

**UPDATE ON UNSOLICITED AND CONDITIONAL ACQUISITION PROPOSAL –
ELLERSTON CAPITAL POSITION**

30 OCTOBER 2018

Healthscope Limited today announced that it has received the attached correspondence from Ellerston Capital clarifying its intentions in respect of the unsolicited proposal from the BGH-AustralianSuper Consortium announced on 23 October 2018.

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30 October 2018

By Email: Ingrid.Player@healthscope.com.au

Paula Dwyer
Chairman

C/O: Ingrid Player
Company Secretary
Healthscope Limited
312 St Kilda Road
Melbourne VIC 3004

Dear Ms Dwyer

I refer to Healthscope's ASX announcement of 23 October 2018, which contains the following paragraph:

The BGH – AustralianSuper Consortium has stated that Ellerston Capital has indicated that it is supportive of the Board of Healthscope granting the BGH – AustralianSuper Consortium access to due diligence, and would, with respect to the shares over which it has mandated authority support a scheme of arrangement in respect of Healthscope at the indicative price under the proposal, in the absence of a superior proposal and subject to an Independent Expert concluding that the transaction is in the best interests of shareholders. However, Healthscope has not received any correspondence from Ellerston capital in relation to the proposal.

The purpose of this letter is to clarify that the above intention attributed to Ellerston Capital in the paragraph reflects Ellerston Capital's present intention but relates only to shares in Healthscope in which it has a relevant interest (if any) and in which it has its clients' authority to vote (if any) as at the time set by Healthscope to determine entitlements to vote at the scheme meeting, should one be convened (**Relevant Shares**) subject to that time occurring on or before 30 June 2019. Ellerston Capital makes no statement in relation to any other shares. In respect of the Relevant Shares (and only the Relevant Shares), Ellerston Capital does not reserve the right to depart from the above intention attributed to Ellerston Capital and considers itself bound by that intention under the principles underlying ASIC RG 25 if and only if the time set by Healthscope to determine entitlements to vote on the scheme occurs on or before 30 June 2019. Ellerston Capital makes no statement with respect to any shares in Healthscope other than the Relevant Shares in which it currently has or may have at any future time a relevant interest and does not consider itself bound by the above intention in respect of any shares in Healthscope other than the Relevant Shares.

Ellerston Capital reserves the right to change its intention if a time to determine entitlements to vote on the scheme does not occur on or before 30 June 2019.

As at the date of this letter, Ellerston Capital has a relevant interest in 172,348,209 shares representing voting power in Healthscope of approximately 9.89%. Ellerston Capital has mandated authority from its schemes and institutional mandate clients to vote approximately 108,070,499 shares representing voting power in Healthscope of approximately 6.2%. Ellerston Capital's rights to exercise such voting power remain subject to various conditions under law, constituent documentation and investment management agreements, as does Ellerston Capital's rights

to make any recommendation with respect to the residual balance of any voting shares not under its direct mandated authority.

ASIC has sought the above clarification from Ellerston Capital (and has allowed the above statement to be clarified under ASIC RG 25) so that the status of the above statement in Healthscope's announcement is clear to the market.

Yours sincerely



Ian Kelly
Manager, Legal and Compliance
Ellerston Capital Limited