

**COMPASS BOX DELICIOUS WHISKYLTD (COMPANY)**

Minutes of a meeting of the board of directors held 31 March 2017 by conference call at 4.15pm.

Present: Alan Rutherford (in the chair)  
John Glaser  
Hector Ortiz  
Jean-Marc Lambert  
Jonathan Driver  
Makoto Takano

THURSDAY



**1 Preliminary**

- 1.1 A quorum being present, the chairman declared the meeting open.
- 1.2 The chairman reminded those present that the meeting had been duly convened to consider and, if thought fit, approve a capitalisation of existing debt owed by the Company to Leslie Merinoff and Andrew Merinoff (the **Creditors**), pursuant to which the Company would issue new A Shares to the Creditors in consideration of the release and discharge of the debt owed to them (the **Capitalisation**).
- 1.3 The Capitalisation would be accompanied by a fundraising by the Company whereby the Company would issue new shares to certain existing and new Shareholders in return for cash (the **Fundraising**).
- 1.4 As required by section 177 Companies Act 2006 each director present with an interest in the Capitalisation declared the nature and extent of that interest to the meeting.
- 1.5 It was noted that, under Article 28 of the articles of association (**Articles**), each director present was entitled to vote on the business to be transacted at the meeting and be counted towards the quorum present, notwithstanding any interest in the Capitalisation provided that the same had been disclosed to the board as required by section 177 Companies Act 2006.

**2 Capitalisation**

- 2.1 In connection with the Capitalisation it was proposed that the Company enter into a capitalisation agreement (**Capitalisation Agreement**) with the Creditors, pursuant to which the Company would allot and issue to each of the Creditors 60 A ordinary shares of £1 each in the capital of the Company (and 120 A ordinary shares in aggregate) (the **Capitalisation Shares**) in consideration of the release and discharge of the entire debt owed by the Company to the Creditors.
- 2.2 The Capitalisation Agreement was tabled and the chairman drew the attention of the directors present to its terms.
- 2.3 It was noted that, in connection with the issue of the Capitalisation Shares, each of the Creditors would be required to execute a deed of adherence to the Shareholders' Agreement relating to the Company in the form contemplated by that Agreement. The proposed forms of deed of adherence (the **Deeds of Adherence**) were tabled at the meeting.

**3 Fundraising**

- 3.1 In connection with the Fundraising it was proposed that the Company would issue up to 72 new A Shares and up to 138 new B Shares (**Fundraising Shares**) for cash at a subscription price of £4,350.50 per Share. It was proposed that these Fundraising Shares would be issued to a combination of Bacardi UK Limited (to whom up to 138 new B Shares would be issued) and new investors to whom up to 72 new A Shares would be issued. It was noted that the new Fundraising Shares would not be offered on a pro rata basis to existing Shareholders and that this would require the approval of a special resolution of shareholders, which would be included in the Written Resolutions as defined below.
- 3.2 The issue of new Fundraising Shares would be made pursuant to a Subscription Agreement to be entered into with the relevant investors. In the case of new investors who are not currently Shareholders, such investors would also be required to execute a Deed of Adherence to the shareholders' agreement relating to the Company dated 1 September 2014 (the **Shareholders' Agreement**), as contemplated by such agreement. The proposed form of the Shareholders' Agreement and the Deed of Adherence were tabled at the meeting.
- 3.3 It was noted that proceeds from those investors based in the USA would be paid in US dollars (on the basis of an exchange rate prescribed by the Company) in the bank account of the Company's wholly-owned subsidiary in the USA, Compass Box US LLC. It was noted that this would create an intercompany debt owed by Compass Box USA LLC to the Company in an amount equal to the subscription monies received by Compass Box USA LLC.

#### **4 Bacardi Consent and Written Resolutions**

- 4.1 It was noted that the Capitalisation and the Fundraising would result in a variation of the issued share capital of the Company. Pursuant to article 5.3 of the Articles such variation would constitute a variation of the rights attached to the B shares, and, in accordance with article 5.2 of the Articles, would require the consent of not less than 75% of the holders of such B shares (being Bacardi as the sole holder of B shares).
- 4.2 It was further noted that the allotment of the Capitalisation Shares and the Fundraising Shares would require authorisation by the members by way of certain resolutions (the **Written Resolutions**)
- 4.3 It was further noted that, in accordance with article 6.2 of the Articles, the consent of Bacardi would be required for the issue of the Capitalisation Shares and the Fundraising Shares, including the issue of these shares otherwise than in accordance with the procedure specified in Article 6 of the Articles.
- 4.4 It was further noted that in accordance with Schedule 5 (Negative Covenants) of the shareholders' agreement relating to the Company dated 1 September 2014, the consent of Bacardi would be required before any resolution is put to the members.
- 4.5 Accordingly, a draft consent letter (in the form attached to these minutes) to be signed by Bacardi consenting to the circulation of the Written Resolutions (the **Bacardi Consent**), was tabled. It was further noted that the Written Resolutions themselves would, when signed by Bacardi, constitute Bacardi's consent for certain matters under the Articles.
- 4.6 The directors carefully considered the contents of the Bacardi Consent and after due and careful consideration it was resolved that the Bacardi Consent be circulated to Bacardi for signature. The meeting was then adjourned for this purpose.
- 4.7 When the meeting reconvened, the chairman reported that the Bacardi Consent had been signed by a person authorised to so on behalf of Bacardi.

4.8 As the Bacardi Consent had been obtained, the directors carefully considered the contents of the Written Resolutions and after due and careful consideration it was resolved that the Written Resolutions be circulated to the Company's eligible members for signature. It was also resolved to send a copy of the proposed Written Resolutions to the auditors (or otherwise notify them of its contents). The meeting was then adjourned for this purpose.

4.9 When the meeting reconvened, the chairman reported that the Written Resolutions had been circulated to all eligible members and had been signed by the required majority of eligible members and accordingly had been validly passed.

## **5 Resolutions**

5.1 After due and careful consideration it was resolved that:

- (a) having regard to the factors relevant to the decision, the board was of the opinion that entering into the Capitalisation Agreement and the Subscription Agreements would be most likely to promote the success of the Company for the benefit of its members as a whole;
- (b) the Capitalisation Agreement and the Subscription Agreements be approved in the terms of the draft tabled or incorporating any other changes approved by any director of the Company;
- (c) subject to the relevant consents of Bacardi and approvals of the members being acquired (as referred to in paragraph 4 above):
  - (i) any one director be authorised to execute and deliver on behalf of the Company the Capitalisation Agreement and the Subscription Agreements and make such other agreements on behalf of the Company as he may consider necessary or desirable in connection with the Capitalisation Agreement or the Subscription Agreements or any other matter in connection with the Fundraising or the Capitalisation or otherwise referred to in these minutes or any related or ancillary matter, including in each case, where applicable, as a deed;
  - (ii) subject to the Deeds of Adherence being executed by the Creditors, the Capitalisation Shares be allotted and issued credited as fully paid and the register of members be updated to reflect such issue; and
  - (iii) subject to receipt of the relevant subscription monies from the investors pursuant to the Subscription Agreements and, where applicable, to receipt of a duly executed Deed of Adherence pursuant to the Subscription Agreements, the Fundraising Shares be allotted and issued credited as fully paid in accordance with the terms of such Subscription Agreements and the register of members be updated to reflect such issue; and
  - (iv) any director be authorised to sign share certificates reflecting the issuance of the Capitalisation Shares and the Fundraising Shares.

## **6 Filing**

It was resolved to make all necessary entries in the Company's statutory books to reflect the business transacted at the meeting.

## **7 Close of meeting**

There being no further business, the chairman declared the meeting closed.

*A. G. Rutherford*

Chairman

*31 March 2017.*