

## **ABANO APPOINTS INDEPENDENT ADVISER AND RECOMMENDS SHAREHOLDERS TAKE NO ACTION**

Abano Healthcare Group Limited (NZX:ABA) has appointed Grant Samuel & Associates Limited to prepare the Independent Adviser's Report required under the Takeovers Code, on the merits of the proposed partial takeover offer from Healthcare Partners Holdings Limited (Healthcare Partners).

Healthcare Partners is a company associated with Peter and Anya Hutson and James Reeves. These individuals have all been involved in previous attempts to gain control of Abano and to force changes to Abano's Board to advance their own objectives. These prior attempts have been unsuccessful and disruptive to Abano, and have cost Abano shareholders in excess of \$1 million, not including management time.

### **Shareholders should take no action until they receive the Target Company Statement**

The Abano Board recommends that shareholders take no action in respect of, and do not enter into any commitment to accept, the proposed offer. Shareholders should wait until they receive the Target Company Statement, which will include the Board's formal recommendation and the Independent Adviser's Report, before deciding to accept or reject the offer.

### **Abano Board's preliminary view on Healthcare Partners' proposed partial offer**

The Abano Board's preliminary view is that the partial nature of this offer is not in the best interests of all shareholders and does not reflect full and fair value for the control that would be attained by Peter and Anya Hutson and James Reeves, or appropriate compensation for all of the risks associated with remaining a minority shareholder in the company.

The Abano Board wishes to ensure that shareholders clearly understand the nature of a partial offer. It is not an offer for all shares. The indicated offer price of \$10.00 is only available on those shares accepted under the offer. Acceptances from shareholders will be scaled down if the total acceptances received exceed the number of shares required to take Healthcare Partners from its current 19.02% holding to 50.01% of Abano. If all shareholders offered all of their shares, this would result in as little as 38% of each shareholding being accepted under the offer. In addition, the premium offered will only be available on shares that are taken up under the offer. This must be considered in light of the potential reduction in value for the retained shares not sold through the offer.

The Board believes that the premium for a partial takeover offer of this nature must compensate shareholders for:

1. Passing control to a majority shareholder where shareholders are highly unlikely to be able to sell all of their shares into the offer;
2. Receiving a premium for that control on only a portion of their shares (in this case, potentially only 38% of shares held), and where it would be most unusual to have a premium for control paid for the balance of the shares in the future;

3. The risk of reduced liquidity (the ability for shareholders to sell their shares) and the probability of a decline in market price on their retained Abano shares after the offer; and
4. The potential impact on the value of Abano shares post-takeover, as a result of the significant reversal in Abano's growth strategy which is being proposed in the draft offer.

### **Abano is a valuable business delivering long term shareholder value**

Since Mr Hutson's last attempt to gain control of Abano in August 2013, the share price has risen 41%<sup>1</sup>. Shareholders have received a Total Shareholder Return of 13.9% p.a. on their investment in Abano during this period, outperforming the market and above the NZX ALL return of 13.3% p.a and the NZX 50 return of 12.9% p.a. for the same period<sup>2</sup>.

Oversight of Abano's growth strategy is provided by an experienced and capable Board. This is evidenced by the performance of the company, as the results and financial returns demonstrate, and by external recognition from industry peers. Trevor Janes, Abano's Chairman, has recently been announced as a finalist for Chairperson of the Year in the 2016 Deloitte Top 200 Awards. In addition, both Trevor and Abano director Ted van Arkel, sit on the boards of companies that have also been named as Award finalists in the excellence in governance and company of the year categories, demonstrating the calibre of Abano's Board.

### **Appointment of other advisers**

The Abano Board has appointed specialist legal advisory firm, Harmos Horton Lusk, and Forsyth Barr as financial adviser, to assist the Board in evaluating and responding to the proposed offer. The Directors' formal recommendation, along with the Independent Adviser's Report, will be included in the Target Company Statement, which will be sent to shareholders.

### **ENDS**

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Abano Healthcare Group is New Zealand's leading listed specialist healthcare investor and operator, with businesses in two sectors – dental and radiology – and operations across New Zealand and Australia.

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<sup>1</sup> Abano share price: 30 day VWAP including 6 August 2013 (the day prior to announcement of unsolicited indicative proposal) of \$5.85, and \$8.27, being the 30 day VWAP including 3 November 2016 prior to receiving the initial takeover notice.

<sup>2</sup> NZX All and NZX 50 gross indices