



ADVANCED HEALTH LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 2013/059246/06)

("the Company" or "Advanced Health")

ISIN Code: ZAE000189049 JSE Code: AVL

DETAILED TERMS AND CAUTIONARY ANNOUNCEMENT REGARDING THE DISPOSAL OF AVL'S ENTIRE EQUITY INTEREST OF 56.44% WITHIN PRESMED AUSTRALIA PTY LIMITED

1 INTRODUCTION AND BACKGROUND TO THE TRANSACTION

Shareholders are referred to the announcements released by Advanced Health on 15 June 2022, 25 August 2022 and 10 November 2022, which advised that the strategic review of the Advanced Health group was ongoing. Advanced Health confirmed that it had received inbound approaches from several parties interested in a potential acquisition of its shares within PresMed Australia Pty Limited ("PMA"), the Australian subsidiary of Advanced Health.

Shareholders are advised that PresMed BidCo Pty Limited has entered into a binding Share Sale Agreement ("SSA") on 23 December 2022 ("Signature Date") to purchase 100% of the shares within PMA from Advanced Health and other shareholders (the "Transaction"). PresMed BidCo Pty Limited is an entity owned by ICG Asia Pacific Fund IV (a USD 1.1 billion fund managed by London Stock Exchange listed Intermediate Capital Group plc ("ICG")) and a consortium of management and medical shareholders (the "Consortium"). Pursuant to the Transaction, Advanced Health will dispose of 635,274 issued ordinary PMA shares (representing its entire equity interest, being 56.44% of PMA's shares for a total transaction consideration (before transaction-related fees and charges) of approximately AUD45.2 million (approximately ZAR522.0 million).

2 BACKGROUND TO PMA

PMA is a private day hospital group founded in 1997 and since 2014 majority owned by Advanced Health with the rest of the company owned by the long-standing Australian management team, directors, and a consortium of specialist doctors. PMA co-owns ten key operating assets, which include day hospitals, and consultation clinics in partnership with the practicing doctors in those facilities. The facilities are located in and around Sydney, the Central Coast (both within New South Wales) and Tasmania. PMA's facilities specialise in a range of surgical disciplines being Ophthalmology, Ear Nose and Throat, Pain Management, Oral Maxillofacial surgery as well as other aligned surgery types.

3 BACKGROUND TO ICG

ICG is a global alternative asset manager providing flexible capital solutions to help companies develop and grow. Headquartered in London, ICG is a leading global alternative asset manager with over 30 years' history, managing USD68.5 billion of assets and investing across the capital structure. ICG was founded in 1989, is a FTSE250 listed company regulated by the Financial Conduct Authority and has offices in 15 countries across Europe, Asia and the US.

ICG has had a permanent presence in Asia Pacific since 2001 and manages over USD1.5 billion in funds dedicated to the region. ICG is highly experienced in the healthcare sector globally and has made a number of successful healthcare investments in Australia & New Zealand, including current holdings in Canopy Healthcare and past investments in Cura Day Hospitals and Everlight

Radiology. ICG has been a strategic investor across key businesses in various sectors, including, *inter alia*, RSEA Safety, SCF, Tegel, Perpetual Guardian, Ventura Bus Lines, Hoyts, Link Group and Veda Advantage. The Transaction will be funded from available capital resources within ICG's fourth dedicated Asia Pacific fund (Fund IV), which has USD1.1 billion of committed capital.

4 RATIONALE FOR THE TRANSACTION

The ability of the Advanced Health group to continue as a going concern is dependent on the directors continuing to procure funding for the South African operations, either through a sale of strategic investments or from other capital raising initiatives. The Transaction, which has the support of the Advanced Health board, provides the Advanced Health group with an attractive opportunity to realise its entire investment in PMA for cash, in order to procure the funding required to support the South African operations.

The Transaction proceeds will initially be applied to restructure the Advanced Health group balance sheet by settling outstanding credit facilities and to finance the working capital requirements of the remaining South African operations.

5 KEY TERMS OF THE TRANSACTION

5.1 Share Sale Agreement ("SSA")

With regard to Advanced Health's equity interest in PMA, the Consortium will acquire and Advanced Health will sell its entire holding of 635,274 issued ordinary PMA shares (constituting 56.44% of the total 1,125,523 issued ordinary PMA shares), together with all the rights attached to the PMA shares as at the Effective Date (being 31 October 2022), including but not limited to, the right to receive all distributions declared, made or paid in respect of the PMA shares on or after the Effective Date.

The SSA contains legal warranties and indemnities, which are considered reasonably standard for a transaction of this nature. AVL will receive payment in full on completion with a corresponding Warranty and Indemnity insurance policy being taken out, to protect all sellers including Advanced Health against historic liability subject to customary exceptions.

5.2 PMA Equity Valuation and Transaction consideration

The Transaction equates to a 100% PMA equity valuation of approximately AUD80.1 million and transaction consideration (before transaction-related fees and charges) for Advanced Health's entire equity interest of AUD45.2 million (approximately ZAR522.0 million).

The Consortium will fund the Transaction consideration from available cash resources as indicated in paragraph 3 above.

5.3 Suspensive conditions

Completion of the sale and purchase of Advanced Health's shares pursuant to the Transaction is conditional on, and will not proceed unless and until, the following conditions are satisfied or waived in accordance with the executed SSA:

5.3.1 Advanced Health shareholder approval

The requisite majority of shareholders of Advanced Health approving all ordinary and special resolutions required to be passed in terms of section 115 of the Companies Act 71 of 2008 ("Companies Act") and the JSE Limited ("JSE") Listings Requirements to give effect to the Transaction.

5.3.2 South African Regulatory approvals

5.3.2.1 Within 30 business days of the Signature Date, the provision by the Consortium of unconditional and irrevocable proof of funds ("Cash

Confirmation”) in compliance with Regulation 111(4) read with Regulation 111(5) of the Companies Regulations, 2011 (“Regulation”) to implement the Transaction to the satisfaction of the Takeover Regulation Panel (“TRP”); and

5.3.2.2 The securing of all approvals, to the extent legally required, from all regulatory authorities, including the JSE, the TRP and the South African Reserve Bank (“SARB”), (including the issuance of an unconditional compliance certificate having been obtained from the TRP in terms of the Companies Act, sections 119 and 121, as read with the Companies Regulations including regulation 102(13) or if the compliance certificate is issued subject to conditions, such conditions having been fulfilled).

5.3.3 *Consents*

Various landlord and counterparty consents customary for a transaction of this nature.

5.4 **Effective date**

The effective date of the Transaction is 31 October 2022 (“Effective Date”), notwithstanding the Signature Date.

6 **PROFIT AND NET ASSET VALUES ATTRIBUTABLE TO PMA**

The net assets of the consolidated PMA group, as per the audited annual financial statements for the 12 months ended 30 June 2022, was ZAR372.3 million. The profit after tax attributable to the net assets of the consolidated PMA group for the same period was ZAR62.6 million.

The audited annual financial statements for PMA were prepared in accordance with International Financial Reporting Standards (“IFRS”) as appropriate for for-profit-oriented entities.

7 **CATEGORISATION OF THE TRANSACTION**

The Transaction is categorised as a Category 1 disposal for Advanced Health in terms of the Listings Requirements of the JSE and is therefore subject to Advanced Health shareholder approval.

The Transaction further constitutes the disposal of the greater part of its assets and undertaking of the Company and is classified as an “affected transaction” as contemplated in terms of section 112 of the Companies Act section 112 and is subject to the provisions of the TRP.

In accordance with the TRP requirements Advanced Health will finalise the appointment of an independent board to oversee the Transaction and to procure and obtain the fairness opinion from BDO Corporate Finance as the Independent Expert, in accordance with regulations 90 and 110 of Companies Regulations, issued in terms of section 223 of the Companies Act.

Advanced Health will distribute the required circular to shareholders, including the notice to convene the general meeting, in due course, subject to the relevant regulatory approvals being obtained.

8 **RESPONSIBILITY STATEMENT**

The board of directors of the Company accepts responsibility for the information contained in this announcement, and certify that, to the best of their respective knowledge and belief, the information is true and, where appropriate, this announcement does not omit anything likely to affect the importance of the information included.

9 CAUTIONARY ANNOUNCEMENT

Shareholders are advised that, while this announcement complies with section 9.15 of the JSE Listings Requirements and contains all detailed terms required to be announced for a Category 1 announcement, certain details required by the TRP for a Firm Intention Announcement, including the Cash Confirmation are being finalised and will be announced in due course. Accordingly, shareholders are advised to exercise caution when dealing in the Company's shares until the Firm Intention Announcement is released on SENS.

(Exchange rate applied in this announcement is AUD:ZAR = 11.5457 (Iress))

Johannesburg

23 December 2022

Corporate Advisor and Independent Designated Advisor to Advanced Health

Grindrod Bank Limited

Transaction and Financial Advisor to Advanced Health

Monash Advisory Pty Ltd

Australian Legal Advisor to Advanced Health

Gilbert + Tobin