

7 December 2015

Dear Shareholder

**Pulse Health Limited**  
**Non-renounceable Accelerated Entitlement Offer**

On 7 December 2015, Pulse Health Limited ACN 077 110 304 ("**Pulse**" or "**Company**") announced a 2 for 5 non-renounceable accelerated pro rata entitlement offer to the holders of shares in the Company as at 7:00pm (Sydney time) on Thursday, 10 December 2015 ("**Record Date**") of up to approximately 65.8 million fully paid ordinary shares in Pulse ("**New Shares**") at an issue price of A\$0.47 per New Share ("**Offer Price**"), to raise up to approximately A\$31 million before costs and expenses ("**Entitlement Offer**").

In conjunction with the Entitlement Offer, the Company proposes to complete a placement to institutional investors of up to 24.5 million new fully paid ordinary shares in Pulse at the same price as the Offer Price to raise a further A\$11.5 million (before costs) ("**Placement**").

The Entitlement Offer and Placement are fully underwritten by Petra Capital Pty Limited ACN 110 952 782 (AFSL 317944) ("**Petra**"). Petra has also been appointed by the Company as lead manager to the Entitlement Offer and Placement.

This letter is to inform you about the Entitlement Offer and to explain why you will not be able to subscribe for New Shares under the Entitlement Offer. This letter is not an offer to issue New Shares to you, nor an invitation for you to apply for New Shares. You are not required to do anything in response to this letter.

**1. Structure of the Entitlement Offer**

The Entitlement Offer comprises:

- ▶ an institutional entitlement offer, where eligible institutional shareholders (described below) will be invited to apply for their pro-rata entitlement under the Entitlement Offer ("**Institutional Entitlement Offer**"); and
- ▶ a retail entitlement offer, where offers will be made to eligible retail shareholders (described below) to apply for their pro-rata entitlement under the Entitlement Offer ("**Retail Entitlement Offer**").

An institutional bookbuild process will be conducted by Petra on behalf of the Company during the offer period for the Institutional Entitlement Offer under which New Shares not taken up through the Institutional Entitlement Offer, and New Shares that would have been offered to ineligible institutional shareholders if they had been eligible to participate in the Institutional Entitlement Offer, will be issued to institutional investors ("**Institutional Shortfall Bookbuild**").



The Retail Entitlement Offer will permit eligible retail shareholders who take up their full entitlement to apply for New Shares that are not subscribed for under the Retail Entitlement Offer.

## **2. Details of the Entitlement Offer**

The Entitlement Offer is being made in accordance with section 708AA of the Australian *Corporations Act 2001* (Cth) ("**Corporations Act**") (as modified by Australian Securities and Investments Commission Class Order 08/35 ("**CO 08/35**")). Therefore, no prospectus needs to be issued.

The Institutional Entitlement Offer and Institutional Shortfall Bookbuild will be conducted between Friday, 7 December 2015 and Tuesday, 8 December 2015.

A retail offer booklet in relation to the Retail Entitlement Offer is expect to be despatched to eligible retail shareholders on or around Tuesday, 15 December 2015.

The Entitlement Offer is non-renounceable which means that entitlements to participate in the Entitlement Offer cannot be sold.

## **3. Eligibility Criteria**

### **Institutional Entitlement Offer**

A person will be eligible to participate in the Institutional Entitlement Offer if they are a registered holder of Pulse shares on the Record Date and:

- ▶ are an "exempt investor" for the purposes of section 9A of the Corporations Act (as modified by CO 08/35);
- ▶ have a registered address listed on Pulse's share register in Australia and New Zealand;
- ▶ are not in the United States and are not a US person or acting for the account of or on behalf of a person in the United States or a US person;
- ▶ are eligible under all applicable securities laws to receive an offer under the Entitlement Offer, without the use of a prospectus or other disclosure document; and
- ▶ are otherwise invited by the Company to participate in the Institutional Entitlement Offer.

### **Retail Entitlement Offer**

A person will be eligible to participate in the Retail Entitlement Offer if they are a registered holder of Pulse shares on the Record Date and:

- ▶ have a registered address listed on Pulse's share register in Australia and New Zealand;



- ▶ were not invited to participate (other than as nominee, in respect of other underlying holdings) under the Institutional Entitlement Offer and were not treated as an ineligible institutional shareholder under the Institutional Entitlement Offer;
- ▶ are not in the United States and are not a US person or acting for the account of or on behalf of a person in the United States or a US person; and
- ▶ are eligible under all applicable securities laws to receive an offer under the Entitlement Offer, without the use of a prospectus or other disclosure document.

To the extent that a person holds Pulse shares on behalf of another person resident outside Australia and New Zealand, it is that person's responsibility to ensure that any acceptance complies with all applicable foreign laws.

#### **4. Ineligible Shareholders**

Pulse shareholders who have not been invited to participate in the Institutional Entitlement Offer and who are not eligible to participate in the Retail Entitlement Offer are "**Ineligible Shareholders**".

The restrictions upon eligibility to participate in the Entitlement Offer arise because of the legal and regulatory requirements in countries other than Australia and New Zealand and the potential costs to Pulse of complying with those legal and regulatory requirements compared with the relatively small number of shareholders in those countries, the relatively small number of existing Pulse shares they hold and the relatively low value of New Shares to which they would otherwise be entitled.

Pulse has determined, pursuant to ASX Listing Rule 7.7.1(a) and section 9A(3)(a) of the Corporations Act, that it would be unreasonable to make or extend offers to shareholders in certain countries under the Entitlement Offer.

Unfortunately, according to our records, you do not satisfy the eligibility criteria for the Entitlement Offer stated above. Accordingly, in compliance with ASX Listing Rule 7.7.1(b) and section 9A(3)(b) of the Corporations Act, Pulse wishes to advise you that it will not be extending the Entitlement Offer to you and you will not be able to subscribe for New Shares under the Entitlement Offer. You will not be sent the documents relating to the Entitlement Offer.

#### **Appointment of sale nominee**

In accordance with section 615 of the Corporations Act, Pulse has appointed Petra as nominee to sell New Shares that would have been offered under the Entitlement Offer to Ineligible Shareholders had they been entitled to participate in the Entitlement Offer. The appointment of Petra as nominee for this purpose has been approved by the Australian Securities and Investments Commission in accordance with section 615(a) of the Corporations Act.



### Process to be adopted by sale nominee

New Shares that would have been offered under the Entitlement Offer ("**Ineligible Institutional Shares**") to those Pulse shareholders determined by the Company to be ineligible institutional shareholders ("**Ineligible Institutional Shareholders**"), had they been entitled to participate in the Institutional Entitlement Offer, will be transferred to Petra who will:

- ▶ sell the Ineligible Institutional Shares under the Institutional Shortfall Bookbuild; or
- ▶ to the extent that any Ineligible Institutional Shares are not sold under the Institutional Shortfall Bookbuild, procure that they are acquired pursuant to the underwriting arrangements between the Company and Petra.

The price at which Ineligible Institutional Shares will be sold under the Institutional Shortfall Bookbuild and/or issued under underwriting arrangements between the Company and Petra will be the Offer Price. Accordingly, Ineligible Institutional Shareholders will not receive any value as a result of the sale or issue of any Ineligible Institutional Shares which they would have been entitled to subscribe for had they been eligible to participate in the Entitlement Offer.

New Shares that would have been offered under the Entitlement Offer ("**Ineligible Retail Shares**") to those Pulse shareholders who are ineligible to participate in the Retail Entitlement Offer (other than, for the avoidance of doubt, any Pulse shareholder determined by the Company to be an ineligible institutional shareholder) ("**Ineligible Retail Shareholders**") will be issued and sold pursuant to the underwriting arrangements between the Company and Petra. The price at which Ineligible Retail Shares will be issued under the underwriting arrangements between the Company and Petra will be the Offer Price. Accordingly, Ineligible Retail Shareholders will not receive any value as a result of the issue of any Ineligible Retail Shares which they would have been entitled to subscribe for had they been eligible to participate in the Entitlement Offer.

You are not required to do anything in response to this letter.

For information on the Entitlement Offer, or if you believe that you are eligible to participate in the Retail Entitlement Offer, please contact please contact David Franks on +61 2 9299 9690. If you have any further questions, you should contact your stockbroker, accountant or other professional adviser.

On behalf of the board of Pulse, I thank you for your continued support.

**Phillipa Blakey**  
Managing Director  
Pulse Health Limited