

IN THE GRAND COURT OF THE CAYMAN ISLANDS

FINANCIAL SERVICES DIVISION



CAUSE NO. FSD 154 OF 2019 ()

IN THE MATTER OF THE COMPANIES LAW (AS REVISED)

AND IN THE MATTER OF GRAND METROPOLITAN (CAYMAN ISLANDS) LIMITED



PETITION



To the Grand Court

The humble petition of Grand Metropolitan (Cayman Islands) Limited shows that:

1 Introduction

The object of this petition is to seek an Order of the Court pursuant to section 15 of the Companies Law ("Law") confirming a reduction of the Company's share capital which was been approved by special resolution of the sole shareholder of the Company on 1 August 2019.

2 Incorporation, Objects and Share Capital

2.1 Grand Metropolitan (Cayman Islands) Limited ("**Company**") is an exempted company with limited liability which was incorporated under the laws of the Cayman Islands on 15 September 1995 with registration number 61603. The Company has its registered office at Genesis Trust & Corporate Services Ltd., PO Box 448, Elgin Court, Elgin Avenue, Grand Cayman, Cayman Islands.

2.2 The objects for which the Company was established are unrestricted (save for generally applicable statutory restrictions on its powers to trade in the Cayman Islands) and generally to carry out the objects more particularly described in paragraph 3 of its Memorandum of Association as adopted by a special resolution passed 18 December 1996.

- 2.3 The Company is part of a global group of companies, the ultimate parent of which is Diageo plc, a public limited company incorporated in England and Wales ("**Diageo Group**"). The Diageo Group is a multinational group of companies headquartered in London, United Kingdom and is a producer of alcoholic beverages.
- 2.4 The authorised share capital of the Company is GBP3,050,000,000 comprising 3,050,000,000 ordinary shares of GBP1.00 nominal value each. The issued share capital of the Company is GBP2,560,000,003 comprising 2,560,000,000 ordinary shares of GBP1.00 nominal value each of which have been issued and are fully paid or credited as fully paid (the "**Shares**"). The Company has GBP239,708 standing to the credit of its share premium account.

3 Shareholding structure

- 3.1 The Company was incorporated on 15 September 1995 to act as a financing vehicle within the Diageo Group. In October 1996, the Company issued preference shares in four classes to a syndicate of lenders with rights set out in the Company's Articles of Association. The financing structure was unwound one year later in July 1997 when all of the preference shares then in issue to funders were transferred to Grand Metropolitan Capital Company Limited, a company incorporated in England and Wales ("**Parent**").
- 3.2 In 2001, in order to simplify the share structure, all of the preference shares in issue to the Parent were converted to ordinary shares. Since 1997, the Company has therefore been a wholly owned subsidiary of the Parent.

4 Creditors and assets

- 4.1 The Company has been dormant since at least 2004, meaning that since that date (i) the Company has had no creditors; (ii) the Company has been tax resident in the United Kingdom but has had no taxable income and (iii) the Company has had no dealings outside the Diageo Group whatsoever.
- 4.2 The Company's sole current asset is a non-interest-bearing intragroup receivable of GBP2,561,788,457 from Grand Metropolitan Limited, a company incorporated in England and Wales that is the indirect parent company of the Company and a subsidiary of Diageo plc.

5 Rationalisation of the Diageo Group

- 5.1 The Diageo Group is seeking to rationalise its corporate structure by the eradication of dormant entities within the group, including the Company and the Parent. Currently, the Diageo Group has in the region of 400 entities, whereas similarly complex corporate structures known to Diageo and its advisors operate with a significantly smaller number of entities. In total, the Diageo Group is seeking to eliminate up to 200 entities in the next two years in order to reduce its costs of compliance, accounting, reporting, taxation and administration.
- 5.2 As part of the rationalization programme, the Company is seeking to reduce its share capital to GBP2.00 so that it has sufficient distributable reserves to pay a dividend of GBP2,561,788,455 to its Parent. The dividend is to be satisfied by the assignment to the Parent of the intragroup receivable due from Grand Metropolitan Limited.

6 Petition for capital reduction

- 6.1 In relation to the proposed reduction of capital, paragraph 6 of the Company's Memorandum of Association and Article 38 of the Company's Articles of Association provide that the Company may, by special resolution, reduce its share capital in any manner authorised and subject to any conditions prescribed by the Companies Law.
- 6.2 On 1 August 2019, the Parent passed a special resolution of the Company as follows:
1. *Subject to the confirmation of the Grand Court of the Cayman Islands, the share capital of the Company be reduced by:*
 - (a) the cancellation of 2,560,000,001 ordinary shares of £1.00 each in the capital of the Company, each of which is fully paid up; and*
 - (b) the cancellation of the share premium account of the Company,*

and the amount by which the share capital of the Company is so reduced and the amount standing to the credit of the share premium accounts of the Company be treated as the distributable reserves of the Company; and

2. *The Directors of the Company be and are hereby authorised to do all acts and things considered by them to be necessary or desirable in connection with the implementation of the reduction of capital which the Grand Court of the Cayman Islands may see fit to impose.*

- 6.3 The Company is a wholly owned subsidiary with the same board of directors as its Parent, the sole shareholder. The Parent is therefore cognizant of the rationale for the reduction of capital and there is no question of the equitable treatment of shareholders. In addition, the Company has been dormant for at least fifteen years and has not had any external creditors during that period. There are therefore no creditors whose interests may be affected by the reduction of capital.
- 6.4 The capital reduction is for a discernible purpose as part of a series of corporate steps leading to the return of capital to the Parent and, subsequently, the dissolution of the Company.
- 6.5 The form of minute proposed to be registered with the Registrar of Companies is as follows:

The issued share capital of Grand Metropolitan (Cayman Islands) Limited (the "Company") was by virtue of a special resolution of the Company dated 1 August 2019 (the "Special Resolution") and with the confirmation of an order of the Grand Court of the Cayman Islands dated [] 2019 (the "Order") reduced from GBP2,560,000,003 divided into 2,560,000,003 shares of GBP1.00 par value each, to GBP2.00 divided into two shares of GBP1.00 par value each and the cancellation of the Company's share premium account (the "Reduction of Capital").

The authorised share capital of the Company on the registration of this minute is GBP2.00 divided into 2 ordinary shares of a nominal or par value of GBP1.00 each.

- 6.6 It is appropriate for the Court to confirm the capital reduction.

YOUR PETITIONER, THE COMPANY, THEREFORE HUMBLY PRAYS:

1. That the reduction of capital approved by the special resolution set out at paragraph 6.2 above be confirmed and that the form of minute set out at paragraph 6.5 above be approved by the Court.
2. That the amount by which the share capital is so reduced be moved to distributable reserves.
3. That the share premium account of the Company be and is hereby cancelled.
4. That to this end, all necessary inquiries and directions may be made and given.
5. That such further or other relief as this Honourable Court shall see fit.

AND your Petitioner will pray etc.

Dated this 13th day of August 2019



PRIESTLEYS
Attorneys-at-Law for the Company

Note: It is not intended that this Petition be served on anyone.

The Petitioner's address for service is –
c/o Priestleys, Attorneys-at-Law
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KY1-1202
Grand Cayman

NOTICE OF HEARING

TAKE NOTICE THAT the hearing of this petition will take place at the Law Courts, George Town, Grand Cayman, on _____ 2019 at _____ am/pm.

Any correspondence or communication with the Court relating to the hearing of this petition should be addressed to the Registrar of the Financial Services Division of the Grand Court at PO Box 495, Grand Cayman, KY1-1106, telephone 345 949 4296.



PRIESTLEYS