



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

EFFECTIVE DISPOSAL OF 3.8% OF PRESMED AUSTRALIA (PTY) LIMITED

1 INTRODUCTION

Shareholders are advised that Advanced Health's ("AVL") major Australian subsidiary, Presmed Australia (Pty) Limited ("PMA") conducted a fund raising to raise AUD 1.675 million (ZAR 16.74 million) by way of loans from certain PMA and Advanced Health directors or their associated companies (the "Parties"). A portion of the loans were converted to equity at a share price of AUD23.37 per PMA share which diluted Advanced Health's shareholding in PMA from 94.64% by 3.8% to 90.84%, which is a disposal in terms of the Listings Requirements of the JSE Limited. (the "Disposal"). The Parties who participated in the conversion are listed in 4.1 below.

2 BACKGROUND TO PMA

Presmed Australia is one of the leading healthcare companies in Australia that specializes in establishment and management of surgical day hospitals. It currently operates five facilities across the major urbanised regions New South Wales, Australia.

3 BACKGROUND AND RATIONALE FOR THE DISPOSAL

Further to the August 2017 rights issue in AVL, the AVL Board considered it preferable that the funds raised should be retained for the ongoing growth of the South African day hospital business. Concurrently, PMA required funding for its ongoing expansion and support of its Australian day hospitals, which was approved and supported by the AVL Board.

4 KEY TERMS OF THE TRANSACTION

4.1 Conversion of loans to share capital

PMA raised a total of AUD 1.675 million of which AUD 0.75 million (ZAR 7.5 million) was allocated for the issuance of new shares in PMA (resulting in the 3.8% dilution) and the remaining AUD 0.925 million (ZAR 9.24 million) being retained by PMA as long term loans. The details for each of the Parties are set out below:

Party and associate company	Total Loan Amount	Converted to Shares	Long term loan
Ysbrand Visser via Maluti Holding AG	AUD 300 000	AUD 150 000	AUD 150 000
Johan Oelofse	AUD 300 000	AUD 300 000	-
Marc Resnik via Kinser Investments Pty Ltd	AUD 75 000	AUD 75 000	-
Alan Flax via Talocave Pty Ltd	AUD 100 000	AUD 100 000	-
Ivan Kassel via Davilar Pty Ltd	AUD 500 000	AUD125 000	AUD 375 000
Carl Grillenberger	AUD 400 000	-	AUD 400 000
Total	AUD 1 675 000	AUD 750 000	AUD 925 000

4.2 Conversion of loans to share capital

The long term loans will attract an interest rate of 5.5% per annum and are repayable in cash at the end of a two or three year period, with the Parties having the option to

request the conversion of the outstanding long term loans to shares, subject to consent by PMA, at the time of the request and at a subscription price to be determined by PMA.

Should the Parties request and PMA approve the future conversion of the long term loans it may lead to further dilutions of Advanced Health's shareholding in PMA. Had the full AUD 1.675 million been converted to PMA shares, the maximum dilution of Advanced Health's shareholding would have been 8.09%.

4.3 Use of proceeds by PMA

PMA is utilising the funds raised for its ongoing expansion and support of its Australian day hospitals, creating a stable and strong platform for each facility, and to have the financial ability to grow the business. Part of the funds raised has also been used to pay back current bank loans, which attracted a higher interest rate.

4.4 Suspensive conditions

There are no suspensive conditions to the Disposal.

4.5 Effective date of the Disposal

The effective date of the Disposal is on the day the shares are issued to the Parties which is expected to be on or about 22 June 2018.

5 PROFIT AND NET ASSET VALUE ATTRIBUTABLE TO PMA

The net assets of PMA, as per the audited financial statements for the 12 months ended 30 June 2017 (as restated for the change in segment reporting*) was ZAR120.821 million. The audited revenue attributable to the net assets of PMA for the 12 months ended 30 June 2017 was ZAR218.794 million and the profit after tax was ZAR1.177million. The audited financial statements were prepared in accordance with International Reporting Standards, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the JSE Listing Requirements and the Companies Act 71 of 2008 of South Africa.

**As reported in the unaudited condensed consolidated interim financial statements for the 6 months ended 31 December 2017, released on SENS on 1 March 2018*

6 CATEGORISATION OF THE TRANSACTION AND CAUTIONARY ANNOUNCEMENT

In terms of the Listings Requirements of the JSE, the Disposal, at a value of AUD0.75 million is not categorised as a transaction in terms of section 9. However, given the option set out in 4.2 above, had the full value AUD1.675 million been converted to PMA shares, the Disposal would be categorised as a category 2 transaction. Further, the Disposal is not categorised as a related party transaction for AltX issuers and therefore it is not subject to Advanced Health shareholder approval.

The Exchange rate applied in this announcement is the closing ZAR:AUD rate on Friday, 15 June 2018 of ZAR9.9934:AUD1

Johannesburg
19 June 2018

Designated Advisor
Grindrod Bank Limited

