



ADVANCED HEALTH LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 2013/059246/06)
("the Company" or "Advanced")
ISIN Code: ZAE000189049 JSE Code: AVL

PARTIALLY UNDERWRITTEN NON-RENOUNCEABLE RIGHTS OFFER DECLARATION AND FINALISATION DATA ANNOUNCEMENT.

1. INTRODUCTION AND TERMS OF THE RIGHTS OFFER

In terms of the Rights Offer, 279 416 667 new Advanced Health Shares of no par value in the authorised but unissued share capital of the Company, will be offered for subscription to Advanced Health Shareholders recorded in the register at the close of trade on Friday, 26 March 2021, who will receive Rights to subscribe for Rights Offer Shares on the basis of 97.02357 Rights Offer shares for every 100 Advanced Health Shares held, for subscription at 24 cents per Rights Offer Share, which equates to a 8.63% discount to the 30-day VWAP on 28 January 2021, of 26.2659 cents per share. The maximum amount to be raised is R67 060 000. Only whole numbers of Shares will be issued and Advanced Health Shareholders will be entitled to a rounded number Shares. Excess applications will be allowed.

2. RATIONALE FOR THE RIGHTS OFFER

The day hospital facilities are long term investments and have settling-in periods of two to three years, before becoming profitable. Advanced Health established and opened 11 day hospital facilities over a relatively short period of time which resulted in the Group remaining in a loss making position in the past. The Group remained in a loss-making position for the financial year ended 30 June 2020, mainly due to the Coronavirus disease ("COVID-19"), the derecognition of a portion of the deferred tax asset and the first time adoption of IFRS16 which has very high interest and depreciation charges.

The COVID-19 pandemic negatively influenced the day to day operations of Advanced Health both in South Africa and Australia as elective surgeries were suspended during the level 5 lockdown. Advanced Health's business is mainly elective surgeries.

The historic losses within the South African operations have resulted in immense cash flow pressures. These cash flow pressures were further increased by COVID 19 where about 95% of the hospital's revenue for the month of April 2020 was lost. Management have adopted different strategies to curb the ongoing losses which included restructuring of the cost structures in the central office and the closing down of the Advanced Soweto Day Hospital Proprietary Limited, as well as the sale of the Advanced Vergelegen Surgical Centre Proprietary Limited, to alleviate the cash flow pressures within the South African operations.

Even though COVID 19 pandemic had a negative impact on the Group results for the year ended 30 June 2020, in the six months ended 31 December 2020, there was a slow but steady increase in revenue when compared to the same period of the previous year. Group revenue increased by 30% in the six months ended 31 December 2020, compared to the prior period. The South African operation's revenue for the six months ended 31 December 2020, increased by 19%, compared to the prior period. Some of the facilities that were previously loss making in South Africa are already showing signs of being cash flow positive.

As was disclosed in the financial results announcement, the Integrated Annual Report and the Audited Annual Financial Statements for the year ended 30 June 2020, the ability of the Group to continue as a going concern is dependent on the directors procuring funding for the ongoing operations of the Group. In order to alleviate any short term cash shortages, Eenhede Konsultante agreed to make an additional amount of R20 million available to Advanced Health, through the Existing Credit Facility. (The terms of the increased Existing Credit Facility were announced on SENS on 8 December 2020). The additional R20 million have been drawn down in terms of the Existing Credit Facility Agreement. The outstanding amount of the Existing Credit Facility as at 28 February 2021 is R116 million (including interest). After the R20 million settlement, it will be reduced to R96 million (including interest).

The Board further approved the Rights Offer of a minimum of R40 million and a maximum of R67 million, partially underwritten by Eenhede Konsultante. These proceeds will be used to reduce the Group's loans and liabilities, including R20 million of the Existing Credit Facility. The remaining proceeds will be used to finance the working capital requirements of the ongoing South African operations as they mature.

3. UNDERWRITING AGREEMENT

In terms of the Underwriting Agreement, Advanced Health has received a commitment from its major shareholder, Eenhede Konsultante, together with its associate entities Pres Medical Witbank Proprietary Limited ("Pres Medical Witbank"), the VC Family Trust and the Carl Grillenberger Family Trust, to follow the entities respective rights in terms of the Rights Offer and to subscribe for a total of 166 667 880 Rights Offer Shares, which equates to R40 000 291.

Pres Medical Witbank have further agreed to underwrite a maximum of 15 987 691 Rights Offer Shares, amounting to R3 837 046. This brings the total amount for which Advanced Health received commitments in terms of the Rights Offer to 182 655 572 Rights Offer Shares, amounting to R43 837 337.

In order to strengthen the Company's balance sheet, Eenhede Konsultante has agreed that R20 000 000 of its Rights Offer subscription can be set off against the outstanding balance of the Existing Credit Facility. The remaining R23 837 337, will be in the form of a cash subscription.

In terms of the Underwriting Agreement, the Underwriter will be paid an underwriting fee equal to 1% of the Rand Value of the rights offer shares.

4. EXCESS APPLICATIONS

Advanced Health shareholders will be permitted to apply for new Advanced Health shares in excess of their entitlement. Should there be excess rights offer shares available for allocation, these will be allocated to applicants in a manner viewed as equitable in terms of the Listings Requirements of the JSE.

5. FRACTIONS

The whole number of rights to subscribe for rights offer shares to which qualifying shareholders will become entitled will be determined by the ratio of entitlement. Only whole numbers of new Advanced Health shares will be issued, and Advanced Health shareholders will be entitled to rounded numbers of shares once the ratio has been applied, using the rounding principle where allocations will be rounded up or down, as appropriate with fractions of 0.5 and above being rounded up and fractions below 0.5 being rounded down to the nearest whole number resulting in allocations of whole numbers of rights offer shares, in accordance with the Listings Requirements.

6. IMPORTANT DATES AND TIMES

	2021
Rights Offer Declaration and Finalisation Data announcement released on SENS	Monday, 15 March
Rights Offer Circular published on Advanced Health's website	Thursday, 18 March
Posting of Rights Offer Circular to shareholders	Thursday, 18 March
Last day to trade in Advanced Health Shares in order to participate in the Rights Offer (<i>cum entitlement</i>)	Tuesday, 23 March
Nil paid letters of allocation listed and suspended from trading under JSE code AVLN and ISIN ZAE000296596 at 09:00	Wednesday, 24 March
Advanced Health Shares commence trading <i>ex-Rights</i> on the JSE at 09:00	Wednesday, 24 March
Last day to post Rights Offer Circular to (Certificated) Shareholders	Thursday, 25 March
Record Date for the Rights Offer	Friday, 26 March
Rights Offer opens at 09:00	Monday, 29 March
Certificated Shareholders will have their Letters of Allocation credited to an electronic account held at the Transfer Secretaries at 09:00	Monday, 29 March
Dematerialised Shareholders will have their Letters of Allocation credited to their accounts held at their CSDP or broker at 09:00	Monday, 29 March
Last day to trade in respect of the take-up (no trading permitted in the Form of Instruction in respect of the Letters of Allocation which is issued for processing purposes only)	Monday, 29 March
Payment made and Form of Instruction lodged by Certificated Shareholders wishing to exercise all or part of their entitlement at the Transfer Secretaries by 12:00 on	Thursday, 1 April
Rights Offer closes at 12:00	Thursday, 1 April
Record Date for take-up in terms of the Rights Offer	Thursday, 1 April
Listing of Rights Offer Shares at the commencement of business	Tuesday, 6 April
CSDP or Broker accounts in respect of Shareholders holding Dematerialised Shares will be updated with Rights Offer Shares and debited with any payments due on	Tuesday, 6 April
Rights Offer Shares issued and posted to Shareholders holding Certificated Shares	Tuesday, 6 April
Results of Rights Offer announced on SENS	Tuesday, 6 April
In respect of successful excess applications for Non-committed Rights Offer Shares (if applicable), Non-committed Rights Offer Shares issued to Shareholders holding Dematerialised Shares and / or share certificates posted to Shareholders holding Certificated Shares	Thursday, 8 April
In respect of unsuccessful excess applications for Non-committed Rights Offer Shares (if applicable), refunds made to Shareholders holding Certificated Shares	Thursday, 8 April

Notes:

1. All references to dates and times are to local dates and times in South Africa.
2. Shareholders of Dematerialised Advanced Health Shares are required to notify their CSDP or Broker of the action they wish to take in respect of the Rights Offer in the manner and by the time stipulated in the agreement governing the relationship between the Dematerialised Shareholder and his CSDP or Broker.
3. Advanced Health Share certificates may not be dematerialised or rematerialised between Wednesday 24 March 2021 and Friday, 26 March 2021, both days inclusive.
4. CSDPs effect payment in respect of holders of Dematerialised Rights Offer Shares on a delivery versus payment basis.
5. Dematerialised Shareholders will have their accounts at their CSDP or Broker automatically credited with their Rights and Certificated Shareholders will have their Rights credited to an account at the Transfer Secretaries.
6. Rights Offer Share certificates to be issued in terms of the Rights Offer will be posted to persons entitled thereto, by registered post, at the risk of the Certificated Shareholders concerned.

7. DOCUMENTATION

A circular to Advanced Health shareholders, setting out full details of the rights offer, will be distributed to shareholders on or about Thursday, 18 March 2021. A form of instruction will be enclosed with the circular for use by Advanced Health shareholders who have not dematerialised their Advanced Health shares. The circular will also be available on the Company's website (www.advancedhealth.co.za) from Thursday, 18 March 2021.

8. EXCHANGE CONTROL REGULATIONS

In terms of the Exchange Control Regulations, non-residents of the Common Monetary Area will be allowed to:

- take up rights allocated in terms of the Rights Offer;
- subscribe for new Rights Offer Shares; and
- subscribe for excess Non-Committed Rights Offer Shares that have not been applied for in terms of the Rights Offer; provided that payment is received in foreign currency or in Rand from a Non-resident Rand account in the name of the non-resident and/or Rand from a vostro account held in the books of the Authorised Dealer (ABSA).

All applications by non-residents for the above purposes must be made through an Authorised Dealer. Shares subsequently re-materialised and issued in certificated form, will be endorsed 'Non-Resident'.

Where a Right in terms of the Rights Offer falls due to a former resident of the Common Monetary Area, which Right is based on Shares controlled in terms of the Exchange Control Regulations, only funds in the emigrant's capital account may be used to take up this Right. In addition, such funds may also be used to:

- subscribe for new Rights Offer Shares; and
- subscribe for excess Non-committed Rights Offer Shares that have been applied for in terms of the Rights Offer.

Applications by emigrants to use funds in their capital account for the above purposes must be made through the Authorised Dealer controlling their remaining assets. Any Shares issued pursuant to the use of funds in the emigrant's capital account will be credited to their share accounts at the CSDP controlling their remaining portfolio.

9. RESTRICTED JURISDICTIONS

Any shareholder resident outside the common monetary area who receives the Rights Offer circular and form of instruction, should obtain advice as to whether any governmental and/or any other legal consent is required and/or any other formality must be observed to enable such a subscription to be made in terms of such form of instruction.

The Rights Offer does not constitute an offer in any jurisdiction in which it is illegal to make such an offer ("Restricted Territories") and the Rights Offer circular and form of instruction should not be forwarded or transmitted by recipients thereof to any person in any territory other than where it is lawful to make such an offer.

United States of America

The letters of allocation and the Rights Offer Shares have not been and will not be registered under the Securities Act, 1933 ("US Securities Act") or under securities laws of any Restricted Territory and may not be offered, sold, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, within the United States of America, except in respect of Qualified Institutional Buyers as contemplated under the US Securities Act ("QIB") pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States of America. Investors who are located in the United States of America will be required to execute and deliver a QIB investor letter ("QIB Letter"), a copy of which is available from shareholders' CSDPs, prior to taking up or transferring Rights in the Rights Offer or acquiring Rights Offer

Shares in the Rights Offer.

Shareholders who are required to submit a QIB Letter must do so by emailing same to the Company Secretary at ml@advancedhealth.co.za on or before 12:00 on Friday, 26 March 2021.

Accordingly, the Company is not extending the Rights Offer into the United States of America unless an exemption from the registration of the US Securities Act is available, and subject to certain exceptions, the Rights Offer circular neither constitutes nor will it constitute an offer or invitation to apply for, or an offer or an invitation to acquire, any letters of allocation or Rights Offer Shares in the United States of America.

In addition, until 40 days after the commencement of the Rights Offer, an offer, sale or transfer of the Rights Offer Shares within the United States of America by a dealer (whether or not participating in the Rights Offer) may violate the registration requirements of the US Securities Act. Subject to certain exceptions, Advanced Health shareholders with a registered address in the United States of America will be treated as unexercising holders and Advanced Health expects that the applicable Rights will be sold by the transfer secretaries on behalf of such Advanced Health shareholders. The cash proceeds therefrom will be distributed to such Advanced Health shareholders (net of applicable fees, expenses, taxes and charges), in proportion to such Advanced Health shareholder's Right to the Rights Offer Shares.

There can be no assurances as to what price such Advanced Health shareholders will receive for such disposal or the timing or exchange rate conversion of such receipt, to the extent applicable.

Although letters of allocation may be credited to the CSDP or broker accounts of qualifying dematerialised Advanced Health shareholders:

- with a registered address, or resident, in one of the Restricted Territories;
- in the United States of America; or
- with a registered address, or who hold on behalf of persons located in the United States of America, or who hold on behalf of any person on a non-discretionary basis who is in the United States of America or any state of the United States of America, such crediting of letters of allocation does not constitute an offer to restricted Advanced Health shareholders and such restricted Advanced Health shareholders will not be entitled to take up or transfer Rights in the Rights Offer or acquire Rights Offer Shares in the Rights Offer unless such action would not result in the contravention of any registration or other legal requirement in any jurisdiction.

Restricted Territories

Subject to certain exceptions, the Rights Offer Shares may not be transferred or sold to, or renounced or delivered in, the Restricted Territories.

No offer of Rights Offer Shares is being made by virtue of the Rights Offer circular into the Restricted Territories.

No person may forward or otherwise transmit the Rights Offer circular to any territory other than where it is lawful to make the Rights Offer contemplated in the Rights Offer circular.

Although letters of allocation may be credited to the CSDP or broker accounts of qualifying dematerialised Advanced Health Shareholders:

- with a registered address, or resident, in one of the Restricted Territories;
- in the United States of America; or
- with a registered address, or who hold on behalf of persons located in the United States of America, or who hold on behalf of any person on a non-discretionary basis who is in the United States of America, or any state of the United States of America, such crediting of letters of allocation does not constitute an offer to restricted Shareholders and restricted Shareholders will not be entitled to take up or transfer Rights in the Rights Offer or acquire Rights Offer Shares in the Rights Offer unless such action would not result in the contravention of any registration or other legal requirement in any jurisdiction.

Subject to certain exceptions, Advanced Health shareholders with a registered address in the Restricted Territories will be treated as unexercising holders and Advanced Health expects that the applicable Rights will be sold by the transfer secretaries on behalf of such Advanced Health shareholders.

The cash proceeds therefrom will be distributed to such Advanced Health Shareholders (net of applicable fees, expenses, taxes and charges) in proportion to such Advanced Health shareholder's Right to the Rights Offer Shares.

There can be no assurances as to what price such Advanced Health shareholders will receive for such disposal or the timing or exchange rate conversion of such receipt to the extent applicable.

10. WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

Shareholders are referred to the renewal of cautionary announcement released on SENS on 2 February 2021 and are advised that the full details of the Rights Offer are contained in this announcement.

Accordingly, shareholders are no longer required to exercise caution when dealing in the Company's securities.

Date of announcement: 15 March 2021

Designated Advisor
Grindrod Bank Limited

