



**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

If you are in any doubt as to the action you should take, you are recommended to seek your own independent financial advice immediately from a stockbroker, bank manager, solicitor, accountant or other independent financial or legal adviser authorised under the Financial Services and Markets Act 2000, if you are in the United Kingdom, or from another appropriately authorised independent financial adviser if you are in a territory outside the United Kingdom.

In the event of a conflict between this letter and the rules of any relevant share plan or any relevant legislation, this letter or the legislation will prevail.

References to taxation are for guidance only and assume that you are and were domiciled and resident for tax purposes only in the UK at all relevant times.

The Lakes Distillery Company plc (**The Lakes**)  
Low Barkhouse Farm  
Setmurthy  
Cockermouth  
Cumbria  
England  
CA13 9SJ

Nyetimber Wines and Spirits Group Limited  
(**Nyetimber**)  
Broughton House 6-8 Sackville Street  
London  
England  
W1S 3DG

17 April 2024

To holders of options (**Share Plan Options**) under The Lakes 2021 Share Plan (**Share Plan**)

Dear [ ]

**Recommended acquisition of  
The Lakes Distillery Company plc by Nyetimber Wines and Spirits Group Limited  
to be effected by a Scheme of Arrangement  
under Part 26 of the Companies Act 2006**

**1. Your Share Plan Options**

You hold the following Share Plan Options (**Awards**):

Award name	Exercise Price	Number of The Lakes Shares subject to the Award
[•]	2 pence per share	[•]

[LakesDistillery.com](http://LakesDistillery.com)

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Distillery: 017687 88850 Office: 0191 2559800 Email: [info@lakesdistillery.com](mailto:info@lakesdistillery.com)

The Lakes Distillery Company plc Reg No. 7769363 VAT No. 122 6122 61

## 2. Introduction

As you know, The Lakes and Nyetimber announced on 2 April 2024 that they had reached agreement on the terms of a recommended acquisition of the entire issued and to be issued share capital of The Lakes by Nyetimber (**Acquisition**), which is to take place through what is called a “scheme of arrangement” (**Scheme** or **Scheme of Arrangement**) subject to shareholder approval. On or around the date of this letter, The Lakes has sent the scheme document containing the full terms of the Acquisition (the "**Scheme Document**") to The Lakes Shareholders.

Under the terms of the Scheme, The Lakes Shares will be acquired for 116 pence per share in cash.

We are writing to explain how the Scheme will affect your Share Plan Options and the decisions you need to make.

A summary of the key points for you to consider is set out in Schedule 1 of this letter.

If you participate in either The Lakes' EMI 2017 plan, EMI 2019 plan, LTIP 2022 or any other individual share option plans operated by The Lakes, you are also being written to separately about the effect of the Scheme on your other options or awards under such plans.

## 3. The Scheme

The Scheme will result in The Lakes and its subsidiaries becoming wholly-owned subsidiaries of Nyetimber.

The Scheme will take effect once the Scheme has been approved by The Lakes shareholders and by the Court, and once the Court's order sanctioning the Scheme has been delivered to the Registrar of Companies. Once the Scheme takes effect this means the Acquisition will be complete.

We expect, subject to shareholder approval being obtained, the Court will sanction the Scheme on 21 May 2024 (**Court Sanction Date**) and the Scheme will take effect on or about 23 May 2024 (**Effective Date**).

The full terms of the Scheme are set out in the Scheme Document, a copy of which is enclosed. A copy of the Scheme Document is also available on The Lakes investor website at <https://lakesdistillery.com/proposed-acquisition>. This letter and its Schedules and enclosures should be read together with the Scheme Document. Terms defined in the Scheme Document will have the same meaning in this letter unless otherwise defined.

## 4. How does the Scheme affect your Share Plan Options?

Pursuant to the rules of the Share Plan, The Lakes' remuneration committee has resolved that all unvested Share Options shall vest immediately before completion of the Acquisition. Then, under the rules of the Share Plan, your Share Plan Options will become exercisable in full from the Court Sanction Date. Pursuant to Rule 10.1 of the Share Plan, the remuneration committee of The Lakes may, in the event of a potential share sale resulting in a change of control of The Lakes, specify a period in which you may exercise the Share Plan Options. The remuneration committee have resolved that you have the right to exercise your Share Plan Options at any time from the Court Sanction Date and up to the 3 business days following the Effective Date.

The Lakes' remuneration committee has therefore resolved that you have the right to exercise your Share Plan Options in connection with the Acquisition as follows:

Award name	Exercise Price	Number of The Lakes Shares determined by the remuneration committee to vest in respect of each Award
[●]	2 pence per share	[●]

Exercise of your Share Plan Options shall be subject to the aggregate exercise price together with any income tax and employee’s national insurance contributions which arise on exercise of your Share Plan Options being paid or otherwise deducted from the proceeds otherwise due to you. If your Share Plan Options are not exercised within 3 business days following the Effective Date, they will lapse.

However, you may do nothing and let your Share Plan Options lapse.

**Your choices**

This means there are two options available to you in relation to each Award you hold:

- (a) choose to exercise your Share Plan Options (which will vest early) in advance of but conditional upon the sanction by the Court of the Scheme, and have the resulting The Lakes Shares acquired by Nyetimber on the Effective Date pursuant to the Scheme with the exercise price, income tax and employee national insurance contributions being deducted from the sale proceeds payable to you (the **Cashless Exercise Proposal**); or
- (b) do nothing, in which case your Share Plan Options will lapse.

Where you hold more than one Award of Share Plan Options (stated on page 1 of this letter), then you can make a different choice or the same choice for each Award.

Further details of these choices are given below.

**4.1 Cashless Exercise of Proposal**

If you choose the Cashless Exercise Proposal in relation to any of your Share Plan Options:

- 4.1.1 you will need to complete an exercise notice enclosed with this letter and send this to David Robinson;
- 4.1.2 any of The Lakes Shares you receive on exercise of your Share Plan Options will automatically be acquired by Nyetimber (whether pursuant to the Scheme or otherwise) for 116 pence per The Lakes Share in cash;
- 4.1.3 the sum otherwise payable to you by Nyetimber will be reduced by the aggregate exercise price in respect of the Awards, and the income tax and employee national insurance contributions arising as a result of such exercise.

If you wish to exercise your Share Plan Options you must do so before the end of the third business day following the Effective Date, failing which they will lapse.

**In any event, if you wish to accept the Cashless Exercise Proposal, you are encouraged to complete and return the exercise notice to David Robinson (either in person or to the address specified below in this letter) as soon as possible such that the Lakes Shares received on exercise can be acquired under the Scheme.**

#### 4.2 **If you do nothing**

If you do not exercise any of your Share Plan Options within 3 business days after the Effective Date, your Share Plan Options will lapse.

#### 4.3 **If the Scheme does not take effect**

If the Scheme does not take effect for any reason the resolution of the Lakes' remuneration committee, to the effect that 100% of the Awards granted pursuant to the Share Option Plan will vest shall cease to have effect, and all rights option holders have in respect of Awards available pursuant to the Share Option Plan shall continue as if such a resolution had never been made and in accordance with the rules of the Share Option Plan.

#### 5. **What do I need to do?**

You should read this letter carefully. Please also read the key points set out in Schedule 1 and Schedule 2 which summarise the tax implications of acceptance of the Cashless Exercise Proposal and the subsequent sale of The Lakes Shares.

**If you choose the Cashless Exercise Proposal for any of your Share Plan Options** in respect of any of your Awards which are deemed to have vested for the purposes of the Acquisition, you should complete the exercise notice enclosed with this letter and send it to David Robinson in the envelope provided. You are requested to complete and return the exercise notice as soon as possible to enable the Lakes Shares received by you on exercise to be acquired pursuant to the Scheme. In any event, this exercise notice needs to arrive by no later than 5.00 p.m. (UK time) on 28 May 2024 (assuming the Effective Date is 23 May 2024). **You should not assume that any further reminder will be sent to you about this deadline.**

#### 6. **What if I have questions?**

If you have any questions that relate to your Share Plan Options, what your choices are or how to complete the Acceptance Form or the exercise notice please contact David Robinson.

Please note that no legal, tax or financial advice on the merits of the Acquisition or its effect on your Share Plan Options or your choices can be provided. You are strongly advised to seek your own independent financial and/or tax advice regarding your personal circumstances and the effect of the Scheme in relation to your Share Plan Options.

#### 7. **Lakes Board recommendation**

**The Lakes Board, which has been so advised by Singer Capital Market, considers the financial terms of the proposals described above to be fair and reasonable in the context of the Acquisition. Accordingly, The Lakes Board recommends that you accept the Cashless Exercise Proposal set out above.**

The Lakes Board further recommends that in deciding whether to accept the Cashless Exercise Proposal, you take your personal circumstances into account. In providing their advice to the Lakes Board, Singer Capital Market has taken into account the commercial assessments of The Lakes Board. Singer Capital

Market is providing independent financial advice to The Lakes Board for the purposes of Rule 3 of the City Code on Takeovers and Mergers.

Yours faithfully

James Pennefather  
Chief Executive Officer

For and on behalf of  
The Lakes Distillery Company plc

Yours faithfully

Eric Niels Heerema  
Director

For and on behalf of  
Nyetimber Wines and Spirits Group Limited

## **Schedule 1**

### **Key Points**

1. Following the sanction by the Court of the Scheme, your Share Plan Options will become exercisable until 5.00 p.m. (UK time) on the third business day following the Effective Date.
2. You can, for each Award you hold, elect to (i) exercise your Share Plan Options under the Cashless Exercise Proposal, or (ii) do nothing.
3. If you elect to accept the Cashless Exercise Proposal for any award of the Share Plan Options you hold, Nyetimber will procure that you are paid 116 pence per The Lakes Share you would have held had you exercised your Share Plan Options.

The amount payable to you under the Cashless Exercise Proposal will be reduced by the amount of the exercise price due on the Share Plan Options. An appropriate amount of income tax and employee national insurance contributions will be deducted from this payment.

4. If you opt for the Cashless Exercise Proposal in respect of any of your Share Plan Options you need to complete the exercise notice and return it in the envelope provided so as to be received by David Robinson (either by hand delivery or in the post to Unit 3 Easter Park, Nelson Park Industrial Estate, Cramlington, NE23 1WQ) by no later than 5.00 p.m. (UK time) on 28 May 2024 (assuming the Effective Day is 23 May 2024).
5. If you return your exercise notice and the Lakes Shares that are allotted to you are acquired under the Scheme, you will be paid within 14 days after the Effective Date.
6. If you do not elect for the Cashless Exercise Proposal, and do not exercise any of your Share Plan Options by the date which is 3 business days after the Effective Date, your Share Plan Options will automatically lapse.
7. Your Share Plan Options and consequently any right to elect for the Cashless Exercise Proposal will generally lapse if, prior to receipt of the Lakes Shares on exercise of the Options you (i) cease to be employed by The Lakes; (ii) give notice to terminate your employment; or, (iii) are given notice of termination of your employment.

The Lakes and Nyetimber cannot give you investment advice. If you are in any doubt as to the action you should take, you are recommended to seek your own independent financial advice immediately from a stockbroker, bank manager, solicitor, accountant or other independent financial or legal adviser authorised under the Financial Services and Markets Act 2000, if you are in the United Kingdom, or from another appropriately authorised independent financial adviser if you are in a territory outside the United Kingdom.

Nothing in this pack constitutes financial advice to any holder of The Lakes Shares, share awards or share options in The Lakes.



## **Schedule 2**

### **Tax summary**

**This summary is based on current legislation and HMRC practice at the date of this letter, which is subject to change in the future. It assumes that you are domiciled and resident in the United Kingdom for tax purposes at all relevant times and have been from the date of grant of your Share Plan Options. The information contained in this summary is intended as a guide only and is not a full description of all the circumstances in which a taxation liability may occur.**

**If you are in any doubt as to your tax position or if you are not resident and domiciled in the United Kingdom or were not so resident and domiciled at the date of grant of your Share Plan Options, you should consult an appropriate professional adviser. You should also remember that tax law can and often does change and you should not necessarily assume the current tax position will continue.**

#### **Exercise of options**

If you exercise your Share Plan Options under the Cashless Exercise Proposal before the end of the 3 business day period after the Effective Date, then you will be subject to income tax and employee's national insurance contributions on such exercise on the difference between the market value of The Lakes Shares you acquire on exercise less the option exercise price. Such an amount will be deducted from the consideration payable to you in respect of the Awards.

**EXERCISE NOTICE TO EXERCISE SHARE PLAN OPTIONS**

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

**THIS FORM IS FOR USE ONLY IF YOU WISH TO EXERCISE SHARE PLAN OPTIONS**

This exercise notice should be read in conjunction with the Scheme Document addressed to the holders of The Lakes Shares dated 17 April 2024 and the letter to holders of options granted under the Share Plan dated 17 April 2024 (**Letter**). The definitions used in the Scheme Document and the Letter apply in this Acceptance Form, save where the context otherwise requires.

To: The Lakes Distillery Company plc and Nyetimber Wine and Spirits Group Limited

**Exercise of Share Plan Options**

By placing a cross [X] in the Box below, I, being the holder of an option granted under The Lakes Share Plan, hereby exercise the following Share Plan Options:

<b>Date of grant of Share Plan Options</b>	<b>Number of Shares subject to Share Plan Option</b>	<b>Exercise Share Plan Options (to exercise mark an "X" in the box)</b>

I acknowledge that this exercise notice will only take effect on the Scheme being sanctioned by the Court.

For the purposes of the Share Plan the date of this notice and consequently the date of exercise of any Share Plan Options shall be deemed to be dated the date it is received or, if later, the date on which the Scheme is sanctioned by the Court.

Subject to the following paragraphs, this exercise notice will be of no effect unless it is duly completed and received by David Robinson (either by hand delivery or in the post to Unit 3 Easter Park, Nelson Park Industrial Estate, Cramlington, NE23 1WQ) by no later than 5.00 p.m. (UK time) on 28 May 2024 (assuming the Effective Date is 23 May 2024).

Signature: \_\_\_\_\_ Date of signing: \_\_\_\_\_

Daytime telephone number: \_\_\_\_\_

Email Address: \_\_\_\_\_

**Terms and conditions**

By completing and signing this exercise notice, I confirm that I have read and understood this Letter and irrevocably make the choices indicated in the table above and, upon the Scheme becoming effective:

- 1. in relation to the exercise of any Share Plan Options, I:
  - 1.1 elect to do so to the maximum extent possible;

- 1.2 authorise The Lakes to allot The Lakes Shares to me and enter my name in the register of members;
- 1.3 understand that each The Lakes Share I acquire on exercise will be acquired by Nyetimber in consideration of the payment to me of 116 pence per share (whether under the Scheme or otherwise);
- 1.4 agree that if my Share Plan Options (or any of them) have lapsed or lapse or are exercised before this exercise notice takes effect, completion of this exercise notice will be of no effect in respect of those Share Plan Options;
- 1.5 acknowledge that neither of The Lakes and Nyetimber will be responsible for any consequential loss in the event of this exercise form being completed incorrectly and that neither of The Lakes nor Nyetimber is obliged to obtain clarification of my instructions;
- 1.6 agree that this exercise notice will be of no effect unless it is duly completed and received, together with payment for the aggregate exercise price due. I also understand that exercise of any Share Plan Option will not be effective unless I have made arrangements with The Lakes (satisfactory to The Lakes) for payment of any income tax and employee national insurance due on the exercise of my Share Plan Options, by David Robinson (either by hand delivery or in the post to Unit 3 Easter Park, Nelson Park Industrial Estate, Cramlington, NE23 1WQ) by no later than 5.00 p.m. (UK time) on 28 May 2024 (this assumes the Effective Date is 23 May 2024). I understand that The Lakes and Nyetimber reserve the right, at their discretion, to accept exercise notices which are incorrectly completed but may not accept an exercise notice received more than 3 business days after the Effective Date;
- 1.7 confirm that the Share Plan Options in respect of which I am completing the exercise notice are valid and have not lapsed and are free from all mortgages and any third party interests. I acknowledge that any option certificate in respect of such Share Plan Options shall become void once this exercise notice takes effect and cease to have any value;
- 1.8 confirm that the decisions which I have made in this exercise notice cannot be withdrawn or altered;
- 1.9 confirm that I have read, understood and agree to these terms and conditions and that I am aware of the terms of the Scheme Document and have read the accompanying Letter;
- 1.10 accept that documents or payments sent by, to or from me in connection with my Share Plan Options will be sent at my own risk;
- 1.11 irrevocably appoint any director of The Lakes (from time to time) or any other person nominated by The Lakes, as my attorney and confirm that all powers of attorney and authorities given by me under the terms of the Letter and the exercise notice are given by way of security for the performance of my obligations and cannot be withdrawn or altered in accordance with section 4 of the Powers of Attorney Act 1971 and I undertake to ratify and confirm any action properly taken on my behalf by any such attorney (and, in particular, such attorney shall have the power to take all such actions, including the execution of documents on my behalf, as are necessary to give effect to the exercise of my Share Plan Options by me).

The distribution of this document (in whole or in part) in jurisdiction 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. Failure to comply with any such restrictions may constitute a violation of the securities laws of any such jurisdiction.

Singer Capital Markets, which is authorised and regulated by the Financial Conduct Authority in the United Kingdom, is acting exclusively for The Lakes and no one else in connection with the Acquisition and will not be responsible to anyone other than The Lakes for providing the protections afforded to clients of Singer Capital Markets, or for providing advice in connection with the Acquisition or any matter referred to herein.

Singer Capital Markets has given and not withdrawn its written consent to the issue of this document with the inclusion of references to its name in the form and context in which they are included.

This document does not constitute, and may not be used for the purposes of, an offer to sell or an invitation or the solicitation of an offer to subscribe for or buy, any securities by any person in any jurisdiction (a) in which such offer or invitation is not authorised, (b) in which the person making such offer or invitation is not qualified to do so, or (c) in which, or to any person to whom, it is unlawful to make such offer, solicitation or invitation or where the making of such offer, solicitation or invitation would impose any unfulfilled registration, qualification, publication or approval requirements on The Lakes, Nyetimber or any of their respective directors, officers, agents, affiliates and advisers. No action has been taken nor will be taken in any jurisdiction by any such person that would permit a public offering of any securities in any jurisdiction where action for that purpose is required, nor has any such action been taken with respect to the possession or distribution of this document other than in any jurisdiction where action for that purpose is required. Neither The Lakes nor Nyetimber nor their respective directors, officers, agents, affiliates or advisers accept any responsibility for any violation of any of these restrictions by any other person.

The Lakes Directors, whose names are set out in the Scheme Document, accept responsibility for the information contained in this letter and the attachments to this letter (including, without limitation, any expressions of opinion and all information in respect of The Lakes which has been incorporated by reference in this document), except for that information for which the Nyetimber Directors accept responsibility. 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 letter (including any expressions of opinion) and the attachments to this letter for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Nyetimber Directors, *whose* names are set out in the Scheme Document, accept responsibility for the information contained in this letter (including any expressions of opinion) relating to Nyetimber. 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 letter (including any expressions of opinion) and the attachments to this letter for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.