



10 July 2024

Dear Shareholder

Please find **enclosed** notice (**Notice**) of Promisia Healthcare Limited's (**Promisia** or the **Company**) special meeting (**Meeting**) which will be held virtually via the MUFG Virtual Meeting Platform at www.virtualmeeting.co.nz/phlsm24 on Wednesday, 31 July 2024, starting at 12pm.

Background

As announced to the market on 24 April 2024, Promisia has entered conditional agreements to:

- acquire the Golden View Lifestyle Village (**Golden View**) for a purchase price of \$29.35 million; and
- acquire the Ripponburn Lifestyle Village (**Ripponburn**) for a purchase price of \$4 million.

(together, the **Acquisitions**).

Golden View and Ripponburn are commonly owned and located in close proximity to each other in Cromwell, Central Otago. Acquiring both sites together gives Promisia development optionality in a high demand market for aged care.

Golden View is comprised of a 79-bed care facility that includes a specialist dementia unit and 19 serviced apartments (**Care Facility**); and 102 independent living units with a communal facilities building and amenities area (**Village**). Construction of the village was completed in 2021 and the care facility in 2022. Occupancy as at 30 April 2024 was 97% for the care facility and 100% for villas.

Ripponburn is located across the road from Golden View and comprises 16 independent living villas and a 46-bed care facility. Construction of the villas was completed in 2016, with recent improvements made to the village site and roadways. The care facility building was built in the 1930s and is near the end of its useful life, presenting a redevelopment opportunity.

The Acquisitions are a significant growth initiative for Promisia and are consistent with Promisia's strategy to grow its network through strategically located value-accretive acquisitions, brownfield and greenfield developments. Over the past few years, Promisia has focused on its business fundamentals and creating a strong platform to scale up and expand its care and retirement living offering into more communities across New Zealand. Promisia will continue to seek further growth opportunities and keep the market informed on any new acquisitions or developments.

Acquisition terms

Promisia proposes to acquire Golden View and Ripponburn in two stages. The purchase of the Care Facility at Golden View is scheduled to settle alongside Ripponburn on 14 August 2024. The Village at Golden View will be acquired four years later, being 14 August 2028. During this four-year period, Promisia will enter into a four-year lease with the vendor to lease the land, buildings and assets associated with the Village and will make monthly payments against the Village purchase price. Further information on the transaction structure can be found in the Explanatory Notes below.

The Acquisitions are cross-conditional and as at the date of this Notice, are conditional upon finance, shareholder and regulatory approvals, statutory supervisor approval in accordance with the Retirement Villages Act 2003 and there being no material adverse change to the assets, land or business of Golden View and Ripponburn up until completion.

The Acquisitions will be partly funded by debt however as announced to market on 2 July 2024 Promisia is seeking \$3 million of new capital, with an oversubscription facility of up to \$1 million, and

is proceeding with the sale of its Eileen Mary facility in Dannevirke for expected net sale proceeds of \$3 million.

A copy of Promisia's investor presentation for this capital raising is included with this Notice. The presentation provides current information on Promisia's current business and the impact of the Acquisitions on the business.

Board recommendation

The Board considers that the Acquisitions and all related transactions are in the best interests of Promisia and its shareholders and recommends that shareholders vote in favour of the resolutions outlined in this Notice. The Board encourages you to read this Notice and to exercise your right to vote.

The **enclosed** proxy form has detailed instructions on how shareholders may lodge their vote or appoint a proxy to vote on their behalf if they are unable to attend the meeting.

Shareholders attending the meeting virtually will be given the opportunity to raise questions.

Shareholders may also submit written questions on the bottom of the Proxy Form. The main themes will be aggregated and responded to at the Meeting. Alternatively, written questions can be sent online at <https://investorcentre.linkgroup.nz/voting/PHL> or by email to meetings@linkmarketservices.com.

I look forward to seeing you at the meeting.

Rhonda Sherriff
Chair

NOTICE OF ANNUAL MEETING

Notice is hereby given that the special meeting (**Meeting**) of shareholders of Promisia Healthcare Limited (NZX:PHL) (**Promisia**) will be held virtually via the MUFG Virtual Meeting Platform at www.virtualmeeting.co.nz/phlsm24 on Wednesday, 31 July 2024, starting at 12pm.

AGENDA

- A. Chairman's introduction.
- B. Presentation to shareholders.
- C. Questions.
- D. Resolutions.

BUSINESS

RESOLUTIONS

To consider and, if thought fit, to pass the following ordinary resolutions:

1. **Approval of the Acquisitions:** That, under NZX Listing Rule 5.1.1(b), Promisia undertaking the acquisition of Golden View and Ripponburn together with all related transactions as described in this Notice, are approved.
2. **Approval to Issue Convertible Notes:** That, under NZX Listing Rule 4.2.1, the issue of 6 million Convertible Notes under the Convertible Note Agreement and the issue of up to 6 billion Shares issued on conversion of the Convertible Notes, on the terms as described in this Notice, is approved.
3. **Approval of Issue of Warrants:** That, under NZX Listing Rule 4.2.1, the issue of up to 4 billion warrants under the terms of Promisia's capital raising and on the warrant terms of issue set out in this Notice, is approved.

(Each a **Resolution**, and, together, the **Resolutions**)

PROCEDURAL NOTES

Proxies

Any shareholder of Promisia who is entitled to attend and vote at the Meeting may appoint a proxy to attend and vote on their behalf. A corporation which is a shareholder may appoint a representative to attend the Meeting on its behalf in the same manner as it could appoint a proxy. A proxy does not need to be a shareholder of Promisia. A Proxy Form can be returned by delivery, mail, email, or online (as set out below).

The Chair of the Meeting (Rhonda Sherriff) and any of the Directors are prepared to act as proxy. Where any Director is appointed as a discretionary proxy and is not prohibited from voting, each of the Directors intends to vote in favour of all the Resolutions. Shareholders are encouraged to give express voting directions to any Director that they appoint as their proxy.

To appoint a proxy, you should complete and sign the enclosed Proxy Form and either return it by delivery, mail or email to the share registrar of Promisia:

By delivery:

Promisia Healthcare Limited
C/- MUFG Corporate Markets
Level 30, PwC Tower
15 Customs Street West
Auckland 1010

By mail:

Promisia Healthcare Limited
C/- MUFG Corporate Markets
PO Box 91976
Auckland 1142

By email: meetings@linkmarketservices.com (please put the words “*PHL Proxy Form*” in the subject line for easy identification)

You may also lodge your proxy online at <https://investorcentre.linkgroup.nz/voting/PHL>. You will require your CSN/Holder Number and FIN to complete your proxy appointment. A shareholder will be taken to have signed the Proxy Form by lodging it in accordance with the instructions on the website.

The completed Proxy Form must be received by MUFG Corporate Markets (formerly Link Market Services) no later than 48 hours before the Meeting, **being 12pm on Monday, 29 July 2024**. Online proxy appointments must also be completed by this time. Registered shareholders at that time will be the only persons entitled to vote at the Meeting and only the shares registered in those shareholders' names at that time may be voted at the Meeting.

Shareholder Questions

Shareholders attending the meeting will be given the opportunity to raise questions. Shareholders may also submit written questions on the bottom of the Proxy Form. The main themes will be aggregated and responded to at the Meeting. Alternatively, written questions can be sent by email to meetings@linkmarketservices.com.

Promisia reserves the right not to address questions that, in the Chair's opinion, are not reasonable in the context of a shareholder meeting.

Ordinary Resolutions

All Resolutions are ordinary resolutions. An ordinary resolution is a resolution passed by a simple majority of votes of those shareholders entitled to vote and voting on the Resolutions in person or by proxy.

Voting Restrictions

There are no voting restrictions applicable to Resolution 1.

Rivercrest Cromwell Limited and its Associated Persons (as defined in the NZX Listing Rules) are restricted from voting on Resolution 2 to any extent they hold Shares in Promisia.

Conditionality of Resolutions 1 and 2

Resolution 1 and Resolution 2 are cross conditional. In particular, both Resolutions must be passed by shareholders for either Resolution to have any effect.

NZ RegCo No Objection

This Notice has been reviewed by NZX Regulation Limited (**NZ RegCo**). NZ RegCo has confirmed it has no objection to this Notice but takes no responsibility for the contents of this Notice.

EXPLANATORY NOTES

Resolution 1: Approval of the Golden View Acquisition and Ripponburn Acquisition

Summary

Promisia has entered into:

- an agreement with Rivercrest Cromwell Limited (**GV Vendor**) to acquire the Golden View Lifestyle Village (**Golden View**) for the total purchase price of \$29.35 million (**Golden View Agreement**); and
- an agreement with Thyme Care Limited (**TCL**) and Thyme Care Properties Limited (**TCPL**) to purchase the shares in TCL and TCPL which own and operate Ripponburn Lifestyle Village (**Ripponburn**) for the purchase price of \$4 million (**Ripponburn Agreement**),

(each, an **Agreement** and together the **Acquisitions**).

The Acquisitions will provide Promisia exposure to a growing population in the Central Otago region that is seeing increasing demand for aged care services, lower land prices than in nearby Wanaka or Queenstown and good availability of qualified care staff.

As at the date of this Notice, the Acquisitions are conditional upon:

- finance (see further details below on pages 9 to 10);
- shareholder and regulatory approvals;
- statutory supervisor approval in accordance with the Retirement Villages Act 2003. Promisia is in discussions with the supervisor and can only complete this condition once it has satisfied the finance condition. Promisia does not anticipate any issues satisfying this condition;
- there being no material adverse change to the assets, land or business of Golden View and Ripponburn up until 14 August 2024; and
- both Agreements being unconditional.

If any conditions are not satisfied the Acquisitions may not proceed.

In completing due diligence enquiries and negotiating the Acquisitions, Promisia relied on its executive team (given its depth of sector and financial experience) for operational and financial due diligence, together with legal due diligence from external legal advisers. Independent valuation reports were also commissioned and prepared as at 31 March 2024. Eyles McGough Limited completed a valuation report on the Golden View Care Facility and Apartments and valued this asset at \$14 million and completed a valuation report on Ripponburn and valued this asset at \$5 million. The purpose of these valuations was to assess market value for Promisia and the valuation methodology was a discounted cash flow, investment approach. Both valuations were prepared in accordance with the requirements of New Zealand equivalent International Accounting Standards (NZ IAS) 16 (Property, Plant and Equipment), NZ IAS 40 (Investment Property) and the New Zealand equivalent for International Financial Reporting Standard (NZ IFRS) 13 (Fair Value Measurement).

In addition, Promisia has considered an independent valuation of the Golden View Village that was prepared for the GV Vendor. The Golden View Village will be acquired by Promisia in four years' time if the Acquisitions proceed. The Golden View Village was valued at \$19.38 million as at 31 March 2023. The purpose of this valuation was to determine the fair value of the Golden View Village in accordance with NZ IFRS 13 for the GV Vendor's financial reporting purposes as at 31 March 2023. In completing the valuation, the valuer observed the requirements of NZ IAS 40 and NZ IFRS 13.

Acquisitions Timetable

The Acquisitions are being worked on to the following timetable (and dates are subject to change):

Event	Date
Finance condition due. Special shareholders meeting held. Eileen Mary facility to be subject to an unconditional sale and purchase.	31 July 2024
Statutory supervisor approval of the Acquisition due.	12 August 2024
Initial Completion Date (Promisia acquires Golden View Care Facility and Ripponburn. Lease of Golden View Village commences)	14 August 2024
Final Completion Date (Promisia acquires Golden View Village)	14 August 2028

The Acquisitions will be completed in two stages:

- Stage 1: On the Initial Completion Date:
 - Promisia will acquire the Golden View Care Facility for consideration of \$10 million cash payment (subject to adjustments).
 - Promisia will acquire Ripponburn for \$4 million to be paid by way of cash payment.
 - The four-year lease for the Golden View Village will commence and Promisia will begin making monthly non-refundable, interest free payments of \$180,000 (totalling 48 instalments equalling \$8.64 million) (**Village Deposit**).
- Stage 2: On the Final Completion Date, Promisia will acquire the Golden View Village for the consideration of \$19.35 million (less the Village Deposit). A breakdown of the Golden View Village consideration is further set out below.

Golden View

Overview

Golden View has a land area of 6.86ha, comprising two separate land titles:

- a 79-bed care facility that includes a specialist dementia unit and 19 serviced apartments (**Care Facility**); and
- a lifestyle village that includes 102 stand-alone self-serviced villas centred around a communal facilities building and amenities area for recreational activities for the village residents (**Village**).

The GV Vendor holds Ministry of Health certification for providing hospital level medical services, geriatric services and rest home care. Golden View is currently certified to 2 August 2025 and is subject to regular audits to assess the services provided to residents and the physical environment of Golden View. Promisia is in the process of obtaining certification for its new wholly owned subsidiary which will acquire the Care Facility and does not foresee any issues in obtaining this by the Initial Completion Date.

Promisia proposes to acquire Golden View in two stages, as detailed further below.

Stage one – Care Facility acquisition

The purchase of the Care Facility is scheduled to be completed on 14 August 2024 (**Initial Completion Date**). During the four-year period from the Initial Completion Date, Promisia will enter into a four-year lease with the GV Vendor to lease the land, villas and the assets associated with running the Village business (**Village Lease**). Further information on the Village Lease is outlined below.

Stage two - Village acquisition

The purchase of the Village will be completed four years after the Initial Completion Date, being 14 August 2028 (**Final Completion Date**).

The Village purchase price of \$19.35 million will be satisfied by way of:

1. the Village Deposit of \$8.64 million (being paid over the four-year period of the Village Lease in 48 monthly instalments of \$180,000);
2. \$4.71 million in cash on the Final Completion Date; and
3. \$6 million by way of 6 million convertible notes in Promisia (**Convertible Notes**) issued to the GV Vendor (or its nominee(s)) at a face value of \$1 per Convertible Note. The Convertible Notes may convert into ordinary shares in Promisia or be repaid in cash at the option of the holder. Further detail on the Convertible Notes and conversion terms can be found under the explanatory notes for Resolution 2 below.

If Promisia defaults on the instalment payments of the Village Deposit or the final payment of \$4.71 million on the Final Completion Date, the GV Vendor has the ability to buyback the Care Facility for a purchase price determined to be the prevailing fair market value by an independent valuer.

Village Lease

Under the Village Lease, the GV Vendor will continue to own the land however Promisia will be operating the Village in all respects.

The key terms of the Village Lease are as follows:

Term	4 years
Commencement Date	Initial Completion Date (scheduled for 14 August 2024).
End Date	Final Completion Date (scheduled for 14 August 2028).
Rent	A variable rental amount equal to 40% of the net proceeds from the sale of or any occupation right agreement for any villa on the Village land during the term of the Lease, plus GST (if any).
Maintenance	Promisia is required to provide for the long-term maintenance of the premises and the improvements of the villas during the term of the Village Lease in accordance with the GV Vendor's long-term maintenance plan.
Conditions	The commencement of the Village Lease is conditional upon Initial Completion occurring and the payment of the first instalment of the Village Deposit on the Initial Completion Date.
Cancellation	The Village Lease may only be cancelled under the following circumstances: <ol style="list-style-type: none"> 1. upon the total or partial destruction of the Village land; or 2. upon the buyback of the Care Facility under the Golden View Agreement.

There are no rent reviews under the Village Lease. Should the Golden View Agreement be terminated for any reason or the GV Vendor exercises its right to buyback the Care Facility upon the default of Promisia, the Village Lease will automatically terminate concurrently.

Ripponburn

Ripponburn is also located in Cromwell, across the road from Golden View and has a land area of approximately 2.18 ha, comprising of 16 villa units and a 46 bed care facility. The acquisition of Ripponburn is scheduled to complete at the same time as the Initial Completion Date, scheduled for 14 August 2024.

The villas at Ripponburn were constructed during the period from 2005 to 2016, with recent improvements made to the village site and roadways. The Ripponburn care facility building dates back to the 1930s and is in need of significant improvements and renovations. The Ripponburn care facility is currently certified to provide rest home care, geriatric and medical services from the Ministry of Health. Promisia considers this a development opportunity. Currently Golden View and Ripponburn are operated as two separate facilities and Promisia intends to operate them as one, with a view to:

- expanding the care facility at Golden View to take on the care residents at Ripponburn.
- demolishing the old care facility at Ripponburn and developing in its place a specialist dementia care facility.

The purchase price for the shares in both TCL and TCPL is \$4 million to be paid by way of cash. The above alterations are intended to be funded through the Group's operating cashflows.

Financial Performance of Golden View and Ripponburn

The Acquisitions are earnings accretive from day 1 and align with Promisia's strategy to grow its network through strategically located value-accretive acquisitions.

Promisia has identified cost saving synergies that can be achieved through using and applying its national support team, scale and established platform (including staff rostering) to Golden View and Ripponburn. In addition, the staged approach in settling the Village allows payment to be spread over time at no interest cost with only a variable and income based rental being payable under the Lease in the interim.

The following table shows the annualised revenue and costs for the Golden View Care Facility and Ripponburn:

Golden View and Ripponburn	
Annualised financial performance	
(\$m)	Pre-completion annualised
Gross Revenue	10.7
Direct Costs	- 8.4
Gross Profit	2.3
Other Income	0.5
Admin and Operating Expenses	- 2.4
EBITDA	0.4

The Golden View Care Facility and the Ripponburn Care facility are each rest home providers that are certified by the Ministry of Health. In order to be certified a provider must demonstrate they can provide services to a requisite standard in a safe and appropriate environment. Certified providers are subject to regular ongoing surveillance audits to ensure service standards are maintained and the premises for those services are safe and appropriate.

Financial Impact of Acquisition

The indicative financial impact of the Acquisitions is:

	Financial Position as at March 2024 (\$ '000) ¹	Pro forma position (\$ '000) post Acquisitions (August 2024) ²
Assets		
Cash and working capital	517	250
Fixed assets (plant & equipment)	1,269	2,250
Care facilities, villages & land	59,825	72,325
Total Assets	61,611	74,825
Liabilities		
Borrowings	(29,155)	(33,250)
Revenue received in advance	(2,288)	(2,250)
Other liabilities	(3,037)	(3,000)
Total Liabilities	(34,480)	(38,500)
Net tangible Assets		
	27,131	36,325
Deferred tax liabilities	(2,251)	(2,251)
Net Assets/ Shareholders Equity		
	24,880	34,074

Please see the investor presentation accompanying this Notice, which contains further details on the financial impact of the Acquisitions.

Finance arrangements

Promisia proposes to fund the Acquisitions through a mixture of:

- \$7.5 million of debt facilities with the Bank of New Zealand (**BNZ**);
- funds raised as part of the capital raise announced to market on 2 July 2024 (**Offer**);
- the net sale proceeds of its Eileen Mary facility in Dannevirke;
- the issue of convertible notes to the GV Vendor (as detailed in Resolution 2); and
- cash on hand or mezzanine finance (if required).

Key terms of the BNZ new facilities are as follows:

Initial Term	2 years
Principal sum of acquisition funding	\$7,500,000 <ul style="list-style-type: none"> • \$2,143,000 for Ripponburn • \$5,357,000 for Golden View

¹ For a complete view of Promisia's financial position, please refer to the March 2024 audited financial statements, announced to market on 26 June 2024.

² Pro forma position is based on Promisia's March 2024 audited financial statements and the following key assumptions: the acquisition of the Golden View Care Facility and Ripponburn, \$3.5 million of equity raised under the capital raise and net proceeds from asset sales used to repay borrowings.

Conditions Precedent	<ul style="list-style-type: none"> Reaching an unconditional sale and purchase agreement with the proposed purchaser of the Eileen Mary facility; and Raising at least \$3 million in equity.
Bridge funding	BNZ to provide \$3.5 million bridging loan for the sale of the Eileen Mary facility, with repayment 60 days after completion of the Acquisitions.
Interest rate	Floating interest rate. Promisia will consider fixing tranches following the Initial Completion Date.
Bank covenants	<ul style="list-style-type: none"> Financial covenants including a 50% loan to value ratio and a financial cover covenant where EBITDA must be at least 1.75x interest costs and deposit payments on the Village. Reporting covenants including audited annual financial statements, quarterly reporting of management accounts and annual compliance statements.
Security	<p>Unlimited interlocking guarantee between Promisia's existing companies supported by:</p> <ul style="list-style-type: none"> a first ranking general security agreement over all present and after acquired property of Thyme Care Limited, Thyme Care Properties Limited and Golden View Care Limited; and registered first ranking mortgages over the Golden View Care Facility and Ripponburn.

Capital Raise

In order to satisfy its finance condition for the Acquisitions, and as a condition of obtaining the new BNZ facilities, Promisia must raise a minimum of \$3 million of new capital in the Offer.

Promisia will undertake the Offer in July 2024 by way of a combination of placements and a share purchase plan offered to all shareholders on the following terms:

Issue Price	\$0.001
Maximum application amount per eligible shareholder	\$50,000.00 (with the ability to accept oversubscription)
Minimum Amount to raise	\$3,000,000 (may accept an additional \$1,000,000 in oversubscriptions)

Promisia has its full 15% placement capacity (being approximately 3,227,446,274 shares) available as at the date of this Notice and will use its placement capacity in the capital raise (to the extent that any applications do not come within the share purchase plan issuance requirements in the Listing Rules).

In addition, Promisia will issue one warrant for every share issued under the Offer for no additional consideration. The key terms of issue of the warrants are set out at resolution 3.

Sale of Eileen Mary facility

To satisfy its finance condition for the Acquisitions, and as a condition of obtaining the new BNZ facilities, Promisia must reach an unconditional agreement for the sale of its Eileen Mary facility in Dannevirke with expected net sale proceeds of \$3 million. Promisia is currently negotiating a sale and purchase agreement with a proposed purchaser and expects to be able to satisfy this condition.

Expected Composition of Financing Arrangements

Finance for completion of settlement (being \$14 million) is expected to comprise:

- \$7.5 million from the new BNZ Facility
- \$3 million from the Eileen Mary facility sale proceeds
- \$3.5 million cash from the capital raise and/ or cash on hand.

The balance of \$19.35 million to acquire the Golden View Village in four years' time is to be satisfied by:

- \$180,000 per month payments (funded from operating cashflows at the two acquired facilities)
- \$6 million convertible note
- The balance of \$4.71 million is payable in four years' time in cash. It is expected that this payment will be debt financed given the equity Promisia will have built up in Golden View Village through the above consideration.

Promisia has also received an offer for \$3 million of bridge finance from BNZ if the Eileen Mary facility has not been sold prior to the settlement of the Acquisitions. That bridge finance is subject to a condition that Promisia is party to an unconditional sale and purchase agreement to sell the Eileen Mary facility. At the date of this Notice, an acquirer of the Eileen Mary facility has completed due diligence and is negotiating a sale and purchase agreement with Promisia.

Shareholder Approval

Shareholder approval is required under NZX Listing Rule (**Rule**) 5.1.1(b) by way of an ordinary resolution. Rule 5.1.1(b) provides that, except with the prior approval by an ordinary resolution, Promisia may not enter into any transaction or related series of transactions to acquire, sell, exchange, or otherwise dispose of assets of Promisia in respect of which the gross value is in excess of 50% of the average market capitalisation of Promisia.

The acquisition of Golden View and Ripponburn are a related series of transactions. The Acquisitions together exceed 50% of the average market capitalisation of Promisia as at 24 April 2024 (being the date of entry into the Acquisitions and when the announcement of the Acquisitions was released to shareholders on the NZX).

For completeness, the Acquisitions do not constitute a "major transaction" for the purposes of section 129 of the Companies Act 1993.

Should shareholders not approve this Resolution Promisia will not be able to proceed with the Acquisitions and will have to consider different investment opportunities. While there are no break fees associated with the Golden View Agreement, there is a break fee of \$20,000 for terminating the Ripponburn Agreement and in both instances Promisia will have incurred significant sunk costs in having pursued the Acquisitions through legal fees, registry fees, regulatory fees and finance establishment charges.

Resolution 2: Issue of Convertible Notes

Summary

As part payment of the consideration for the Village portion of Golden View, Promisia proposes to enter into a \$6 million convertible note agreement with the GV Vendor at the Initial Completion Date (**Convertible Note Agreement**).

Key terms

Under the Convertible Note Agreement, Promisia will issue 6 million Convertible Notes to the GV Vendor (or its nominee(s)) (**Note Holder**) on the Initial Completion Date with each Convertible Note having a face value of \$1. The Convertible Notes are unsecured, interest free and non-transferable, except with the prior approval of Promisia.

The Convertible Notes will be issued in two tranches with each tranche having a different expiry date. The Note Holder may elect to convert some or all of its Convertible Notes to ordinary shares in Promisia (**Shares**) at any time before the respective expiry dates at a conversion price of \$0.001 per ordinary share. The expiry dates for the Convertible Notes are as follows:

	Convertible Notes	Expiry Date
Tranche 1	2.5 million	One year from the Grant Date
Tranche 2	3.5 million	Four years from the Grant Date

The Shares issued upon conversion will be issued under the same terms and rank pari passu in all respects with the existing Shares quoted on the NZX Main Board.

Any Convertible Notes that are not converted by the Note Holder within the respective expiry dates will be redeemed in cash by Promisia at the Final Completion Date for their aggregate face value. Promisia expects to fund any redemption (and the balance of the Village Purchase Price) at Final Completion by primarily through borrowing against the equity that it will have built up in the Village over the four years prior (i.e. through the non-refundable deposit payments).

Dilutive effects

Should all 6 million Convertible Notes be converted into Shares in accordance with the Convertible Note Agreement, Promisia will issue up to 6 billion Shares to the Note Holder(s), being up to 27.93% of the Shares on issue as at the date of this Notice. Accordingly, the dilutive effect post conversion (assuming 100% of the Convertible Notes have been converted into Shares) would be:

	Pre-Conversion	Post-Conversion
Total Number of Shares on issue	21,475,641,820	27,475,641,820
Example Shareholding percentage	5%	3.90%

The above table does not take account of shares and warrants that may be issued in the Offer. This information is set out below.

Shareholder approval

Shareholder approval is required under Rule 4.2 as the issue of the Convertible Notes and Shares do not fall within the exceptions listed under Rule 4.1.2, and the maximum number of Shares that can be issued under the Convertible Note Agreement exceeds the 15% placement threshold under Rule 4.5.

As the issue of the Convertible Notes is subject to shareholder approval, the issue of the Shares on conversion will not require shareholder approval in accordance with Rule 4.9.1(b).

Should shareholders not approve this Resolution, Promisia will be unable to proceed with the Acquisitions and they will be terminated.

Resolution 3: Issue of warrants

Summary

As part of the Offer, Promisia proposes to issue one warrant for every share acquired under the Offer for no additional consideration. Each warrant gives a holder the right, but not the obligation, to subscribe for one additional ordinary share in PHL on or before the expiry date for an exercise price of \$0.002. The expiry date of the warrants is 24 March 2027.

The warrants are transferable, and application has been made to NZX for quotation of the warrants on the NZX Main Board and all the requirements of NZX that can be complied with on or before the date of this Notice. However, NZX accepts no responsibility for any statement in this Notice.

Shareholder approval

To issue the warrants, Shareholder approval is required under Rule 4.2.1 by way of an ordinary resolution. The key terms of the issuance are:

Total Number of warrants on issue	4,000,000,000
Purpose	To incentivise investors to participate in the Offer.
Issue price	\$0.002
Parties to whom warrants are to be issued	Applicants under the Offer will be issued one warrant for every share issued to them.
Consideration for the issue	Participating in the Offer
Expiry Date	24 March 2027

The warrants will be issued as part of the Offer on the timetable for the Offer previously announced to market on 2 July 2024.

The warrants are proposed to be issued as an incentive to investors to participate in the Offer. Should shareholders not approve this Resolution, Promisia could still proceed with the Acquisitions (provided Resolutions 1 and 2 are approved and the finance condition is met). However, if warrants are not offered that may reduce the likelihood of the finance condition being satisfied.

Dilutive effects

If all resolutions are passed and:

- All available shares under the Offer are issued;
- All available warrants are issued under the Offer and are exercised prior to their expiry date; and
- All convertible notes are issued and are all converted to shares,

the dilutive effect of this is set out in the table below:

Current Shares on issue	21,475,641,820
Maximum Shares that may be issued under Offer	4,000,000,000
Maximum Shares that may be issued from warrant exercise	4,000,000,000
Maximum Shares that may be issued on conversion of convertible notes	6,000,000,000
Shareholding percentage of a 5% shareholder today that does not participate in any of the above issuances	3.02%