

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

**DETAILED TERMS AND CAUTIONARY ANNOUNCEMENT REGARDING PRESMED AUSTRALIA'S
INVESTMENT IN DEVOCLEA**

1 INTRODUCTION AND BACKGROUND TO THE TRANSACTION

Shareholders are advised that Presmed Australia Pty Limited ("PMA"), in which Advanced Health currently owns 59.66%, has entered into a share sale agreement with Dr M Haybittel, Ms JM Haybittel and their associated entity, Panvue Pty Limited (the "Vendors"), to acquire a 20% interest in the Devonport Eye Hospital (NWC) Pty Ltd ("Devonport Eye Hospital") and Clearvis Pty Ltd ("Clearvis") (collectively "DEVOCLEA"), for a combined transaction consideration of AUD 1 408 116 (approximately ZAR14 608 640) (the "Transaction").

2 BACKGROUND TO DEVOCLEA

DEVOCLEA consists of an ophthalmology consulting practice (Clearvis) and a day hospital (Devonport Eye Hospital), both located on the same premises, with another ophthalmic consulting practice also forming part of Clearvis located approximately 50km away. The consulting practices feed surgery into the one theatre specialised ophthalmology day hospital. Both business entities have been servicing the community for more than 25 years, are well established, and located in north west Tasmania.

3 RATIONALE FOR THE TRANSACTION

PMA had been in discussions with the Vendors for the past year to acquire an interest in the business concerns, which is the only ophthalmic specific private day hospital in the area. PMA recognised the opportunity to add value to this business, assist it with further growth and bolt it on to PMA's day hospital portfolio.

PMA sees this as an exciting opportunity as it adds another specialised day hospital to the group, in a good location, fits the strategy of national geographic spread and places PMA in a good position within an ever-changing day hospital environment.

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

The Transaction consideration consists of an initial payment of AUD1 408 116 (approximately ZAR14 608 640), which will be settled in cash by PMA.

An additional Transaction consideration amount will be calculated based on the adjusted EBITDA of DEVOCLEA for the year ending 30 June 2021 and will be determined within three months after the 30 June 2021 financial accounts are finalised.

The additional Transaction consideration amount is not expected to exceed 100% of the initial payment amount of AUD 1 408 116.

4.2 Effective date

The effective date and completion of the Transaction is expected to be 30 June 2021.

4.3. Conditions precedent

The Transaction is subject to the fulfilment or waiver of the following conditions precedent by 30 June 2021, unless a later date is agreed between the parties:

- Confirmation to be provided by the Vendors to PMA that:
 - any related party components or assets, not forming part of the Transaction has been removed from DEVOCLEA;
 - the existing day hospital license and all relevant health fund contracts are in existence and are held by Devonport Eye Hospital;
 - all relevant service agreements currently provided to each of Devonport Eye Hospital and Clearvis remain in place;
 - neither Devonport Eye Hospital nor Clearvis has any debt or other liabilities owing that has not been disclosed;
 - each of the Vendors providing a signed deed releasing any claims the Vendors may have in respect of Devonport Eye Hospital and/ or Clearvis;
- The financial accounts for each of Devonport Eye Hospital and Clearvis, for the year ended 30 June 2020, being approved by the directors of each company;
- Finalisation of the managements accounts for each of Devonport Eye Hospital and Clearvis for the year to date 31 March 2021;
- All consents, approvals and waivers of termination or variation rights being received from counterparties to any contracts, licences or permits, where a change in ownership of shares entitles a party to terminate or vary such contract, license or permit;
- The lease of and license to occupy the business premises are in a form and content acceptable to PMA, and are executed by the correct parties with proof of consent of the mortgagee, if applicable;
- PMA being satisfied that there remains a reasonable level of merchantable stock used in the ordinary course of business at Devonport Eye Hospital;
- The Vendors having duly performed and complied in all material respects with all agreements, covenants and conditions required by the Transaction agreement; and
- There being no breach of any warranties or obligations by the Vendors in terms of the Transaction agreement.

4.4 Warranties and indemnities

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

4.5 Restraint on competition

The Vendors have agreed not to engage or be concerned or interested in any business that is the same or similar to, or competitive with Devonport Eye Hospital and Clearvis.

4.6 Options granted to PMA

In terms of the agreement, PMA was granted separate options, to acquire further shares in Devonport Eye Hospital and Clearvis.

For Devonport Eye Hospital, the first option is exercisable after 1 July 2021 to acquire another 20% and the second option is exercisable after 1 July 2022 for a third 20% acquisition.

For Clearvis, the option to acquire a further 40%, is exercisable after 1 July 2024.

PMA has a three month period in which to exercise each of the options, commencing from the date on which the financial accounts for each financial period are approved by the board of directors and provided to PMA.

The options are subject to being categorised and Advanced Health complying with the relevant requirements, in terms of the JSE Listings Requirements, when the options are exercised.

5. PROFIT AND NET ASSET VALUES ATTRIBUTABLE TO DEVOCLEA

The net assets and profit attributable to the net assets of DEVOCLEA, have not been included in this announcement as these items are of a sensitive nature and the disclosure of this information, prior to the completion of the Transaction may jeopardise the Transaction.

AVL has engaged with the JSE regarding a request to delay the disclosure of this information. Subject to the outcome of this request the information will be disclosed in a further announcement in due course.

6. CATEGORISATION OF THE TRANSACTION

The Transaction, including the additional transaction consideration amount to be determined, 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.

7. CAUTIONARY ANNOUNCEMENT

The additional Transaction consideration amount will be disclosed in a further SENS announcement, once it has been determined as stated in 4.1 above. Pending the finalisation of the additional Transaction consideration amount and the notification of the profit and net assets attributable to the Transaction, shareholders are advised to exercise caution when dealing in the company's securities until such further announcement has been released.

(Exchange rate applied in this announcement is ZAR/AUD 10.3746 (*Iress*))

Johannesburg

11 June 2021

Designated Advisor
Grindrod Bank Limited

