

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

CREDIT FACILITY WITH A RELATED PARTY AND FAIRNESS OPINION

1 INTRODUCTION AND BACKGROUND TO THE CREDIT FACILITY

In November 2017, the board of directors of Advanced Health (the "**Board**") approved the Company to enter into a credit facility agreement with Eenhede Konsultante (Proprietary) Limited ("**Eenhede**"), for Eenhede to extend a shareholder's loan of R50 million, in the form of a revolving credit facility, to the Company ("**Credit Facility Agreement**" or "**Credit Facility**"). Further to the Credit Facility Agreement, the Company entered into a pledge and cession of shares agreement with Eenhede, in which the Company agreed to pledge and cede 462 000 Presmed Australia (Proprietary) Limited ("**PMA**") shares to Eenhede as security for the outstanding credit facility amount (the "**Pledge and Cession Agreement**").

In May 2018, the Board approved an additional Credit Facility amount from Eenhede to the Company of R28.5 million, secured by a further 263 648 PMA shares (the "**Second Tranche**"). The Company and Eenhede entered into addendums to both the Credit Facility Agreement and the Pledge and Cession Agreement. The Second Tranche increased the maximum Credit Facility amount to R78.5 million and the total number of PMA shares pledged as security to 725 648 (representing Advanced Health's 90.8% interest in PMA).

The Board has approved, and the Company has entered into a second addendum to the Credit Facility Agreement to increase the Credit Facility amount with a further R20 million (the "**Third Tranche**") bringing the maximum Credit Facility amount to R98.5 million. A second addendum to the Pledge and Cession Agreement has also been concluded to include the increased Credit Facility Amount, although no additional assets have been pledged as security, apart from the 725 648 PMA shares.

2 RATIONALE FOR THE CREDIT FACILITY AGREEMENT

The company is in the ramping up phase with new specialist joining, therefore requiring additional equipment to be purchased. The loan facility is also utilised for the working capital requirements of the company.

3 KEY TERMS OF THE CREDIT FACILITY AGREEMENT

- The interest rate is the prime rate of interest quoted by ABSA Bank Limited plus 0.5% for the duration of the availability period;
- The Credit Facility is a revolving credit facility which may be repaid and redrawn at any time during the availability period;
- The initial availability period was from 29 August 2017 to 28 August 2019, the repayment is no later than 28 October 2019; and
- The Second Tranche is available until 6 November 2019 and repayable no later than 6 November 2019;
- The Third Tranche is available for 12 Months from the effective date 10 June 2019 and repayable 60 days of the expiry of the available period.

- In terms of the Pledge and Cession Agreement (and addendums thereto), Eenhede has the right to take up the full security, of 725 648 PMA shares, that has been pledged to it, in the event that AVL breaches the terms of the Credit Facility, even if the value of the security exceeds the outstanding amount of the Credit Facility. Eenhede will repay any excess amount to the Company that may be applicable.

4 RELATED PARTY TRANSACTION

Eenhede is an associate company of Mr. Carl Alfred Grillenberger, the Chief Executive Officer and majority shareholder of the Company, with an indirect beneficial interest of 58.02%, through Eenhede. Eenhede is therefore a related party to the Company as defined in Section 10 the JSE Listings Requirements.

5 CATEGORISATION OF THE TRANSACTION AND CAUTIONARY ANNOUNCEMENT

Pursuant to the amendments to the scope of section 10 of the JSE Listings Requirements that came into effect in December 2017, read with section 21, both the Second and Third Tranches of the Credit Facility are categorised as small related party transactions for AltX issuers (both separate and when aggregated) and therefore, is not subject to Advanced Health shareholder approval.

6 INDEPENDENT EXPERT OPINION REGARDING THE LOAN AGREEMENTS

Advanced Health appointed BDO Corporate Finance Proprietary Limited (“BDO”) to provide a fairness opinion with regards to the Second and Third Tranches of the Credit Facility. BDO has concluded that the terms of the Second and Third Tranches of the Credit Facility are fair to Advanced Health shareholders.

The Board confirms that it is of the opinion that the Second and Third Tranches of the Credit Facility is fair insofar as Advanced Health shareholders are concerned, having regard to the BDO fairness opinion. Copies of the BDO fairness opinion is available for inspection at Advanced Health offices (Building 2, Walker Creek Office Park, 90 Florence Ribeiro Avenue, Muckleneuk, Pretoria) for a period of 28 days from the date of this announcement.

Johannesburg

28 June 2019

Designated Advisor

Grindrod Bank Limited

