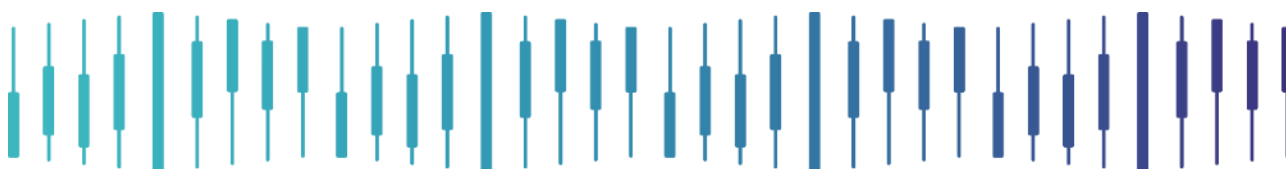


30 September 2022

NZ RegCo Decision

Good Spirits Hospitality Limited (“GSH”)

Application for waiver from NZX Listing Rule 5.2.1



Background

1. The information on which this decision is based is set out in Appendix One to this decision. This waiver will not apply if that information is not, or ceases to be, full and accurate in all material respects.
2. The Rule to which this decision relates is set out in Appendix Two to this decision.
3. Capitalised terms that are not defined in this decision have the meanings given to them in the Rules.

Waiver from Listing Rule 5.2.1

Decision

4. Subject to the conditions set out in paragraph 5 below, and on the basis that the information provided by Good Spirits Hospitality Limited ("**GSH**") is complete and accurate in all material respects, NZ RegCo grants GSH a waiver from NZX Listing Rule ("**Rule**") 5.2.1 to the extent this rule prohibits entering into a variation to a financial facility with PDL ("**Transaction**") without shareholder approval.
5. The waiver in paragraph 4 above is provided on the conditions that the Directors of GSH certify to NZ RegCo that the Transaction:
 - a. Is in the best interests of GSH and all of its shareholders;
 - b. Has been negotiated and entered into on an arm's length commercial basis; and
 - c. PDL did not unduly influence the decision of the directors of GSH to enter into the Transaction.

Reasons

6. In coming to the decision to provide the waiver set out in paragraph 4 above, NZ RegCo has considered that:
 - a. The relationship between PDL and GSH has already been approved by shareholders at a shareholders' meeting in June 2018, and there is no material change to that relationship. There is no change to the maximum loan amount, interest rate payable or the security for the loan, or fees.
 - b. The policy of Rule 5.2.1 is to ensure that shareholders have an opportunity to consider, and vote on, Material Transactions where there is or may be a perception of, or the potential for, undue influence by a Related Party on an issuer's decision to enter into a transaction or agree to its terms. The granting of the waiver will not offend this policy because:
 - i) the need for the Transaction arose as a result of adverse external factors affecting GSH, namely COVID restrictions which had resulted in a prolonged closure of the venues operated by BBC and in other trading restrictions for hospitality venues and businesses;
 - ii) GSH submits, and NZ RegCo has no reason not to accept, that the Transaction was negotiated on an arm's length basis and contains an amendment to the expiry date of the Facility that the directors of GSH consider to be in the best interests of GSH, regardless of whether PDL is a shareholder; and
 - iii) No director of GSH has any relationship with PDL.

- c. There is precedent for this decision.

Confidentiality

- 7. GSH has requested that this application and any decision be kept confidential until an announcement of the Transaction is released to the market.
- 8. In accordance with Rule 9.7.2(a), NZ RegCo grants GSH's request.

Appendix One

1. GSH is a Listed Issuer with Securities Quoted on the NZX Main Board.
2. The Better Bar Company Limited (now Good Spirits Hospitality No.1 Limited) ("**BBC**"), a wholly owned subsidiary of GSH, is party to a financial facility with Pacific Dawn Limited ("**PDL**") having a maximum amount of \$34.5 million ("**Facility**"). PDL is a wholly owned subsidiary of Nomura Asia Holding NV, a member of the Nomura Group. The entry into of the financial facility was approved by GSH shareholders at a meeting held on 25 June 2018. GSH is party to the Facility as guarantor.
3. GSH and PDL propose to enter into a further variation to the Facility, so that:
 - (a) the expiry date under the Facility to amended and extended to 31 December 2023;
 - (b) BBC (as borrower) is required to permanently prepay the loans under the Facility Agreement in an amount equal to all unrestricted cash on the balance sheet of BBC (on a consolidated basis) as at a reporting date in excess of NZ\$1,000,000 (being the amount of cash permitted to be retained by BBC); and
 - (c) any proceeds received by GSH from the subscription for new shares of GSH or any of its subsidiaries for cash, a merger between GSH and another operator, a sale of GSH's assets or its subsidiaries' assets (or a series of sales) or a sale of shares in any of GSH's subsidiaries (in each case after deducting reasonable costs and taxes) are to be used by BBC to prepay existing loans to PDL.
4. A waiver is required from Rule 5.2.1 as the Transaction is considered part of a related series of transactions that constitute a Material Transaction with a Related Party. The Facility is considered a Material Transaction under the Rules as GSH has incurred an obligation to PDL of an amount above 10% of GSH's Average Market Capitalisation (AMC) and GSH continues to be liable under a guarantee that could expose GSH with a liability above 10% of GSH's AMC. PDL is a Related Party of GSH because it currently holds 24.99% of the shares in GSH. PDL does not have Director representation on the GSH Board.

Appendix Two

Rule 5.2.1 Transaction with Related Parties

5.2.1 An Issuer must not enter into a Material Transaction if a Related Party is, or is likely to become:

- (a) a direct party to the Material Transaction, or
 - (b) a beneficiary of a guarantee or other transaction which is a Material Transaction,
- unless that Material Transaction is approved by an Ordinary Resolution (such resolution being subject to the voting restrictions in Rule 6.3) or conditional on such approval.

Material Transaction means a transaction, or a related series of transactions, whereby an Issuer:

- (c) borrows, lends, pays or receives money, or incurs an obligation of an amount above 10% of the Average Market Capitalisation of the Issuer (except in the case of an issue of Debt Securities, in which case only the nominal amount of Debt Securities being issued to any Related Party or to any Employees of the Issuer are to be taken into account),
- (d) enters into any guarantee, indemnity, underwriting, or similar obligation, or gives any security, which could expose the Issuer to liability above 10% of the Average Market Capitalisation of the Issuer

Related Party means a person who, at the time of a Material Transaction, or at any time within the previous six months, was:

- (a) a Director or Senior Manager of the Issuer or any of its Subsidiaries,
- (b) the holder of a Relevant Interest in 10% or more of a Class of Equity Securities of the Issuer carrying Votes,
- (c) an Associated Person of the Issuer or any of the persons referred to in (a) or (b), except where the person becomes an Associated Person as a consequence of the Material Transaction, or
- (d) a person in respect of whom there are arrangements which are intended to result in that person becoming, or expected to become, a person described in (a), (b), or (c) other than as a consequence of the Material Transaction,