



GOOD SPIRITS HOSPITALITY LIMITED
NOTICE OF COMBINED SPECIAL AND ANNUAL MEETING
10 OCTOBER 2023

Dear shareholders

Introduction

As you will be aware from various announcements, Good Spirits Hospitality Limited (**GSH**) has been conducting a lengthy competitive sale process in respect of the business and assets of GSH and two of its wholly owned subsidiaries, Good Spirits Hospitality No.1 Limited (**GSH No.1**) and Good Spirits Hospitality No.3 Limited (**GSH No.3**).

Following a strategic review by Tonnant Partners as announced on 21 December 2022, Matt Adams and Geoff Tuttle expressed their interest to the Board regarding a purchase of the assets of GSH and its subsidiaries. A committee of independent directors, being myself (John Seton) and Carl Carrington, was formed to oversee a sales process managed by Tonnant Partners as transaction adviser.

On 2 August 2023, it was announced that GSH, GSH No.1 and GSH No.3 (together, the **Vendors**) had entered into a conditional agreement (**Sale Agreement**) to sell their business and assets to Brew On Quay Limited (**BOQ**) (**Asset Sale**).

BOQ is or will be owned by Richard Sigley, Geoff Tuttle (current CEO of GSH) and Jaime Dutton, who are well known in the hospitality industry, together with Matt Adams (current director and chairman of GSH). The BOQ group owns and operates three well known venues in Auckland and Waiheke Island being Brew On Quay, Charlie Farleys and Siso. Under the Sale Agreement, BOQ has nominated nine wholly owned subsidiaries to each be a purchaser of the business and assets relating to a hospitality venue operated by GSH No.1 or GSH No.3 (as applicable) (**BOQ Nominees**).

The aggregate purchase price is \$20,701,400 plus GST (if any) and subject to usual post completion adjustments. The committee of independent directors of the Board have worked hard to achieve this outcome and believe the aggregate sale amount is fully priced. It is at the higher end of the valuation range for the business and assets of the Vendors provided to the Board by its transaction adviser, Tonnant Partners and is also within the valuation range calculated by Campbell MacPherson, as set out in section 2.3 of its Independent Appraisal Report accompanying the Notice of Combined Special and Annual Meeting. Campbell MacPherson are of the opinion that the Asset Sale is fair to the shareholders not associated with BOQ.

Subject to the sale of the business and assets being approved by the shareholders and completion of the sale occurring, the Board intends to distribute an amount of \$600,000 (before deducting the costs of obtaining a binding ruling from Inland Revenue and any applicable tax deductions) to

shareholders, by way of a unimputed dividend payment of approximately \$0.0104 per share (**Dividend**). The balance remaining from the proceeds of sale (after payment of GSH's transaction costs, payment of other creditors of the business and withholding costs for liquidation and/or deregistration of the GSH group companies) will be used to part repay GSH's financier, Pacific Dawn Limited (**PDL**), a wholly owned subsidiary of Nomura Asia Pacific Holdings Co. Ltd.

PDL is supportive of the Asset Sale, the terms of the Sale Agreement and the payment of the Dividend. It should be noted that PDL has agreed to payment of the Dividend when it is under no obligation to do so.

Following completion of the Asset Sale, GSH will no longer own any assets and therefore it intends to delist from the NZX Main Board (subject to usual NZX conditions) and to make payment of the Dividend (subject to the Board obtaining a binding ruling from Inland Revenue as to GSH's tax position and GSH satisfying the solvency test in the Companies Act 1993). Due to the potential delay in obtaining a binding ruling from Inland Revenue, it is expected that payment of the Dividend will occur after GSH has been delisted.

After delisting, payment of the Dividend and subject to no objections being received from either secured creditors or Inland Revenue, it is intended that GSH will eventually be liquidated or deregistered from the New Zealand Companies Register under Part 17 of the Companies Act 1993. Doing so will necessitate the deregistration or liquidation of all of GSH's wholly owned subsidiaries (including GSH No.1 and GSH No.3). PDL, in its capacity as lender, has consented to GSH delisting and GSH and GSH No. 1 deregistering following completion of the Asset Sale and has agreed not to file any objection in either of those processes.

If the resolutions are approved (and in the case of the Asset Sale all conditions are satisfied), the committee of independent directors have targeted the following milestones:

- Completion of the Asset Sale on 1 November 2023;
- GSH's delisting from the NZX Main Board on or around 13 November 2023;
- Payment of the Dividend to shareholders on or before 21 December 2023; and
- Providing completion of the Asset Sale occurs on 1 November 2023, deregistration or liquidation of GSH and its subsidiaries is anticipated to be no later than 1 November 2025.

The period until 1 November 2025 is to allow time for the BOQ Nominees to obtain their own on-licenses to sell alcohol at the Venues, during which period the Vendors are required to maintain their on-licenses (in order to ensure alcohol can continue to be sold at the Venues).

It is anticipated that the BOQ Nominees will obtain all on-licenses required to operate the Venues prior to 1 November 2025, in which case GSH and its subsidiaries will be liquidated and/or deregistered before that date. However, it is known that the application process with Councils in Auckland and Hamilton takes some time and the Board is unable to (at this stage) provide a more accurate date for deregistration or liquidation. Should the process take longer than 6 months after completion of the Asset Sale, BOQ is obliged to pay the Vendors' reasonable costs and expenses related to the management and corporate maintenance of the Vendors (including any directors' fees but excluding any costs and expenses incurred by a Vendor in relation to its liquidation or deregistration).

The committee of independent directors of the Board believe that the sale of the business and assets of GSH, GSH No.1 and GSH No.3 to BOQ is the best outcome for the shareholders and unanimously recommends shareholders vote to approve all resolutions set out in the notice of meeting.

If the resolutions are not approved, the Asset Sale will not proceed and PDL may bring enforcement action to recover its debt. Under the terms of the debt financing to PDL, PDL would have the right to call upon the guarantee given by GSH and appoint receivers over the assets of GSH and/or GSH No.1. Receivers may proceed with a sale of assets to BOQ under the Sale Agreement or an alternative agreement, neither of which would require shareholder approval. Shareholders are highly unlikely to receive any return in the event of a sale of the assets of GSH and/or GSH No. 1 by receivers (or any distribution in an eventual liquidation or deregistration).

Accompanying materials

Accompanying this letter are:

- A Notice of Combined Special and Annual Meeting of Shareholders of GSH, for a meeting to be held at the offices of Buddle Findlay, Level 18, 188 Quay Street, Auckland on Thursday, 26 October 2023, commencing at 2.30pm.
- An Independent Appraisal Report in respect of the sale of business and assets of Good Spirits Hospitality Limited, Good Spirits Hospitality No.1 Limited and Good Spirits Hospitality No.3 Limited to Brew on Quay Limited from Campbell MacPherson dated 9 October 2023 which serves as an Appraisal Report where required for the purposes of the Listing Rules.

Please read the Notice of Combined Special and Annual Meeting and the accompanying Independent Appraisal Report from Campbell MacPherson fully and carefully before the meeting.

As stated above, the committee of independent directors of the Board believe the sale of the business and assets of GSH, GSH No.1 and GSH No.3 to BOQ is the best outcome for the shareholders and welcomes your consideration and support.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'John Seton', with a long horizontal stroke extending to the right.

John Seton

Chairman of the committee of independent directors

10 October 2023

IMPORTANT INFORMATION

This document will assist you, as a shareholder of Good Spirits Hospitality Limited, to decide whether to approve the Resolutions set out on pages 8 to 10 of this Notice and detailed in the Notes.

The Committee of Independent Directors of Good Spirits Hospitality Limited recommends that you vote in favour of all of the Resolutions. Matt Adams, chairman and director of GSH, recommends that you vote in favour of Resolutions 2 to 5. If you do not plan to attend the Combined Special and Annual Meeting in person, you are urged to complete and return your proxy form (please see page 11 for more information on completing and returning your proxy form).

CONTENTS

In this Notice of Combined Special and Annual Meeting, we have included Explanatory Notes explaining the Resolutions and their effects on pages 13 to 29. An Independent Appraisal Report prepared by Campbell MacPherson in relation to Resolution 1 accompanies this Notice of Combined Special and Annual Meeting. Shareholders should read this Independent Appraisal Report in full in conjunction with this notice.

The contents of this Notice of Combined Special and Annual Meeting are as follows:

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Unless otherwise stated, information in this Notice of Combined Special and Annual Meeting is stated as at the date of this Notice.

DEFINED TERMS

In this notice of combined special and annual meeting, certain capitalised terms have been used as follows:

Appraisal Report means the independent appraisal report prepared by Campbell MacPherson dated 9 October 2023 in relation to the Asset Sale and enclosed with this Notice;

Asset Sale means the sale of the business and assets of GSH, GSH No.1 and GSH No.3 other than Excluded Assets;

Board means the board of the Company;

Binding Ruling a binding ruling obtained from Inland Revenue and satisfactory in all respects to the Board, confirming that the Vendors and the directors of the Vendors will not be liable for any tax payable in respect of the Dividend and the liquidation and/or removal from the New Zealand register under Part 17 of the Companies Act of the Vendors;

BOQ means Brew On Quay Limited;

BOQ Nominees means wholly owned subsidiaries of BOQ that have been nominated by BOQ as the purchaser in respect of the business and assets of a Venue and a **BOQ Nominee** means any one of them;

Combined Meeting means the combined special and annual meeting of shareholders, and any adjournment of that meeting, to be held to consider and, if thought fit approve, the Asset Sale, payment of the Dividend and delisting following completion of the Asset Sale, the appointment and remuneration of GSH's auditor and the amendment to GSH's constitution;

Companies Act means the Companies Act 1993;

Dividend has the meaning given to it on page 20;

Excluded Assets means the GSH Excluded Assets, the GSH No.1 Excluded Assets and the GSH No.3 Excluded Assets;

GSH or the **Company** means Good Spirits Hospitality Limited;

GSH Excluded Assets means certain assets defined in the Sale Agreement as "GSH Excluded Assets" including all cash, debtors and shares owned by GSH and any agreements with Oracle Corporation Australia Pty Limited;

GSH No.1 means Good Spirits Hospitality No.1 Limited;

GSH No.1 Excluded Assets means certain assets defined in the Sale Agreement as "GSH No.1 Excluded Assets" including all cash (other than any physical cash venue float and gaming float), debtors and shares owned by GSH No.1 and the lease relating to Doolan Brothers (Newmarket);

GSH No.3 means Good Spirits Hospitality No.3 Limited;

GSH No.3 Excluded Assets means certain assets defined in the Sale Agreement as "GSH No.3 Excluded Assets" including all cash (other than any physical cash venue float), debtors and shares owned by GSH No.3;

Independent Directors means Carl Patrick Carrington and John Andrew Gowans Seton;

Listing Rules means NZX Listing Rules dated 1 April 2023;

Non-Associated Shareholders means shareholders of GSH who are not associated with BOQ or the Asset Sale;

Notice means this notice of combined special and annual meeting of shareholders;

PDL means Pacific Dawn Limited;

Related Parties have the meaning given to that term under the Listing Rules;

Resolutions means Resolutions 1 – 5 as described on pages 8 to 10 of this Notice and **Resolution** means any one of them;

Sale Agreement means the agreement for the sale and purchase of the business and the assets of GSH, GSH No.1 and GSH No.3 (other than Excluded Assets) dated 2 August 2023 between GSH, GSH No.1 and GSH No.3 (as vendors), BOQ (as purchaser) and Richard Christopher Guy

Sigley, Geoffrey Eamon Tuttle and Matt John Adams (as purchaser's guarantors);

Vendors or **Group** means the GSH, GSH No.1 and GSH No.3 and a **Vendor** means any one of them;

Venues means the hospitality venues operated by GSH No.1 or GSH No.3 (as applicable), being: (1) Danny Doolans; (2) Botany Commons; (3) Doolan Brothers (Ellerslie); (4) Union Post; (5) Citizen Park; (6) The Cav; (7) Cock & Bull; (8) The Fox; and (9) The Cellar Bar, and a **Venue** means any one of them.

Indicative Timetable of Events:

Sale Agreement signed	2 August 2023
Proxy forms to be lodged by	2.30pm 24 October 2023
Combined Special and Annual Meeting held	2.30pm 26 October 2023
Completion of Asset Sale	1 November 2023
Record Date for entitlement to Dividend	5pm 8 November 2023
Last day of trading GSH Shares on NZX Main Board	9 November 2023
GSH Delisting	13 November 2023
Declaration and Payment of Dividend	On or before 21 December 2023
Completion of Deregistration or Liquidation of GSH and its subsidiaries	During 2025

NOTICE OF COMBINED SPECIAL AND ANNUAL MEETING OF SHAREHOLDERS

Notice is given that a combined special and annual meeting of shareholders of Good Spirits Hospitality Limited (the **Company**) will be held in person at the offices of Buddle Findlay, Level 18, 188 Quay Street, Auckland on Thursday, 26 October 2023, commencing at 2.30pm.

The Explanatory Notes which accompany this Notice set out the details of the transactions which are the subject of the Resolutions and the approval required for each Resolution under the Listing Rules.

BUSINESS OF THE MEETING

A Introduction and Address by the Chairman of the Committee of Independent Directors

B Financial Statements and reports

To receive and consider the financial statements and the auditor's report for the year ended 30 June 2023 as contained in the Company's annual report.

C Shareholder discussion

D Consideration of and Voting on the Resolutions

- 1. Sale of the business and assets of GSH, GSH No.1 and GSH No.3 to BOQ and/or BOQ Nominees – Ordinary Resolution – Listing Rules 5.1.1(a), 5.1.1(b), 5.2.1(a) and 5.2.1(b)**

To consider and, if thought fit, pass the following Resolution as an ordinary resolution of the Company:

"That the sale of the business and assets of GSH, GSH No.1 and GSH No.3 (other than the Excluded Assets) to BOQ and/or BOQ Nominees for the aggregate purchase price of \$20,701,400 plus GST (if any) on completion of the Asset Sale (subject to adjustment in accordance with the Sale Agreement) is approved for the purposes of Listing Rules 5.1.1(a) and (b) (in respect of a significant change in the nature of the business of, and in respect of a significant transaction for, the Company) and Listing Rules 5.2.1(a) and (b) (in respect of a transaction with Related Parties of the Company or who will be a beneficiary of such a transaction) and for all other purposes."
- 2. Payment of Dividend to shareholders – Ordinary Resolution**

To consider and, if thought fit, pass the following Resolution as an ordinary resolution of the Company:

"That, subject to the shareholders of the Company approving the Asset Sale, the Asset Sale being completed, the Binding Ruling being obtained and the solvency test in the Companies Act 1993 being satisfied, the Company distributes an amount equal to \$600,000 less the costs of obtaining the Binding Ruling and any applicable taxes by way of a dividend to the shareholders of the Company in amounts proportionate to their respective shareholding."

Implementation of this Resolution is conditional upon Resolutions 1, 3 and 5 being approved by the shareholders of the Company.

3. Delisting of GSH from the NZX Main Board – Ordinary Resolution

To consider and, if thought fit, pass the following Resolution as an ordinary resolution of the Company:

"That the delisting of the Company from the NZX Main Board is approved and the directors of the Company are authorised to undertake all actions and enter into any agreement and other documents necessary to give effect to this Resolution."

Implementation of this Resolution is conditional upon Resolution 1 being approved by the shareholders of the Company.

4. Appointment of Auditor and Auditor Remuneration – Section 196 Companies Act 1993 – Ordinary Resolution

To consider and, if thought fit, pass the following Resolution as an ordinary resolution of the Company:

"That the appointment of UHY Haines Norton as external auditor of GSH on 14 June 2023 be ratified and approved and that the Board be authorised to fix the fees and expenses of UHY Haines Norton for the ensuing year."

5. Amendment to Constitution – Section 106 Companies Act 1993 – Special Resolution

To consider and, if thought fit, pass the following Resolution as a special resolution of the Company:

"That clause 22 of the Company's constitution is deleted and replaced with the following clauses:

22. Delisting from NZX

If the Company and its subsidiaries (Group):

- (a) have disposed of, or have contracted to dispose of assets (other than cash, debtors and shares) the value of which in the Board's opinion are more than three quarters of the Group's assets (other than cash, debtors and shares) before the disposition; or*
- (b) have ceased to carry on their business and have no surplus assets (except for any funds withheld for legal, accounting, tax and any other professional fees and costs in relation to the eventual liquidation or deregistration of the Group),*

the Board may (at any time) request that the Company cease to be listed on the NZX Main Board and any previous request made before 26 October 2023 shall be deemed to not at any time be in breach of this

Constitution provided that either of subparagraphs (a) or (b) of this clause applied at the time of the request.

23. Liquidation or Deregistration

The Board may (i) appoint a liquidator (the identity of whom is to be determined by the Board) to the Company upon a resolution of the Board being passed that the Company cease to carry on business or (ii) request that the Registrar of Companies remove the Company from the New Zealand Register of Companies on either of the grounds specified in section 318(2) of the Companies Act 1993."

E Other Business

To consider any other business that may properly be brought before the Combined Meeting.

NOTES

1. EXPLANATORY NOTES

A general overview of the Asset Sale and explanatory notes for Resolutions 1 to 5 are set out in the following pages. Additional information about the Asset Sale and the associated approvals are set out in the Appraisal Report that accompanies this document.

2. PROXIES

Pursuant to section 125 of the Companies Act, the Board has determined that only those persons who are shareholders of record as at 5.00pm on Monday, 23 October 2023 will be entitled to vote at the meeting. You may exercise your right to vote either by being present at the Combined Meeting or by appointing a proxy to attend and vote in your place. A proxy need not be a shareholder of the Company. A company may appoint a person to attend the meeting as its representative in the same manner as a proxy is appointed. Voting at the meeting will be by way of a poll of the Company's shareholders entitled to vote and voting.

You can appoint a proxy by completing the accompanying proxy form and returning it to Link Market Services in accordance with the instructions set out on the proxy form. You can also appoint your proxy online at <https://investorcentre.linkgroup.nz/voting/GSH>. To be valid, a completed proxy form must be received by Link Market Services by no later than 2.30pm on Tuesday, 24 October 2023 (being 48 hours before the time of the meeting).

If you wish to appoint a proxy, you may direct your proxy how to vote, or give your proxy discretion to vote as they see fit. If you wish to give your proxy discretion, you must mark the appropriate box on the proxy form. If you do not mark any appropriate box for a particular Resolution, then your proxy may vote or abstain from voting as they see fit.

You may appoint the Chair of the meeting (John Seton) as your proxy. If the Chair of the meeting is appointed as your proxy, but you have not directed the Chair how to vote on a particular Resolution, then the Chair intends to vote your shares in favour of all of the Resolutions.

3. VOTING RESTRICTIONS

Geoff Tuttle, CEO of GSH and Matt Adams, chairman and director of GSH, are both Related Parties (as defined in the Listing Rules) of GSH, are direct parties to the Asset Sale and are also likely to become beneficiaries of the Asset Sale. The Asset Sale is a Material Transaction (as defined in the Listing Rules) because the Asset Sale is a sale of assets of the Group which have an aggregate net value above 10% of GSH's average market capitalisation.

Carl David Sowter and Geoffrey Eamon Tuttle (CEO of GSH), being the trustees of the G.E.T. Investment Trust, or its Associated Person(s) (as defined in the Listing Rules), are not permitted to vote on Resolution 1.

Matt Adams (chairman and director of GSH) or his Associated Persons(s) (as defined in the Listing Rules) are not permitted to vote on Resolution 1. Matt Adams does not hold any shares in GSH.

Shareholders who are not "Non-Affiliated Holders" (as defined in the Listing Rules – which excludes shareholders who together with their "Associated Persons" hold more than 10% of GSH's shares) may not be permitted to vote on Resolution 3. These are:

- PDL (through its nominee shareholder, New Zealand Central Securities Depository Limited);
- Christie Whiting Vermunt Limited;
- Collins Asset Management Limited; and
- Robert Gerald Hampden Christie and Rosemary Joan Christie.

Further detail on the voting restrictions is set out in *Additional information relating to the Resolutions*.

Persons subject to a voting restriction may not be appointed as a discretionary proxy (but can be appointed as a non-discretionary proxy and expressly directed how to vote if appointed by a person who is not disqualified from voting).

All persons registered on the Company's register of shareholders as the holders of shares as at 5.00pm on Tuesday, 24 October 2023 shall, subject only to the preceding restrictions, be entitled to vote at the Combined Meeting in person or by proxy.

4. MAJOR SHAREHOLDERS INTEND TO VOTE IN FAVOUR

GSH understands that its major shareholder, PDL, intends to vote all of the shares held by it in favour of all Resolutions (other than Resolution 3 in respect of which it is not entitled to vote).

GSH also understands that the trustees of the G.E.T. Investment Trust intend to vote all of the shares held by them in favour of all Resolutions (other than Resolution 1 in respect of which it is not entitled to vote).

The Board considers that this provides an endorsement of Resolutions 1 to 5.

5. CONDITIONAL NATURE OF RESOLUTIONS 2 AND 3

Implementation of Resolution 2 is conditional upon Resolutions 1, 3 and 5 being approved by the shareholders of the Company, the Sale Agreement completing and (as stated in the Resolution) upon a Binding Ruling being obtained and the solvency test in the Companies Act being satisfied immediately after the payment of the Dividend. Implementation of Resolution 3 is conditional upon Resolution 1 being approved by the shareholders of the Company and the Sale Agreement completing.

6. SHAREHOLDER QUESTIONS

Shareholders can submit questions ahead of the meeting. If you would like to submit a question you can do so online or by using the enclosed proxy form. Questions should be received by 2.30pm on Tuesday, 24 October 2023 (being 48 hours before the time of the meeting). The Company has the discretion as to which of these questions will be addressed at the meeting.

EXPLANATORY NOTES

Resolution 1 – Proposed sale to BOQ

Summary of Asset Sale

The Vendors are leaders in the Auckland pub market, owning and operating nine iconic Auckland and Hamilton pubs. The Venues include Danny Doolans, Citizen Park and The Cav in Auckland and the Cock & Bull in Hamilton.

On 2 August 2023, the Vendors entered into the Sale Agreement with BOQ. BOQ is or will be owned by Richard Sigley, Geoff Tuttle (current CEO of GSH) and Jaime Dutton, who are well regarded in the hospitality industry, together with Matt Adams (current director and chairman of GSH). The BOQ group currently owns and operates three well known venues in Auckland and Waiheke Island being Brew On Quay, Charlie Farleys and Siso.

The Sale Agreement provides for the sale of the business and assets of the Vendors to BOQ for an aggregate purchase price of \$20,701,400 plus GST (if any). The Sale Agreement is conditional on, amongst other things, approval of GSH's shareholders by way of this Resolution 1.

Any net proceeds of sale received from the Asset Sale (after deducting transaction costs, payment of the Dividend, payment of creditors of the business and withholding costs for liquidation and/or deregistration) will be used to part repay PDL. The Asset Sale is expected to complete on 1 November 2023.

Key Terms:

Key features of the Asset Sale are:

- The Vendors will sell substantially all their assets and business relating to the nine operating Venues to BOQ (or its subsidiaries) for an aggregate purchase price of \$20,701,400 plus GST (if any). The Excluded Assets do not form part of the transaction and are retained by the Vendors.
- The aggregate purchase price is subject to usual post completion adjustments for a business sale such as inventory valuation and transferring employee benefits.
- A portion of the aggregate purchase price equal to \$250,000 will be held in escrow and, to the extent that any amount remains after post completion adjustments, be released to the relevant Vendor(s).
- The Asset Sale is currently conditional on:
 - Approval by GSH's shareholders by 2 March 2024 (this is the approval sought at the Combined Meeting); and
 - Landlords' consent to the assignment or novation of the leases for the Venues to BOQ Nominees.
- If the above conditions are not satisfied by their due dates, or any extended dates agreed by the parties, the Asset Sale may be cancelled.
- BOQ has nominated nine wholly owned subsidiaries (each a BOQ Nominee) to be a purchaser of the business and assets relating to each Venue operated by GSH No.1 or GSH No.3 (as applicable).

- Richard Sigley, Geoff Tuttle and Matt Adams jointly and severally guarantee the obligations of BOQ and are jointly and severally liable for any breach of an obligation by BOQ or a BOQ Nominee.
- No warranties are provided by the Vendors.

Background

GSH owns and operates (through its subsidiaries, GSH No.1 and GSH No.3) the nine Venues.

Most of the Venues have been owned and operated by GSH for almost 10 years, having been acquired from The Better Bar Company group in 2014.

As previously announced, in May 2018 GSH No.1 (then The Better Bar Company Limited, as Borrower), and GSH (as guarantor) entered into a facility agreement with PDL (as lender) whereby PDL provided a financial facility for the amount of \$27,500,000.

Unfortunately, the impact of Covid on GSH and the Venues was considerable. Many Venues were either running significantly below capacity with reduced operating hours and staff shortages or were shut for significant periods of time in line with the New Zealand government's mandated closures. Despite the best efforts of the Board and concessions made by PDL, GSH has struggled to service the debt owing to PDL. The loan to PDL is repayable on 31 December 2023 and the Board considers there is no likely prospect of the repayment date being extended or the debt being refinanced with another lender.

Following a strategic review conducted by transaction adviser Tonnant Partners, the Board decided to pursue a sale of the Venues to address the PDL debt position. After a lengthy and competitive sale process overseen by a committee of the Independent Directors of GSH, with support from Tonnant Partners, the Vendors entered into the Sale Agreement with BOQ where they agreed to sell the business and assets of the nine operating Venues for an aggregate purchase price of \$20,701,400 plus GST (if any) (subject to usual post completion adjustments).

The committee of the Independent Directors of GSH identified the transaction with BOQ as offering the best outcome for all GSH stakeholders. The negotiation of the transaction was conducted at arm's length, with both GSH and BOQ acting in their own interests.

BOQ

As mentioned previously, BOQ is or will be owned by Richard Sigley, Geoff Tuttle (CEO of GSH) and Jaime Dutton, who are well known in the hospitality industry, together with Matt Adams (a director and the chairman of GSH). The BOQ group currently owns and operates three well known venues in Auckland and Waiheke Island being Brew On Quay, Charlie Farleys and Siso.

The BOQ management team has a long association with not only the New Zealand hospitality industry, but also with GSH itself. A biography of the BOQ team is below:

Richard Sigley

- Richard is one of Auckland's most well-known and accomplished hospitality operators having owned and operated in excess of 20 high performing venues over the past 20 years. Specifically, Richard owned and developed the Nourish Hospitality venues (including venues such as Soul Bar and Bistro and The Brit).

Geoff Tuttle

- Geoff is a lifelong hospitality operator who has developed and improved many venues over the past 20 years, including being involved in developing the original portfolio of GSH's venues that were sold to GSH (then Veritas Investments Limited) in 2014.

Jaime Dutton

- Jaime was the operations manager for GSH (and prior to this for Messrs Sigley and Tuttle) from 2007 until 2020. During this time Jaime had full oversight of the Venues.

Matt Adams

- Matt is a Sydney based finance and restructuring professional. Matt has 25 years of restructuring, advisory and investment experience and is a current director of GSH.

Subject to the satisfaction of the conditions in the Sale Agreement (including the passing of Resolution 1), GSH expects completion to occur on 1 November 2023.

Any proceeds of sale received from the Asset Sale (after deducting transaction costs, payment of the Dividend, payment of creditors of the business and withholding costs for liquidation and/or deregistration) will be used to part repay the debt owing to PDL.

Apart from PDL, creditors of the business are trade and other payables as stated in GSH's latest financial statements for the year ended 30 June 2023. They represent liabilities for goods and services provided to GSH by suppliers in the ordinary course, for example beverages, food, cleaning services and door security etc. Other creditors are employee entitlements and GST payable.

Apart from PDL, GSH No. 3 has borrowings from Lion NZ Limited of originally \$300,000 that were used to complete the acquisition of The Cellar Bar. The remaining balance at 30 June 2023 is \$87,500. GSH also has a facility with BNZ for the provision of three credit cards with a maximum liability under the facility of up to \$15,000.

Rationale for the Asset Sale

The Asset Sale will allow GSH to manage an orderly exit from the operation of the Venues run by GSH No.1 and GSH No.3 and ensure a stable future for the Venues while also significantly addressing the debt owing to PDL.

The committee of Independent Directors recommends the Asset Sale because:

- It is at the higher end of the valuation range for the business and assets of GSH, GSH No.1 and GSH No.3 provided to the Board by its transaction adviser, Tonnant Partners and is also within the valuation range set out in section 2.3 of the Appraisal Report.
- Without the Asset Sale, it is unlikely that any of the principal of the debt owing to PDL will be repaid without enforcement action being undertaken by PDL.
- If the Asset Sale does not proceed, GSH No.1 would be in default under the terms of its facility agreement with PDL, entitling PDL to take enforcement action which could include the calling upon of a guarantee given by GSH and the appointment of receivers to the assets of GSH and/or GSH No.1. The receivers would likely proceed with a sale of assets. A sale by receivers would not require shareholder approval.

- It enables a distribution to be made to shareholders which will provide shareholders with a return on their investment which they would otherwise be unlikely to receive.

Disclosure of Existing Business Interests

As previously disclosed, Geoff Tuttle (GSH's Chief Executive Officer) and Matt Adams (current director and chairman of GSH) are both directors of BOQ. The G.E.T. Investment Trust (of which Geoff Tuttle is a trustee and potential beneficiary) is a co-owner of BOQ, holding 45% of the shares. Yvonne O'Neil (who is Geoff Tuttle's wife) holds 45% of the shares in Good Wives Limited, which owns and operates Siso. Geoff Tuttle was also involved as trustee of vendor trusts when The Better Bar Company Limited was acquired by GSH in 2014.

Geoff Tuttle is a trustee and potential beneficiary of the G.E.T. Investment Trust which holds 4.13% of the shares in GSH. Matt Adams became a director of BOQ on 17 August 2023 (after the Sale Agreement was entered into) and will become a shareholder of BOQ as part of the Asset Sale.

Independent and Robust Process Adopted

Due to Geoff Tuttle and Matt Adams' relationship with GSH as detailed above, independence and management of any perceived and actual conflicts of interest was an integral feature of GSH's management of the transaction. The GSH board was mindful of adopting an independent and robust process where shareholders would have confidence in the integrity of all aspects of the transaction process, and that any subsequent board recommendation in favour of the transaction was made on the basis that it delivers the best outcome for GSH and its shareholders.

For those reasons, GSH established a committee of Independent Directors as soon as Matt Adams and Geoff Tuttle expressed an interest in buying the assets of GSH. The committee of Independent Director's Chairman, John Seton and fellow Independent Director Carl Carrington, have led arm's length negotiations with all bidders (including BOQ) and PDL as debt provider, with the assistance of their transaction adviser (Tonnant Partners) and legal adviser (Buddle Findlay). PDL has also had its own independent advisers, KPMG and Bell Gully. Geoff Tuttle and Matt Adams had no access to, or insight into, GSH's dealings (through the Independent Directors) in relation to the Asset Sale. The Board also obtained the Appraisal Report from Campbell MacPherson dated 9 October 2023.

Financial impact of the Asset Sale

The Asset Sale will result in the sale of substantially all of the Vendors' business and assets to BOQ in exchange for cash. It is something that Vendors need to do in order to address the PDL debt. Following the Asset Sale, the Vendors will no longer own any cash producing assets.

Completion of the Asset Sale will mean GSH and its subsidiaries will be able to repay a sizeable portion of the PDL debt, while also providing a return for shareholders (through the Dividend) that they would not receive otherwise.

Further discussion of the financial impact of the Asset Sale is set out in section 2 of the Appraisal Report.

Campbell MacPherson are of the opinion, after having considered all the relevant factors, that the Asset Sale is fair to the Non-Associated Shareholders of the Company.

Particular risks of the Asset Sale

The Asset Sale includes the following risks and mitigation steps:

Risk:

- There is a risk that the Asset Sale could be delayed if conditions of the Asset Sale (mentioned above) are not satisfied within the expected timeframes. Any such delays would delay the receipt of settlement proceeds from the Asset Sale which by extension will delay repayment to PDL and the Dividend.
- There is a risk that the Asset Sale could be cancelled if conditions of the Asset Sale (mentioned above) are not satisfied at all. If the conditions are not satisfied at all, there is a risk that the Asset Sale will be cancelled and PDL may take action to recover its debt. In that instance it is likely the guarantee given by GSH would be called upon and receivers would be appointed to the assets of GSH and/or GSH No.1.

Mitigation:

- The committee of Independent Directors is seeking to mitigate these risks by:
 - Working closely with Tonnant Partners and its legal adviser, Buddle Findlay, to ensure all deadlines are met;
 - Working closely with key suppliers and third parties to ensure all relevant consents are obtained on time (it being noted that, as at the date of this Notice, the following parties' consent has already been obtained):
 - DB Breweries Limited;
 - Lion NZ Limited;
 - Monitoring the obligation of BOQ to obtain temporary authorities for each Venue (it being noted that, as at the date of this Notice, these have all been obtained);
 - Keeping PDL updated as to progress of the transaction; and
 - Engaging with the landlords in consultation with BOQ to obtain consent to the assignment of the Venue leases to BOQ Nominees.

Risk:

- There is a risk a claim may be made against the Vendors by BOQ if the Vendors are unable to discharge all security interests (including a partial security release by PDL) over the business and assets as they will not be able to deliver the assets unencumbered (except as to permitted encumbrances as described in the Sale Agreement).

Mitigation:

- The committee of Independent Directors is seeking to mitigate this risk by contacting all relevant secured parties, with the help of its legal adviser Buddle Findlay, as early as possible to begin the process of arranging repayment and removing all relevant charges. It is intended that many relevant charges will be removed and/or all relevant amounts repaid prior to settlement. This avoids the risk of settlement being delayed due to a secured party not releasing their security in time.

Risk:

- There is a risk that the post completion adjustment amounts (such as adjustments for accrued employee entitlements and prepayments) may not be agreed with BOQ. In which case it is possible that the Vendors may have to spend time and money following the dispute resolution provisions in the Sale Agreement and there is a risk any decision maker would not find in their favour.

Mitigation:

- The committee of Independent Directors is seeking to mitigate this risk by including an escrow arrangement in the Sale Agreement, whereby an amount of \$250,000 is held in escrow pending determination of the post completion adjustments.
- Any failure to agree the post completion adjustment amounts will not impact the timing of the Dividend.

Consequences:

If the Asset Sale is approved and completion of the Sale Agreement occurs, substantially all of the business and assets of the Vendors will be sold and from then on, the Venues will be owned and operated by BOQ. It is intended that after the Asset Sale is completed and the payments to PDL and creditors are completed, GSH will delist (subject to usual NZX conditions) and ultimately deregister. A liquidation of GSH and/or its subsidiaries may also be considered as an alternative to deregistration.

If the Asset Sale is not approved, then GSH No.1 would be in default under the terms of its facility agreement with PDL and PDL may bring enforcement action to recover its debt. This will likely result in the calling upon of a guarantee given by GSH and the appointment of receivers over the assets of GSH and/or GSH No.1. Receivers may proceed with the Asset Sale without the approval of Shareholders. Shareholders are highly unlikely to receive any of the proceeds of a sale by receivers (or any distribution in an eventual liquidation).

Recommendation:

The committee of Independent Directors unanimously recommends that shareholders vote in favour of Resolution 1.

Resolution 2 – Payment of Dividend to Shareholders following Asset Sale

Summary:

Following the Asset Sale, a dividend of no more than \$600,000 to be returned to shareholders.

Background:

In recognition of the fact that the amount owing to PDL exceeds the sale proceeds from the Asset Sale, the Board requested that PDL permit a distribution to shareholders following completion of the Asset Sale. Despite the proceeds of the Asset Sale not being sufficient to repay PDL's debt in full, PDL has agreed to permit a distribution to shareholders of an amount equal to \$600,000 (less the deduction of any costs associated with obtaining a Binding Ruling and any applicable taxes), being a dividend of approximately \$0.0104 per share (**Dividend**).

Payment of the Dividend is subject to GSH obtaining a Binding Ruling and GSH satisfying the solvency test in the Companies Act.

The final quantum of the Dividend to be paid to the GSH shareholders (subject to the conditions above being satisfied) will be a function of the actual costs incurred by GSH to obtain a Binding Ruling and any applicable tax deductions. The Board's estimated net amount available for distribution to the GSH shareholders, after costs (but before tax deductions) is \$569,679 or \$0.0099 per share.

Assuming this Resolution is passed, in order to be eligible for the Dividend, shareholders must be shareholders of record as at 5pm on Wednesday, 8 November 2023 (being 5 business days after the day of completion of the Asset Sale). It is intended that the Dividend will be paid after the Binding Ruling has been obtained and is expected to be paid on or before 21 December 2023. Payment of the Dividend is anticipated to occur after delisting from the NZX Main Board (see Resolution 3).

Rationale:

The Board is of the view that payment of the Dividend is in the best interests of shareholders because it is the only way in which any proceeds of sale will be returned to the shareholders given the amount owing to PDL exceeds the aggregate total purchase price.

The Board views the payment of the Dividend as being in the best interests of all shareholders and recommends the passing of this Resolution for the following reasons:

- It gives shareholders some return on capital and enables them to receive part of the proceeds from the Asset Sale where they otherwise would not;
- If the Company is delisted in accordance with Resolution 3 below, it will be difficult for any shareholder to sell their shares and realise a return of capital as they will no longer be able to trade them on the public market; and
- The Company will no longer have any cash generating assets (having sold all the Venues) nor any cash with which to make acquisitions following payment of the balance of settlement proceeds to PDL following the Asset Sale. There is no likelihood of future dividends (apart from the Dividend) with which the shareholders may achieve a return on their investment.

The Board is seeking the Binding Ruling to provide certainty to shareholders and the Board as to GSH's tax position at the time the Dividend is paid. The Binding Ruling provides assurances to

the shareholders and the Board that Inland Revenue will not attempt to unwind payment of the Dividend after it has been paid. The Binding Ruling is expected to be obtained on or before 21 December 2023 and payment of the Dividend is anticipated to occur shortly thereafter, subject to the Company satisfying the solvency test in the Companies Act immediately after payment of the Dividend.

Notwithstanding the fact that the shareholders are not required to vote on the payment of the Dividend, the Board is of the view that it is in the best interests of the shareholders to present the payment of the Dividend by way of Resolution because it gives the shareholders the complete context as to the outcome if the Resolutions are not passed. If Resolution 1 is not passed and the Asset Sale does not proceed the Board will not declare and pay the Dividend. If Resolution 5 is not passed and the constitution is not amended to permit immediate delisting of GSH or Resolution 3 is not passed and the shareholders do not approve the delisting of GSH, the Board will not declare and pay the Dividend. The Board will need to retain those funds to meet the ongoing costs of being a listed company.

Consequences:

If this Resolution is not passed, the entirety of the Dividend amount will instead be used to further repay PDL and meet the ongoing costs of being a listed company.

If this Resolution is passed, Resolutions 3 and 5 are also passed and if the Asset Sale completes, the Dividend is anticipated to be paid to shareholders on or before 21 December 2023 subject to the Binding Ruling being obtained and the Company satisfying the solvency test in the Companies Act immediately after payment of the Dividend.

Recommendation:

The Board (including the committee of Independent Directors) unanimously recommends that shareholders vote in favour of Resolution 2.

Resolution 3 – Delisting from NZX Main Board

Summary:

Once the Asset Sale is completed, GSH intends to delist from the NZX Main Board. NZ RegCo has approved GSH delisting, subject to GSH satisfying usual NZX conditions, including the passing of Resolution 3 and payment of NZX fees (including the delisting fee and NZ RegCo's costs).

Background:

GSH (formerly Veritas Investments Limited and Salvus Strategic Investments Limited) has been listed on the NZX Main Board since 2004.

Since 2012, Veritas Investments Limited acquired numerous businesses in the hospitality and retail sectors in New Zealand, including The Better Bar Company (as mentioned previously), the Mad Butcher franchise, the Nosh Food Market and Kiwi Pacific Foods.

Veritas Investments Limited (renamed GSH effective from 7 June 2019) intended to utilise its listing to grow its business through strategic acquisitions funded by trading its listed shares on the public market and in some instances using them as consideration. These acquisitions were intended to create a diversified portfolio of hospitality and retail businesses that provided the required scale to generate long term sustainable earnings for its shareholders.

However, GSH has been unable to successfully execute this growth strategy due to a number of unsuccessful acquisitions and external factors outside of the control of GSH. In particular, an unprecedented global pandemic (COVID) had a material financial impact on GSH and its ability to grow earnings and reduce its debt levels to more sustainable levels. To put this unprecedented external shock in context, the Delta lockdown in Auckland from August 2021 to December 2021 forced the mandated closure of all GSH's Auckland Venues for a period of 107 days, which materially impacted revenue and placed GSH (and all the Vendors) under severe cash flow pressure. Furthermore, the Omicron outbreak in early 2022 had a marked impact on customer sentiment, with many Venues running significantly below capacity with reduced operating hours. In addition, the mandated international border closures resulted in no international visitors, which also negatively impacted revenue and contributed to labour shortages. In summary, the repercussions of COVID related lockdowns and restrictions had a material financial impact on GSH's earnings and its ability to successfully execute its growth strategy and reduce debt to more sustainable levels.

Following the Asset Sale, GSH will no longer own any assets (other than the shares in the subsidiaries and a small amount of cash to pay for the costs of liquidation and/or deregistration) and in the absence of any compelling alternative proposition, it is intended to be delisted from the NZX Main Board (subject to usual NZX conditions). Delisting is anticipated to occur on or around 13 November 2023.

Rationale:

The Board is of the view that delisting is appropriate for the following reasons:

- If the Asset Sale is completed, GSH will no longer own any assets, and there would be no reason for it to remain listed. The Company would not have the means to generate earnings to meet the ongoing costs to maintain a NZX listing;

- If the Asset Sale is completed, it would be unlikely GSH could be useful as a back door listing vehicle due to its trading and debt history;
- Trading of the GSH's shares is infrequent. This is likely to continue for the foreseeable future because GSH is currently in the process of selling all of its assets and has made it clear that it intends to delist from the NZX Main Board following that;
- GSH's unsustainable debt position with PDL, which has been well publicised. GSH No.1 will continue to owe a significant portion of the loan to PDL;
- Reduced Costs. There are significant costs and compliance associated with being listed on the NZX Main Board. These costs and the level of compliance have increased over time. In particular the Company has incurred significant compliance costs in recent years regarding its lending from PDL. For example, as PDL is the Company's largest shareholder, any such variation to the terms of its lending is a "Related Party Transaction" for the purposes of the Listing Rules which requires disclosure and shareholder approval (or a waiver from NZ RegCo to obtain shareholder approval); and
- The shareholding of GSH is not widely held despite being publicly listed, with its eight largest shareholders holding over 75% of the total number of shares.

Consequences:

If the Resolution is not passed, the Board will not declare and pay the Dividend (as the Board will need to retain those funds to meet the ongoing costs of being a listed company), and it is very likely that the share price (and by extension the market capitalisation) of GSH will fall lower, especially if the Asset Sale is completed.

If the Resolution is passed GSH will be delisted from the NZX Main Board and will revert to being a privately held company. All shareholders will continue to own their shares, but they will be unable to trade them on the public market. Instead, they will have to sell them privately, which will likely be more difficult.

Recommendation:

The Board (including the committee of Independent Directors) unanimously recommends that shareholders vote in favour of Resolution 3.

Resolution 4 – Replacement of Auditor and Auditor Remuneration

Explanatory Note:

As advised on 14 June 2023, GSH accepted the resignation of BDO Auckland as external auditor of GSH. To fill the casual vacancy arising from BDO Auckland's resignation, on the same day the Board resolved to appoint UHY Haines Norton for the remainder of the financial year ending 30 June 2023.

This Resolution seeks the ratification and approval by the shareholders of the appointment of UHY Haines Norton as the external auditors of GSH. In accordance with section 207T of the Companies Act, UHY Haines Norton (as the incumbent auditor) is automatically reappointed.

Pursuant to section 207S of the Companies Act, auditors appointed at an annual meeting of a company must also have their fees and expenses fixed in the same manner.

This Resolution authorises the Board to fix the fees and expenses of UHY Haines Norton as the Company's auditor for the financial year ending 30 June 2024.

Recommendation:

The Board (including the committee of Independent Directors) unanimously recommends that shareholders vote in favour of Resolution 4.

Resolution 5 – Amendment to Constitution

Explanatory Note:

Clause 22 of GSH's constitution provides that the Board may request GSH cease to be listed on the NZX Main Board and request the Registrar of Companies to remove GSH from the New Zealand Register of Companies if:

- it has ceased to carry on business, has discharged in full its liabilities to all known creditors, and has distributed its surplus assets in accordance with its constitution and the Companies Act; or
- it has no surplus assets after paying its debts in full or in part, and no creditor has applied to the Court for an order putting the Company into liquidation under section 241 of the Companies Act.

It has been well publicised that, following the Asset Sale, GSH intends to delist from the NZX Main Board. In its current form, the constitution of GSH does not permit the Board to apply for delisting as GSH will, at the time of delisting, have not fully discharged its liabilities and will still hold surplus assets (being funds withheld for legal, accounting, tax and any other professional fees in relation to the eventual liquidation or deregistration of GSH and its subsidiaries).

It is therefore proposed to amend clause 22 to provide that the Company may request to delist from the NZX Main Board if the Group:

- has disposed, or contracted to dispose of assets (other than cash and debtors) the value of which is more than three quarters of the total assets of the Group (other than cash and debtors); or
- has ceased to carry on business except for funds withheld for legal, accounting, tax and any other professional fees and costs in relation to the eventual liquidation or deregistration of Group.

Without this amendment, the Board would be unable to apply for delisting as anticipated. The Board has already applied for a delisting subject to clause 22 of the constitution being amended as described in Resolution 5 and NZ RegCo has approved GSH delisting, subject to GSH satisfying usual NZX conditions, including the passing of Resolution 3.

It is intended that, providing completion of the Asset Sale occurs on 1 November 2023, GSH will be liquidated or deregistered by no later than 1 November 2025. The Board is of the view that it would be preferable to avoid having to hold a shareholder meeting in two years' time on the matter of liquidating or deregistering GSH for the following reasons:

- GSH will no longer be publicly listed;
- there could be a period of up to two years between delisting and the anticipated time for liquidating or deregistering;
- GSH will not be trading during that time; and
- GSH will only remain registered for the purposes of maintaining its alcohol on-licenses.

It is therefore proposed to amend clause 22 to give the Board the power and discretion to either:

- appoint a liquidator to the Company upon the Board passing of a resolution that the Company cease to carry on business; or
- request that the Registrar of Companies deregister GSH from the New Zealand Register of Companies (on either of the grounds specified in section 318(2) of the Companies Act).

In this way the Board can attend to liquidating or deregistering GSH on its own accord without unnecessarily involving the shareholders and incurring further costs in doing so. The Board will seek advice at the relevant time as to which of a liquidation or deregistration is most suitable, but that at this stage a deregistration under Part 17 of the Companies Act is considered the most efficient manner to wind up the Group.

Recommendation:

The Board (including the committee of Independent Directors) unanimously recommends that shareholders vote in favour of Resolution 5.

Additional information relating to the Resolutions

Nature of Resolutions

The Resolutions to be considered at the meeting include four ordinary resolutions and one special resolution. An ordinary resolution is a resolution passed by a simple majority of votes of shareholders of the Company, entitled to vote and voting on the resolution. A special resolution is a resolution passed by a majority of 75% (or more) of the votes of shareholders of the Company, entitled to vote and voting on the resolution.

Resolution 1

Resolution 1 is required by:

- Listing Rule 5.1.1(a), as the proposed Asset Sale would significantly change the nature of the Company's business;
- Listing Rule 5.1.1(b), as the proposed Asset Sale is greater than 50% of the Company's Average Market Capitalisation (as defined in the Listing Rules) (approximately \$1,385,627 at the time of entry into the Sale Agreement); and
- Listing Rule 5.2.1, as the Asset Sale is a Material Transaction (as defined in the Listing Rules) that is likely to result in a Related Party (as defined in the Listing Rules) becoming a direct party to a Material Transaction as well as a beneficiary of a Material Transaction. The Asset Sale is a Material Transaction because the Asset Sale is a sale of assets of the Group which have an aggregate net value above 10% of GSH's average market capitalisation. BOQ is a Related Party to GSH due to the involvement of both Geoff Tuttle and Matt Adams. At the time of the Material Transaction (being the date the Sale Agreement was signed) Geoff Tuttle was CEO of GSH and a director of BOQ and Matt Adams was a person in respect of whom there were arrangements which were intended to result in him becoming a director and shareholder of BOQ while also being a director of GSH. Matt Adams was subsequently appointed as a director of BOQ on 17 August 2023 and it is intended that he will become a shareholder of BOQ on completion of the Asset Sale.

The Asset Sale contemplated by Resolution 1 is not a major transaction of GSH for the purposes of section 129 of the Companies Act because the main assets of GSH are shares in its subsidiaries and those shares are not being sold. The Asset Sale is however a major transaction of GSH No.1 and GSH No.3 and the board of GSH has approved the entry into the Sale Agreement by its subsidiaries (as GSH is the sole shareholder of those companies).

Geoff Tuttle and Carl David Sowter, as trustees of the G.E.T. Investment Trust, Matt Adams and their Associated Persons (as defined in the Listing Rules) are not permitted to vote on this Resolution. It should be noted that Matt Adams does not own any shares in the Company.

Resolution 2

While Resolution 2 does not strictly require the approval of the shareholders as payment of the Dividend is a decision for the Board under section 52 of the Companies Act, the Board believes that it would be best practice to obtain the consent of the shareholders to the payment of the Dividend. By including Resolution 2, the Board is also able to provide shareholders with more detail and rationale of the Dividend.

Resolution 3

NZX Listing Rule 9.9.1(c) enables GSH to make a written request to NZX that it wishes to cease to be listed on the NZX Main Board. NZX may at its discretion accept or reject such applications or impose conditions as it thinks fit. Such conditions include the approval of "Non-Affiliated Holders" (as defined in the Listing Rules) by ordinary resolution. Therefore, the following shareholders are not permitted to vote on this Resolution (as they are not "Non-Affiliated Holders"):

- New Zealand Central Securities Depository Limited (which holds shares on behalf of PDL);
- Christie Whiting Vermunt Limited;
- Collins Asset Management Limited; and
- Robert Gerald Hampden Christie and Rosemary Joan Christie.

Resolution 4:

Under the Companies Act, the appointment of a company's auditor is a power reserved for its shareholders. The Board appointed UHY Haines Norton to fill the casual vacancy left by BDO Auckland's resignation in June this year in accordance with section 196(4) of the Companies Act. The Board is now seeking to have UHY Haines Norton's appointment formally ratified by the shareholders.

Similarly, it is a requirement under section 207S of the Companies Act that auditors appointed at a meeting of a company must also have their fees and expenses for the financial year fixed in the same manner. In GSH's instance, this has historically been done by the Board.

Resolution 5:

In accordance with section 106(a) of the Companies Act, the power to alter the Company's constitution is vested in the shareholders and must be exercised by special resolution (being a resolution approved by a majority of 75% or more of the votes of those shareholders entitled to vote and voting on the resolution).

Cross-conditionality of Resolutions 2 and 3

Implementation of Resolution 2 is conditional upon Resolutions 1, 3 and 5 being approved by the shareholders of the Company and the Sale Agreement completing. Implementation of Resolution 3 is conditional upon Resolution 1 being approved by the shareholders of the Company and the Sale Agreement completing.

Implications of the Resolutions not being approved

If the Resolutions are not passed:

- GSH will not be able to satisfy the shareholder approval condition in the Sale Agreement and, accordingly, will not be able to complete the Asset Sale. GSH would need to cancel the Sale Agreement and the Asset Sale would not proceed.
- The Company will have incurred certain sunk costs consisting principally of fees for legal, accounting and tax advice in relation to the Asset Sale and the fees for preparation of the Appraisal Report. The aggregate amount of these sunk costs incurred in the 2023 financial year is approximately \$1,160,000.

- The Dividend will not be paid and the shareholders will be unlikely to receive any capital return on their investment.
- It is very likely that the share price (and by extension the market capitalisation) of GSH will fall lower.
- If the Company has not received GSH shareholder approval to the Asset Sale within 60 business days of execution of the Sale Agreement (being 11.59 pm on 26 October 2023) then GSH No.1 will be in immediate default under the terms of the facility agreement with PDL. PDL may then take enforcement action which could include calling upon a guarantee given by GSH and the appointment of receivers to the assets of GSH and/or GSH No.1. Alternatively, in the absence of enforcement action or demand, the debt to PDL is repayable on 31 December 2023. Given the Board currently considers there is no likely prospect of the repayment date being extended or the debt being refinanced with another lender, it is likely that GSH would have to immediately cease trading.
- UHY Haines Norton will not be properly appointed and GSH would be in breach of the Companies Act.
- GSH would continue to incur significant compliance costs in relation to maintaining its listing on the NZX Main Board.
- GSH would be unable to delist from the NZX Main Board or apply for deregistration due to its constitutional requirement that it has no surplus assets.
- The Board of GSH may be required to seek a shareholder meeting within two years' time to approve its liquidation by either passing a special resolution to appoint a liquidator or by amending its constitution to allow the Board to appoint a liquidator. This is because under section 241 of the Companies Act a liquidator may be appointed by either special resolution of the shareholders or by the Board on the occurrence of a specified event in the constitution (which would not be met in the constitution's current form). This would result in further time and cost for the Company, which in the Board's view is unnecessary.

NZ RegCo no objection

This notice of meeting has been reviewed by NZ RegCo. NZ RegCo has confirmed that it has no objection to this notice of meeting. However, NZ RegCo does not take responsibility for any statement in this notice of meeting or any other document.