

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

ADDITIONAL CREDIT FACILITY WITH A RELATED PARTY AND FAIRNESS OPINION

1 INTRODUCTION AND BACKGROUND TO THE CREDIT FACILITY

Shareholders are referred to the announcement released on SENS on 28 June 2019 in which the Company advised of the Credit Facility Agreement and Pledge and Cession Agreement entered into with Eenhede Konsultante (Proprietary) Limited (“Eenhede”) in November 2017, as well as the first and second addendums to the Credit Facility Agreement and the Pledge and Cession Agreement that lead to the Second Tranche and Third Tranche of the Credit Facility, in May 2018 and June 2019, respectively.

On 27 March 2020, shareholders were advised that Advanced Health and Eenhede entered into a third addendum to the Credit Facility Agreement and the Pledge and Cession Agreement in which a total of 210 542 Presmed Australia Pty Limited (“PMA”) shares were released and the Credit Facility Limited was reduced to R86 million pursuant to the Disposal of 25.1% of PMA as was announced on 12 December 2019 and approved by shareholders at the general meeting held on 12 March 2020, at which meeting the Disposal was approved.

2 FOURTH ADDENDUM TO THE CREDIT FACILITY AGREEMENT

The Board has approved, and the Company has entered into a fourth addendum to the Credit Facility Agreement to increase the Credit Facility amount with an additional R20 million (the “Fourth Tranche”) bringing the maximum Credit Facility amount to R106 million (excluding interest).

The amended terms of the Credit Facility Agreement are as follows:

- The Credit Facility Limit (excluding interest) is increased to R106 million.
- The total amount owing (inclusive of interest) may not exceed R130 million. Should the amount outstanding exceed R130 million, the Company will need to settle the excess within 15 days from receipt of the notification from Eenhede.
- Interest on the Credit Facility is payable in arrears from 31 May 2020.

3 RATIONALE FOR THE CREDIT FACILITY AGREEMENT

Shareholders are referred to the various cautionary announcements released on SENS on 27 July 2020, 17 August 2020 and 23 September 2020 respectively, which provided information regarding the restructuring process that Advanced embarked on in order to simplify the group structure, reduce operational and overhead costs and to inject the necessary cash resources to ensure the continued solvency and liquidity of Advanced and the subsidiaries for the foreseeable future, to provide context to the following disclosures.

In the reviewed condensed consolidated annual financial statements for the year ended 30 June 2020, which was released on SENS on 25 September 2020, attention was drawn to Going Concern of the Advanced Health group.

The reviewed condensed consolidated annual financial statements were prepared on the basis of accounting policies applicable to a going concern. This basis presumed that funds will be available to finance future operations and the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. The ability of the Group to continue as a going concern was dependent on the directors procuring funding for the ongoing operations of the Group.

Securing the additional R20 million Credit Facility amount with Eenhede to bridge any short term cash shortage is one of the elements that was required to secure the going concern of the group for the immediate future.

4 RELATED PARTY TRANSACTION

Eenhede is an associate company of Mr. Carl Alfred Grillenberger, the Chairman and majority shareholder of the Company, with an indirect beneficial interest of 59.65%, 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

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, the Fourth Tranche 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 FAIRNESS OPINION REGARDING THE LOAN AGREEMENTS

Advanced Health appointed BDO Corporate Finance Proprietary Limited (“BDO”) to provide a fairness opinion with regards to the Fourth Tranche of the Credit Facility. BDO has concluded that the terms of the Fourth Tranche of the Credit Facility is fair to Advanced Health shareholders.

The Board confirms that it is of the opinion that the Fourth Tranche 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 on the Company’s website at www.advancedhealth.co.za, and 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

8 December 2020

Designated Advisor

Grindrod Bank Limited

