21st June 2017 at 55 Old Broad Street, London EC2M 1RX.

Adoption of new Articles of Association

As part of the Re-registration, the directors propose to adopt new articles of association to replace the Company's existing articles of association with effect from Re-registration. A separate resolution is proposed for this purpose. The reason for adopting new articles of association is to ensure that they are appropriate for a private company and to take advantage of some of the simplified procedures available to private companies.

Directors' conflicts

The directors are under a statutory duty to avoid a situation in which they have, or can have, a direct or indirect interest that conflicts, or may possibly conflict, with the interests of the Company. This duty is not infringed where the matter has been authorised in advance by the directors in accordance with the CA 2006.

In accordance with the provisions of the CA 2006, an ordinary resolution is being proposed to allow the directors of the Company to authorise conflicts of interest.

The City Code on Takeovers and Mergers (“the Code”)

The City Code on Takeovers and Mergers currently applies to Broad Street Brands plc. The Code does not apply to private companies (other than in certain limited circumstances) and would not apply to any offer made to Broad Street Brands shareholders to acquire their shares made subsequent to the Re-registering of the Company as a private company.

Broad Street Brands shareholders should note that, if the resolution to re-register the Company as a private company becomes effective, they will not receive the protections afforded by the Code in the event that there is a subsequent offer to acquire their Broad Street Brands shares.

Brief details of the Takeover Panel (the “Panel”), the Code and the protections given by the Code are described below. **Before giving your consent to the Re-registration of the Company as a private company, you may want to take independent professional advice from an appropriate independent financial adviser.**

The Code

The Code is issued and administered by the Panel. Broad Street Brands is a company to which the Code applies and its shareholders are accordingly entitled to the protections afforded by the Code.

The Code and the Panel operate principally to ensure that shareholders are treated fairly and are not denied an opportunity to decide on the merits of a takeover and that shareholders of the same class are afforded equivalent treatment by an offeror. The Code also provides an orderly framework within which takeovers are conducted. In addition, it is designed to promote, in conjunction with other regulatory regimes, the integrity of the financial markets.

The General Principles and Rules of the Code

The Code is based upon a number of General Principles which are essentially statements of standards of commercial behaviour. For your information, these General Principles are set out in Part 1 of Appendix A. The General Principles apply to all transactions with which the Code is concerned. They are expressed in broad general terms and the Code does not define the precise extent of, or the limitations on, their application. They are applied by the Panel in accordance with their spirit to achieve their underlying purpose.

In addition to the General Principles, the Code contains a series of Rules, of which some are effectively expansions of the General Principles and examples of their application, and others are provisions governing specific aspects of takeover procedure. Although most of the Rules are expressed in more detailed language than the General Principles, they are not framed in technical language and, like the General Principles, are to be interpreted to achieve their underlying purpose. Therefore, their spirit must be observed as well as their letter. The Panel may derogate or grant a waiver to a person from the application of a Rule in certain circumstances.

Giving up the protection of the Code

A summary of key points regarding the application of the Code to takeovers generally is set out in Part 2 of Appendix A. **You are encouraged to read this information carefully as it outlines certain important protections which you will be giving up if you agree to the Re-registration of the Company as a private company.** Currently there are no discussions or a transaction which might give rise to a mandatory bid obligation under Rule 9.

The Directors will be voting in favour of the Resolution and urge you to do so. We will, of course, continue to keep you informed of progress and intend to ensure that pre-emption rights will be maintained in the new articles to be adopted.

Yours sincerely



Andy Burrows
Chairman

Appendix A

Part 1: The General Principles of the Code

1. All holders of the securities of an offeree company of the same class must be afforded equivalent treatment; moreover, if a person acquires control of a company, the other holders of securities must be protected.
2. The holders of the securities of an offeree company must have sufficient time and information to enable them to reach a properly informed decision on the bid; where it advises the holders of securities, the board of the offeree company must give its views on the effects of implementation of the bid on employment, conditions of employment and the locations of the company's places of business.
3. The board of an offeree company must act in the interests of the company as a whole and must not deny the holders of securities the opportunity to decide on the merits of the bid.
4. False markets must not be created in the securities of the offeree company, of the offeror company or of any other company concerned by the bid in such a way that the rise or fall of the prices of the securities becomes artificial and the normal functioning of the markets is distorted.
5. An offeror must announce a bid only after ensuring that he/she can fulfil in full any cash consideration, if such is offered, and after taking all reasonable measures to secure the implementation of any other type of consideration.
6. An offeree company must not be hindered in the conduct of its affairs for longer than is reasonable by a bid for its securities.

Part 2: Detailed Application of the Code

The following is a summary of key provisions of the Code which apply to transactions to which the Code applies. **You should note that, by agreeing to the re registration of the Company as a private company, you will be giving up the protections afforded by the Code.**

Equality of treatment

General Principle 1 of the Code states that all holders of securities of an offeree company of the same class must be afforded equivalent treatment. Furthermore, Rule 16.1 requires that, except with the consent of the Panel, special arrangements may not be made with certain shareholders in the Company if there are favourable conditions attached which are not being extended to all shareholders.

Information to shareholders

General Principle 2 requires that holders of securities of an offeree company must have sufficient time and information to enable them to reach a properly informed decision on a bid. Consequently, a document setting out full details of an offer must be sent to the offeree company's shareholders.

The opinion of the offeree board and independent advice

The board of the offeree company is required by Rule 3.1 of the Code to obtain competent independent advice as to whether the financial terms of an offer are fair and reasonable and the substance of such advice must be made known to its shareholders. Rule 25.2 requires that the board of the offeree company must send to the offeree company's shareholders and persons with information rights its opinion on the offer and its reasons for forming that opinion. That opinion must include the board's views on:

- (i) the effects of implementation of the offer on all the company's interests, including, specifically, employment; and
- (ii) the offeror's strategic plans for the offeree company and their likely repercussions on employment and the locations of the offeree company's places of business.

The circular from the offeree company must also deal with other matters such as interests and recent dealings in the securities of the offeror and the offeree company by relevant parties and whether the directors of the offeree company intend to accept or reject the offer in respect of their own beneficial shareholdings.

Rule 20.1 states that, except with the consent of the Panel or as provided in the Notes on Rule 20.1, information and opinions relating to an offer or a party to an offer must be made equally available to all offeree company shareholders and persons with information rights as nearly as possible at the same time and in the same manner.