

GLENWYVIS

DISTILLERY

Withdrawal of Share Capital Policy

1. PURPOSE AND COMPOSITION

As a result of a small number of enquiries from members, the Board of GlenWyvis decided that there was a need to develop a policy relating to the withdrawal of share capital by its members. At its meeting on 9 December 2019 the Board decided that the policy should be based on a prior exchange of correspondence on this topic initiated by the Chair.

2. BACKGROUND

The governing rules of the GlenWyvis Community Benefit Society are clear on this subject. Requests for withdrawal of capital may not be made until shares have been held for at least 3 years. Shareholders are required to give at least 3 months' notice, and approval of these requests are subject to there being adequate profits or reserves available to meet these requests, or enough incoming new share capital to pay for the withdrawals.

The Board must have regard to the financial position of the company and its solvency in setting any withdrawal policy. In both shares offer documents, it was made clear to investors that the company would have restricted income in its start-up phase. The profit forecasts assumed quicker revenue growth than has been achieved and the company has also reported significant trading losses.

Withdrawals can only be funded from profits, reserves or from the raising of new share capital. They cannot be funded from new borrowings. We have neither made net profits, nor have we accumulated reserves yet. Therefore, the only source from which share capital withdrawals can be made is from the receipt of fresh, incoming share capital.

At the AGM, we announced the launch of both a new share offer, and a bond offer in order to raise substantial new funding. There is therefore adequate justification for us to refuse any withdrawal of share capital at present.

3. GENERAL PRINCIPALS

Shareholders may transfer their shares to a third party in the event of death or bankruptcy, if they notify the company promptly. If the transfer is for value, GlenWyvis has no say in the value agreed between the parties but requires to be notified in order to record the transfer on our share register and to amend the correspondence details.

In other circumstances, if shareholders wish to withdraw their shares, they must have held the shares for a minimum of 3 years, give at least 3 months' notice and must have the consent of the Board as stated in paragraph 2 above.

4. ASSESSMENTS OF OPTIONS

If GlenWyvis had sufficient funds to it could set a target sum of, say, £10,000 in any one year from which share withdrawals might be funded. This would have to be met from new share capital subscriptions. Applications to withdraw shares would be dealt with strictly in order of date of presentation.

- nearly 90% of shareholders by number invested £1,000 or less, representing about 40% by value of the total amount subscribed;
- nearly 75% of shareholders by number invested £750 or less, representing about 27% by value of the total amount subscribed.
- just over 60% of shareholders by number invested £500 or less, representing about 18% by value of the total amount subscribed.

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Therefore, to cover as large a number of redemptions as possible, setting an individual ceiling per person would allow 10 withdrawals to be satisfied if the ceiling were set at £1,000; or 13 if it were set at £750; or 20 if it were set at £500. Larger shareholders would be told that GlenWyvis was only able to meet their request up to the ceiling value per individual in any one financial year, at least until such time that it was possible to demonstrate that our share offer is exceeding its target.

5. POLICY ON SHARE CAPITAL WITHDRAWAL

In any financial year the Board will assess its financial position and set a target sum to be set aside for share capital withdrawal and the individual ceiling per member.

For the current financial year the ceiling value per person is to be set at £500

Adopted by resolution of the Management Committee	9 December 2019
Date Last Reviewed	biannually unless otherwise required
Responsibility for monitoring and review of policy	Management Committee