



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

FIRM INTENTION ANNOUNCEMENT REGARDING THE DISPOSAL OF AVL'S ENTIRE EQUITY INTEREST OF 56.44% IN PMA AND WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

1 INTRODUCTION AND BACKGROUND TO THE TRANSACTION

Shareholders are referred to the detailed terms and cautionary announcement released on SENS on 23 December 2022 in which shareholders were advised that PresMed BidCo Pty Limited entered into a binding Share Sale Agreement ("SSA") on 23 December 2022 ("Signature Date") to purchase 100% of the shares within PresMed Australia Pty Limited ("PMA"), the Australian subsidiary of Advanced Health, from Advanced Health and other PMA 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 of AUD45.2 million (approximately ZAR522.0 million)).

As the Transaction is subject to the provisions of section 112, as read with section 117(c)(i), of the Companies Act, 2008 ("the Act") and the Takeover Regulations of the Takeover Regulation Panel ("the TRP" and "the Code") and, in accordance with the provisions of regulation 90 of the Regulations, the Company must retain an independent expert acceptable to the TRP ("Independent Expert") to report on the terms and conditions of the Transaction.

In accordance with regulations 108(8) and 108(9) of the Code, the board of directors of the Company ("the Board") has therefore constituted a sub-committee of the Board to act as the independent board for the purposes of the Transaction, comprising of Messrs. Philip Jack (Phil) Jaffe, Dr Wilfred Tommy Mthembu and Ysbrand Jacobus (Cobus) Visser who are independent non-executive directors ("the Independent Board"), and the Independent Board have appointed BDO Corporate Finance as the Independent Expert. The Independent Expert is in the process of preparing a report to the Independent Board for distribution to the Shareholders in terms of section 114(3) of the Act and will provide the Independent Board with advice regarding the Transaction and make appropriate recommendations to the Independent Board to enable the Independent Board to then provide its recommendation to the Shareholders.

The recommendations of the Board and the Independent Board and the report of the Independent Expert will be included in the circular to the Shareholders containing the terms and conditions governing the Transaction ("the Circular") which will be distributed to the Shareholders in accordance with the Regulations.

2 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.

3 KEY TERMS OF THE TRANSACTION

3.1 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 a purchase price hold-back mechanism to secure the release of a guarantee granted by Epping Surgery Centre Pty. Limited, a subsidiary of PMA (“Subsidiary Guarantee”). If the Subsidiary Guarantee is not released before completion of the Transaction, the parties have agreed that the Transaction will still complete but that approximately AUD2.0 million (ZAR23.3 million) of the Transaction consideration due to Advanced Health will be withheld until the Subsidiary Guarantee is released. This held-back amount will, therefore, be paid to Advanced Health following completion, upon release of the Subsidiary Guarantee.

Subject to the satisfaction (or waiver, if applicable) of the suspensive conditions set out in paragraph 3.3, the Subsidiary Guarantee and certain completion deliverables, Advanced Health will receive payment in full on completion (subject to the Subsidiary Guarantee being released) with the benefit of a corresponding buyer-side warranty and indemnity insurance policy that protects Advanced Health and the other PMA shareholders against historic liability for breaches of the warranties and indemnities.

The SSA further contains legal warranties and indemnities that are considered reasonably customary in Australia for a transaction of this nature.

3.2 Transaction consideration and Cash Confirmation

The Transaction equates to a 100% PMA equity valuation of approximately AUD80.1 million and transaction consideration 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 within ICG’s fourth dedicated Asia Pacific fund (Fund IV).

In compliance with Regulations 111(4) and 111(5) of the Act, the TRP has been provided with the unconditional and irrevocable proof of funds (“Cash Confirmation”) issued by FirstRand Bank Limited (acting through its Rand Merchant Bank division) for the purposes of settling the Transaction Consideration should the Transaction be implemented.

3.3 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, by no later than 30 April 2023:

3.3.1 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.

3.3.2 South African Regulatory approvals

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).

3.3.3 Consents

3.3.3.1 Counterparty consents regarding the change in control of the PMA group arising from the Disposal to be obtained in terms of the hospital purchase provider agreements between PMA and the relevant Australian health fund providers and waiver of any right to terminate such agreement; and

3.3.3.2 Landlord consents regarding the change in control of the PMA group arising from the Disposal to be obtained in terms of the relevant property lease agreements of the PMA group and waiver any right to terminate such agreement.

the requirement to obtain such consents being a customary condition for a transaction of this nature.

4 SHAREHOLDINGS, ACTING AS PRINCIPAL AND CONCERT PARTIES

The Consortium confirms that they presently own no shares in the Company, that it is the ultimate proposed purchaser of the PMA Sale Shares and is not acting in concert with, or as an agent or broker for, any other party.

5 IRREVOCABLE UNDERTAKINGS

The Consortium has been provided with irrevocable undertakings to vote in favour of the resolutions required to implement the Transaction by Eenhede Konsultant Proprietary Limited and PresMedical Witbank Proprietary Limited, who directly and indirectly hold 68.23% of the issued share capital of Advanced Health.

6 CIRCULAR

The Circular relating to the Transaction, incorporating the terms of the Transaction, the Independent Expert’s report, the notice of the General Meeting required to implement the Transaction and a form of proxy, will be distributed to Shareholders in due course. The salient dates and times in relation to the Transaction will be published on the date of distribution of the Circular and will also be contained in the Circular.

7 RESPONSIBILITY STATEMENT

The Board and the Independent Board of the Company accept 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.

8 WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

Shareholders are advised that all details required by the TRP for a Firm Intention Announcement, including the Cash Confirmation have now been appropriately disclosed. Accordingly, caution is no longer required to be exercised by Shareholders when dealing in the Company's shares.

(The Exchange rate applied in this announcement is the closing rate on 22 December 2022 (date preceding the Signature Date) AUD:ZAR = 11.5457 (Iress))

Johannesburg

30 January 2023

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