

**4 November 2016**

Market Announcements  
Australian Securities Exchange  
Level 5, 20 Bridge St  
Sydney NSW 2000

Dear Sir/Madam

**BGD ACQUISITION OF FIVE COMMUNITY HEALTHCARE BUSINESSES**

BGD Corporation Ltd (ASX:BGD) (the Company) is pleased to announce it has entered into binding agreements to acquire community-based healthcare businesses carried on by:

- Health Networks Australia Investments Pty Ltd as trustee of the Lifecare Unit Trust and its related entities (**HNA**);
- a group of companies under the Ontrac brand (**Ontrac**);
- Caring Choice Pty Ltd (**Caring Choice**);
- Public Health Management Pty Ltd trading as the St. Kilda Road Medical Centre (**St Kilda Medical Centre**); and
- Dandenong Medical Centre Pty Ltd as trustee for the Dandenong Medical Centre Trust (**Dandenong Medical Centre**),

together, the **Acquisitions**.

Pursuant to the securities and asset purchase agreements for HNA and business and asset purchase agreements for each of the other Acquisitions (**Acquisition Agreements**), the Company will acquire a combination of units in various trusts carrying on the HNA business and certain assets of the businesses the subject of the Acquisitions for an estimated total upfront consideration of \$20.1m, comprising of between \$17.6m and \$18.1m in cash and between \$2.0m and \$2.5m in shares in the Company. In addition, deferred consideration calculated by reference to the performance of HNA's and Caring Choice's businesses in FY17 and only Caring Choice's business in FY18 may be payable in a combination of cash and scrip. The FY17 deferred consideration is forecast to be \$3.2m.

**Funding for the Acquisitions**

The Company proposes to raise \$30.0m under a broker firm offer and institutional offer (together, the Cash Offer) via the issue of 30,000,000 shares (post-consolidation) at an offer price of \$1.00 per share. The Cash Offer is fully underwritten by the Joint Lead Managers Bell Potter Securities Limited and Wilsons Corporate Limited, subject to the usual termination rights. In addition it is estimated that a minimum of 2,027,534 of the 2,553,850 shares (on a post-consolidation basis) that will be offered to the vendors at an issue price of \$0.95 to \$1.00 per share (as part of the purchase price under certain Acquisition Agreements), and certain personnel engaged in the HNA businesses at \$1.00 per share, will be acquired (**Vendor Consideration Offer**). Any such offers will be made under a prospectus issued by the Company.

## About the Acquisitions

The Acquisitions will be completed by wholly owned subsidiaries of the Company. Following completion of the Acquisitions the Company will operate across 54 clinics and facilities in Victoria, New South Wales, Queensland, South Australia and Western Australia in the following sub-segments of the community-based healthcare industry:

- Allied Health; which comprises a diverse range of allied healthcare services, including physiotherapists, exercise physiologists, occupational therapists and podiatrists;
- Home Care; which comprises a range of consumer directed home and respite community based care covering disability, aged and 24-hour care services; and
- Primary Care; which comprises general practitioner and complimentary care services.

As noted above the Ontrac, Caring Choice, St. Kilda Road Medical Centre and Dandenong Medical Centre Acquisition Agreements will be structured as business and asset acquisitions. The key assets to be purchased as part of these acquisitions include plant and equipment, various tangible assets, stock and the transfer of contracts, property leases and employees which are necessary to conduct the businesses.

The HNA acquisition will be structured as:

- an acquisition of all of the units held by HNA entities in the sub trusts carrying on the HNA business (**Operating Trusts**), which represent a majority interest in such trusts with the minority interest continuing to be held by persons working in the HNA businesses or their related entities;
- an acquisition of certain assets used by Health Networks Australia Investments Pty Ltd as trustee of the Lifecare Unit Trust in providing services to the Operating Trusts; and
- replacing the trustee of the Operating Trusts with a wholly owned subsidiary of the Company.

Additional information will be included in a notice of meeting, which according to the indicative timetable set out below is expected to be dispatched to shareholders on 10 November 2016.

## Common conditions

Completion under the Acquisition Agreements is subject to certain conditions precedent, which are generally common across all, with the exception of certain bespoke conditions relevant to specific businesses. Key common conditions include:

- the shareholders approving the acquisitions at the Company's annual general meeting;
- the Company receiving regulatory approval from the ASX;
- the release of security interests over the securities and assets being acquired;
- material adverse change – none of the businesses being acquired suffer an event, occurrence, fact or circumstance which could reasonably be expected to be materially adverse; and
- completion of the Cash Offer and Vendor Consideration Offer.

The Acquisition Agreements also contain a number of standard terms and conditions, including representations and warranties from each party, considered standard for agreements of this nature.

### **Share Consolidation**

Subject to the approval of its shareholders, the Company will undertake a consolidation of its capital on a 1 for 23.8 basis.

### **Transaction Change of Activities**

If completed, the Acquisitions will constitute a significant change to the scale of the Company's activities. The Company will seek Shareholder approval for the Acquisitions under Chapter 11 of the ASX Listing Rules, and is required to re-comply with Chapters 1 and 2 of the ASX Listing Rules. The Company will not issue any shares until it has received conditional approval of the re-compliance from the ASX, and subject to compliance with any conditions imposed by the ASX.

### **Change of Name**

In connection with the Acquisitions, the Company will also seek shareholder approval to change its name to Zenitas Healthcare Limited, and if the change of name is approved the Company's ASX ticker code will also change to ZNT.

### **Indicative Capital Structure**

The indicative capital structure of the Company following completion of the Acquisitions and its reinstatement to trading on ASX is set out below (on a post-consolidation basis).

Capital structure (Shares)	Number of Shares
Existing Shares on issue (post-Consolidation)	12,211,832
Issue of Vendor Consideration Shares	Between 2,027,534 and 2,553,850
Shares issued under the Cash Offer	30,000,000
<b>Total Shares on issue at listing (undiluted)</b>	<b>Between 44,239,366 and 44,765,682</b>
Existing Options on issue (post-Consolidation)	1,842,008
<b>Total Shares on issue at listing (fully diluted)</b>	<b>Between 46,081,374 and 46,607,690</b>

### Changes to consolidated assets

Based on the pro forma historical consolidated statement of financial position as at 30 June 2016, which assumes the Company's existing business and Acquisitions existed as a single entity before 1 July 2013, the expected change in total consolidated assets is as follows:

	<b>Total consolidated assets (pro forma 30 June 2016)</b> <b>\$m</b>
Before Acquisitions	\$9.1
Effect of Acquisitions, Cash Offer and Vendor Consideration Offer	\$37.1
Post-Acquisitions	\$46.2

### Changes to Revenue and earnings before interest and tax

Based on the Company's FY16 audited statutory accounts and Pro forma historical consolidated statements of profit or loss for FY16 (which assumes the Company's existing business and Acquisitions existed as a single entity before 1 July 2013), the expected change in total net revenue and earnings before interest and tax (**EBIT**) resulting from the Acquisitions is as follows:

	<b>Total Net Revenue (FY16) \$m</b>	<b>EBIT (FY16) \$m</b>
Before Acquisition Opportunities	\$1.0	(\$2.3)
Effect of pro forma adjustments and other significant items	\$3.2	\$1.5
Effect of Acquisition Opportunities	\$38.2	\$5.4
Post-Acquisition Opportunities analysis pro-forma	\$42.4	\$4.5

Note 1: EBIT is presented before non-controlling interests

## Indicative Timetable

An indicative timetable is set out below. The Company notes the timetable may be subject to change.

Indicative Timetable	Date
Lodgement of Prospectus with ASIC	10 November 2016
Dispatch Notice of Meeting	10 November 2016
Opening date of the offer	18 November 2016
Closing date of the offer	9 December 2016
Annual General Meeting	12 December 2016
Allotment of shares under the Prospectus	22 December 2016
Completion of Acquisition Agreements	22 December 2016
Despatch holding statements	22 December 2016
Expected re-quotation of shares on ASX	23 December 2016

Note: The Company's shares will continue to remain suspended from the Official List of the ASX until satisfaction of the conditions of the offer, including ASX conditional approval of the Company's re-compliance with the admission requirements of Chapters 1 and 2 of the Listing Rules. Accordingly, there will be no trading in the Company's shares until the Company has been reinstated to the Official List of the ASX.

## The Prospectus

Following lodgement of the Prospectus with ASIC, the Prospectus will be available on the Company's website at <http://zenitas.com.au/>. Shareholders should have regard to the Prospectus in deciding whether to acquire or continue to hold shares. Anyone who wants to acquire shares will need to complete the application form that will accompany the Prospectus.

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**Disclaimer** This announcement may contain certain forward-looking statements. Words 'anticipate', 'intend', 'likely', 'should', 'could', 'may', 'target', 'plan' and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Such forward-looking statements are not guarantees of future performance, and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of BGD, its officers, employees, agents and associates, which may cause actual results to differ materially from those expressed or implied in such forward-looking statements. Actual results, performances or outcomes may differ materially from any projections or forward-looking statements or the assumptions on which those statements are based, which include changes in market conditions, demand for BGD's product and services, future exchange rate fluctuations, technology advances and capital requirements. You should not place any undue reliance on forward-looking statements and neither BGD nor its directors, officers, employees or agents assume any responsibility to update such information.