5 April 2016

Western Gate Private Investments Limited

Fresh perspectives required at Stock Spirits Group plc

Western Gate Private Investments Limited ("Western Gate") confirms that yesterday it requisitioned proposals to remove Chris Heath, CEO of Stock Spirits Group plc ("Stock Spirits" or the "Company"), as a director of the Company. We have proposed that the Company employ an executive search firm to identify a suitable replacement. We have also nominated two new independent non-executive directors to stand for election to the Board of Stock Spirits and shareholders will be able to consider their appropriateness at the Company's AGM on 17th May 2016.

Western Gate is the largest individual shareholder in Stock Spirits holding an interest in 9.7% of the Company's outstanding share capital. We are a long term investor with a 10 year investment horizon and represent the private family office of Luis Amaral.

Before launching this requisition, Western Gate held a series of meetings and exchanges with the Company's executive and non-executive directors, including ahead of the outcome of the "detailed 'root and branch' review" of its Polish operations which was initiated following the Company's latest profit warning in November 2015. The findings of this review were announced on 10th March 2016 but we believe they contain nothing new to adequately address the most serious problem in its business – the dramatic loss of market share in the core Polish market and resulting decline in revenue. Our engagement with the Board, together with the outcome of the Company's wider strategic review, have left our very real concerns substantially unaddressed and indeed even raised further concerns regarding the Company's new M&A strategy. Hence, we have decided to bring the matter directly to shareholders for their consideration and look forward to communicating with our fellow shareholders in the weeks ahead.

Specifically, our concerns relate to:

1. A 12.1% drop in market share[2] from 38.4% at IPO[3] to 26.3% as at December 2015, evidenced by a 33.5% decline in Polish revenue from FY13 to FY15 and resulting in the Company surrendering its market leading position in the Polish vodka market;
2. An underperforming share price which at 148p[1] has more than halved from the peak of 315p and is 37.1% below the listing price of 235p;
3. Corporate costs spiralling up 111% since 2011, whilst revenues have declined 11% over the same period
4. 2015 corporate costs of €16.7m, which we believe are mainly comprised of the UK head office costs where the Company has no major revenue generating operations, equating to 31.2% of the Company's reported FY15 EBITDA;
5. Executive management have continued to be very well rewarded notwithstanding poor underlying business performance; and
6. A culture of "Group Think" at the Board level which has helped contribute to "Remote control management" from the UK and, as evidenced by the market share loss and share price fall, is not working and may have resulted in the loss of key regional leadership with 5 regional managers (across 3 regions) leaving the Company since IPO and no dedicated Polish CEO in place since January 2015.

We believe the executive management team have run out of ideas about how to stem the ongoing market share losses affecting the Polish business and the Board would benefit from added relevant experience, a fresh perspective and renewed energy.

After a thorough search process we are pleased to nominate two outstanding candidates who have been assessed by Heidrick & Struggles as strong, independent non-executive director candidates for Stock Spirits:

- Alberto Da Ponte a veteran of the drinks industry for 25 years having run businesses for Heineken Group, Scottish and Newcastle, Unilever and Cadbury Schweppes
- Randy Pankevicz has worked in the drinks industry for 25 years primarily at PepsiCo International and has held senior commercial, operational and financial positions across its Central and Eastern Europe divisions.

We will also be asking the Board to conduct a board level review of its recently revised M&A strategy and to undertake that no M&A be conducted without prior shareholder approval.

A letter from Western Gate which sets out the rationale for the proposals will be sent to the Company's shareholders, and is attached to this statement.

Luis Amaral said:

"Financial performance has been poor, market share has been lost in its core Polish market, salaries and costs are too high and remote control management of the business from the UK, where the Company has no major revenue generating operations, is clearly not working. The executive team consistently blames others instead of being on the ground in Poland addressing the local market dynamics and managing the business. A fresh perspective on the Board will benefit all stakeholders."

Contact

Western Gate Private Investments Limited www.westerngate.eu

Camarco (PR representatives for Western Gate)

Billy Clegg	020 3757 4983 / 07977 578 153 / billy.clegg@camarco.co.uk
Ginny Pulbrook	020 3757 4992 / 07961 315 138 / ginny.pulbrook@camarco.co.uk
Georgia Mann	020 3757 4986 / 07511 415 467 / georgia.mann@camarco.co.uk

Notes

Sources: FactSet, Stock Spirits filings

1. Current share price as at 1 April 2016
2. Vodka market share figures are approximate and based on total Poland, total off trade, total vodka (defined as the sum of total clear, total flavoured and total vodka based flavoured liqueurs) % volume share, as per Stock Spirits 2015 preliminary results presentation
3. IPO vodka market share based on October 2013 market share

LETTER TO SHAREHOLDERS:

5 April 2016

Dear fellow shareholder,

Western Gate Private Investments Limited ("Western Gate") is writing to urge you to support the proposals we have requisitioned at the AGM of Stock Spirits Group plc ("Stock Spirits", or the "Company") on 17 May 2016 to remove the CEO Chris Heath and enable the Company to employ a reputable executive search firm to identify a suitable replacement. We are also proposing the addition of two new independent non-executive directors for shareholders to consider with the aim of adding relevant experience, competence and fresh perspectives to the Board.

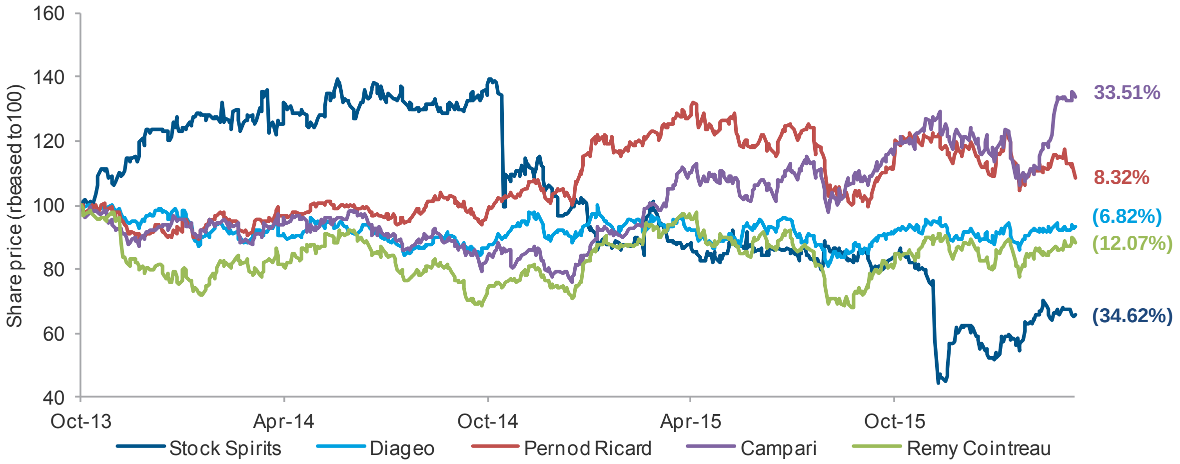
We believe that the significant reduction in Stock Spirits' value is a direct result of poor executive management performance and requires new leadership and fresh perspectives in order to return the Company to being a success for all stakeholders.

Western Gate is the largest individual shareholder in Stock Spirits holding an interest in 9.7% of the Company's outstanding share capital. We are a long term investor with a 10 year investment horizon and represent the private family office of Luis Amaral. Luis Amaral is the CEO and largest shareholder of Eurocash S.A., the largest food wholesaler in Poland and a significant customer of Stock Spirits.

Before launching this initiative Western Gate held a series of meetings and correspondence with the Company as well as engagement with some of our fellow shareholders on our concerns. This letter explains the rationale for the proposals and why we believe they are in the best interests of all shareholders.

Since its peak in October 2014 Stock Spirits' share price has more than halved to 148p[1] representing shareholder value destruction of £335m. Western Gate believes the primary reason for this loss of value is the significant deterioration in Stock Spirits' competitive market position in the key Poland market where its market share[2] has declined from a market leading 38.4% at IPO[3] to 26.3% as at December 2015. The Company has lost market share in both major distribution categories (traditional stores and larger discounters) to competitors we believe were in weaker relative financial positions.

Stock Spirits share price performance since IPO vs. spirits industry peers[1]



Despite mounting evidence of a changing competitive landscape the management team failed to address the local market dynamics in Poland. The “remote control management” techniques employed from the UK have also contributed to significant in-country management instability with the Company suffering from “revolving door syndrome” with five regional managers leaving since IPO. Most importantly, there has been no permanent Polish CEO since January 2015, leaving Stock Spirits’ customers badly served in our view and resulting in a significant decline in sales of Stock Spirits’ products.

The Company’s management team has a track record of consistently missing the expectations it sets with two material profit warnings in each of the past two financial years. This has resulted in a crisis of credibility and left Stock Spirits trading at a substantial discount of 30% to the average of key industry peers[4] on a CY2017 P/E multiple basis. At the same time, Stock Spirits’ corporate costs have more than doubled since 2011 to over €16.7m in 2015, compared to profit attributable to shareholders of €19.4m in the same period. We believe these costs are largely comprised of UK based headquarter costs, despite the Company having no major revenue generating operations there.

The management team were handsomely rewarded in the lead up to the IPO, with the CEO receiving total compensation of €1.3m in 2012, €2.8m in 2013 and €0.8m in 2014. Despite the post-IPO under-performance, the CEO’s 2014 salary was 27.66% above the average of its peer group’s[5] most recently published figures and the CFO’s salary was 18.5% above. We believe a culture of “Group Think” has been endemic in the business.

We believe the findings of the Company’s “detailed ‘root and branch’ review” of its Polish operations do not contain anything new to adequately address the most serious problem in the business - the dramatic loss of market share in Poland. Similarly, we believe that Stock Spirits did not propose solutions to other issues we have raised.

We believe that the Board would benefit from added relevant experience, a fresh perspective and renewed energy. After a thorough search process we are pleased to nominate two outstanding candidates in Alberto Da Ponte and Randy Pankevicz. Both have been assessed by Heidrick & Struggles as strong independent non-executive director candidates and both have agreed to be put forward for election:

Alberto Da Ponte
Alberto has worked in the drinks industry for 25 years in senior executive positions. He has been CEO of Sociedade Central de Cervejas, a Heineken Group company, an Executive Board Member of Scottish and Newcastle, a Member of Heineken Western Europe’s executive committee, Managing Director of Unilever / JM (Home and Personal Care) Portugal, Managing Director of Unilever / JM (Foods) Portugal, CEO Cadbury Schweppes Portugal, a member of the Euroboard of Schweppes Beverages, CEO of Jerónimo Martins Distribution and Chairman and CEO of Rádio Televisão de Portugal.

Randy Pankevicz
Randy has worked in the drinks industry for 25 years primarily at PepsiCo International. He has extensive FMCG experience having held senior commercial, operational and financial positions across Central and Eastern Europe at PepsiCo International, including as VP General Manager of the Czech/Hungary/Slovak division and VP Finance and CFO of the Central Europe Group.

We will also be asking that the Company conducts a board level review of the Company’s M&A strategy and to undertake that no M&A be conducted without prior shareholder approval.

Conclusion

Western Gate has no interest in seeking control of the Company, or seeking to delist the Company from the London Stock Exchange but we are seeking sustainable changes to ensure that ALL stakeholders can benefit.

Financial performance has been poor, market share has been lost in its core Polish market, salaries and costs are too high and remote control management of the business from the UK is clearly not working. A fresh perspective on the Board will benefit all stakeholders.

We urge all shareholders to support these proposals by voting FOR the resolutions removing Chris Heath as CEO, electing Messrs Alberto Da Ponte and Randy Pankevicz as independent non-executive directors and for the Company to conduct a board review of its M&A strategy.

For full biographies on the candidates and further information, please email sheryl.cuisia@boudiccaproxy.com, or call +44 (0) 207 099 2075.

Sincerely

Western Gate Private Investments Limited

Notes

Sources: FactSet, Stock Spirits filings

1. As at 1 April 2016
2. Vodka market share figures are approximate and based on total Poland, total off trade, total vodka (defined as the sum of total clear, total flavoured and total vodka based flavoured liqueurs) % volume share, as per Stock Spirits 2015 preliminary results presentation
3. IPO vodka market share based on October 2013 market share
4. Peer group includes Diageo plc, Pernod Ricard SA, Davide Campari-Milano S.p.A. and Remy Cointreau SA
5. Peer group defined as those companies with a market cap £50m above or below Stock Spirits (excluding FTSE defined Investment Trusts) on 13 March 2016