

## THREE THISTLES PLC

MINUTES of the ANNUAL GENERAL MEETING  
of THREE THISTLES PLC held at 163 Bath  
Street, Glasgow G2 4SQ on 22 March 2021 at  
11am

Present: David Low, Chairman  
Donald McIntyre, Director

In Attendance: Alan Stewart, Davidson Chalmers Stewart LLP and Davidson Chalmers  
Stewart (Secretarial Services) Limited, Secretary  
Vicky Ward, Davidson Chalmers Stewart LLP

The Chairman noted that the Notice of the meeting had been issued to the members of the Company on 26 February and reported that a quorum was present. He declared the meeting formally constituted.

It was noted that the meeting was being held as a "closed meeting" in accordance with the provisions of the Corporate Insolvency and Governance Act 2020.

There was tabled a letter from the Company's Registrars certifying the proxies received for the meeting.

It was reported that questions had been received from shareholders in advance of the meeting. In terms of the procedure stated in the letter to shareholders of 26 February a summary of questions and answers will be published on the Company's website after the meeting has concluded.

The Chairman made the following statement with regard to questions received -

Questions have been received from three shareholders relating to the business of the meeting.

A shareholder has asked for clarification on the format of the meeting. The Annual General Meeting is being held as a "closed meeting" to comply with the restrictions imposed by the UK and Scottish Governments in response to the Covid-19 pandemic. These include restrictions on non-essential travel and public gatherings. The Articles of Association of the Company do not contain provisions which would allow shareholders to participate in a formal meeting of shareholders by any means other than physical attendance or through the appointment of a proxy.

Directors' remuneration was raised and I can confirm that the directors have received no payments, directly or indirectly in the last twelve months other than due under the terms of their service contracts. These contracts are available for inspection by shareholders at the Company's registered office. Given the effects of the coronavirus the directors, the Estate Managers, Caledonian Heritable and certain key senior employees agreed to a voluntary 5% reduction on entitlements at the start of the current financial year.

Caledonian Heritable's contractual terms with the Company are a matter of commercial confidentiality. However, I can re-confirm that the terms are materially more advantageous to the Company than the arrangements with previous two managers. This was first confirmed in the previous Chairman's statement that accompanies the 2017 report and accounts.

Further clarification on the cash movement over the year was also sought. This was largely attributable to the transformational refurbishment costs at The Clockwork and, to a lesser extent, refurbishment of Bauhaus. In the instance of the former, the refurbishment was overseen by Caledonian Heritable under the terms of their contract with the Company. In the latter case, a project manager was used.

The capital expenditure was necessary because the group's assets are suffering from wear and tear and some are dated. This is having a consequential effect of trading performance and asset values. This first became apparent to the directors in 2017 when we commissioned an independent valuation of the portfolio. This confirmed the position and a £1.7 million impairment was incorporated in the accounts. The valuation also highlighted the need for substantial investment. The Wheel Inn was a large sprawling outlet with a large car park. The refurbishment cost was estimated to be in the region of £500,000. The directors did not believe this could be justified and a decision was made to sell the asset for development. A similar dynamic was at play with The Clockwork; it had only received cursory care and maintenance over the years and it showed. A review took place and a decision was taken to close the microbrewery as an investment of close to £200,000 could not be justified. However, investment in the core business was clearly justified and I believe we can now claim to have one of the biggest and best trading units in the southside of Glasgow.

The position in respect of a coronavirus related business interruption claim is ongoing with only a slim chance of success. The group has always been fully insured with a reputable insurance Company and is part of a class action with other hospitality companies who have been similarly affected by the coronavirus. The claim is ongoing and our brokers are currently engaged with a QC on the matter.

The trading updates of March and November 2020 as well as the Chairman's statement in the Report and Accounts provided confirmation of the position in respect of use of the Coronavirus Job Retention Scheme and as of today, we are continuing to make full use of all support measures available to the group. Save for the reduction in fees referred to earlier it is not possible to mitigate directors or management fees given the fiduciary responsibilities associated with managing a public limited company.

The sensitivity of Resolution 4 is recognised and I apologize if the significance and importance of this has been understated by the Board. Around thirty shareholders representing a significant minority of shareholders voted against the resolution and their views must be respected. It is important that in the current environment we proceed with as united a front as is possible as anything less risks financial calamity. Since publication of the Report and Accounts the Scottish Government has announced tentative plans to re-open the hospitality sector and we shall be permitted to trade on a restricted basis from 26 April; basically, customers will be allowed to eat indoors without alcohol until 8pm and/or consume alcohol outdoors until 10pm. The position will be reviewed three weekly thereafter by the Scottish Government on a regional basis. Three Thistles is fortunate in that all of our units are suburban and a majority have large outdoor offerings and possibilities.

There are re-opening costs associated with maximising the new hospitality environment that is emerging. These include stock purchases, re-opening preparation and garden and car park conversion to a dining and drinking environment. This will require capital investment in an uncertain environment. Although the Board has a very healthy relationship with RBS we are nonetheless in a 'red' sector and does not afford the group further borrowing opportunities. The other options are an asset sale or an issue of new equity. As regards the former, my earlier comments about the lack of investment over the years is pertinent; a sale in the current environment is very unlikely

to yield book value, although I can confirm we are in early stage discussions with a third party in respect of disposal of a non-core asset. The latter option will only be pursued if there is a requirement to do so and would be influenced by the demand for new shares. I should also make it clear that if there was a new issue of shares existing shareholders would be consulted and would not be precluded from participating.

The final point I think is necessary to highlight relates to the provision of an exit or exit options for shareholders who subscribed for shares in 2006. I have re-visited the offer for sale document which can be found on the Company's website at [www.ThreeThistles.co.uk](http://www.ThreeThistles.co.uk). The then directors said that an exit strategy would be provided by 2012 at the earliest. It also said the directors would consider an exit by way of a trade sale followed by liquidation or by a sale of shares. It is notable that a formal sales process involving the Company's financial advisor, Spark Advisory occurred in 2013 and there was no meaningful interest in the Company's assets at that time and the process was formally closed. Full information on this and all other relevant information can also be found on the Company's website.

The prospectus also confirms shares were offered into a buoyant hospitality market in the same year as the introduction of the cigarette ban to be followed by the financial crash of 2008 and a tightening of Scottish drink driving laws. For these reasons and the lack of investment in the estate until recently, the estate has never been able to achieve historic valuation levels. The directors have carried out two impairments in recent years which brought the pre-coronavirus values into line with reality but without further investment it is unlikely that the values would be achievable in any sales process in the current environment.

When all is said and done the directors remain committed to providing the formal exit option that original shareholders wish and I can confirm that in the last twelve months we have held preliminary talks with other companies about a sale of shares in the Company. We are also engaged with other parties and their advisors in a similar vein, we are also engaged with other parties and their advisors on the potential to capitalise on the currently depressed values in the market.

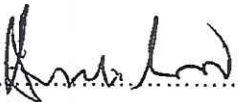
The Chairman demanded that a poll be taken on all of the resolutions contained in the Notice of the meeting and that this be carried out immediately. The meeting was then adjourned.

When the meeting reconvened, the Chairman reported that the poll had been conducted and that the votes cast for and against each resolution were as follows –

RESOLUTION	FOR	AGAINST
1	4,652,075	66,050
2	4,558,625	150,000
3	4,527,875	150,000
4	2,417,529	2,375,972

The Chairman declared that each of the resolutions set out in the Notice of the meeting had been passed by the appropriate majority.

There was no further business and the Chairman declared the meeting closed.

  
.....  
Chairman