

**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

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**DETAILED TERMS ANNOUNCEMENT REGARDING INVESTMENT IN METWEST**

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**1 INTRODUCTION AND BACKGROUND TO THE TRANSACTION**

Shareholders are advised that as per the Share Sale Agreement dated 1 April 2019 between Presmed Australia Pty Limited ("PMA"), in which Advanced Health currently owns 59.66%, and Hereward Pty Ltd (Hereward/Metwest Surgical/day hospital) and Kingham Pty Ltd (Kingham/consulting practice/Metwest Eye Centre), (collectively "METWEST"), PMA exercised a call option to acquire a further 19% interest in both Hereward and Kingham for a total Transaction consideration of AUD 1,459,308.86 (approximately ZAR16 510 620) (the "Transaction").

PMA previously had a non-controlling interest of 19% in both entities. Following the Transaction, PMA's total shareholding in both Hereward and Kingham has increased to 38% respectively.

**2 BACKGROUND TO HEREWARD AND KINGHAM**

METWEST consists of an ophthalmology consulting practice (Kingham) and a day hospital (Hereward), both located on the same premises. There are six consulting suites, feeding surgery into a one theatre specialised ophthalmology day hospital, with 14 consulting ophthalmologists, of which 11 operate at the day hospital. METWEST has been in existence for almost 30 years, with both Kingham and Hereward being well established, profitable and located in highly sought area in the north west Sydney area.

**3 RATIONALE FOR THE TRANSACTION**

METWEST is the only ophthalmic specific private day hospital in the area, and PMA recognises the opportunity to add further value to this business, assist it with further growth and therefore further bolt it on to PMA's day hospital portfolio. Of the 11 surgeons operating at METWEST, a number of these surgeons concurrently work at other PMA facilities, ensuring strong collegiate connections between PMA and METWEST.

PMA sees this as an exciting opportunity to increase its shareholding in both profitable and well-established entities, and therefore increase PMA's attributable EBITDA and consolidated profits. This will assist in placing PMA in a stronger position within an ever-changing day hospital environment.

**4 KEY TERMS OF THE TRANSACTION****4.1 Transaction consideration**

The total Transaction consideration of AUD AUD1,459,308.86 (approximately ZAR16 510 620), was settled in cash by PMA.

**4.2 Conditions precedent and Effective date**

The effective date of the Transaction was 18 November 2020. At the date of this announcement, there are no outstanding conditions precedent to the Transaction, as all the conditions precedent were fulfilled.

#### **4.3 Warranties and indemnities**

The Transaction agreement contains legal warranties and indemnities which are considered normal in respect of a transaction of this nature.

#### **4.4 Options granted to PMA**

In terms of the Share Sale Agreement, PMA has one additional separate call option (to be exercised at PMA's discretion), to acquire another 19% in both entities after 1 July 2021.

PMA has a three month period in which to exercise the call option commencing from the date on which the financial accounts for Hereward and Kingham (for each financial period) are approved by the board of directors and provided to PMA.

#### **5. PROFIT AND NET ASSET VALUES ATTRIBUTABLE TO METWEST**

The net assets of METWEST as per the unaudited financial statements for the 12 months ended 30 June 2020, were ZAR93.5 million. The profit after tax attributable to the net assets of METWEST for the same period were ZAR12.2 million.

The unaudited annual financial statements for METWEST were prepared in accordance with Australian Accounting Standards and Interpretations.

#### **6. CATEGORISATION OF THE TRANSACTION**

The Transaction constitutes a category 2 acquisition for the Advanced Health group, in terms of the Listings Requirements of the JSE Limited and is therefore not subject to Advanced Health shareholder approval.

**Johannesburg**

8 December 2020

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**Designated Advisor**

Grindrod Bank Limited

