

ORION HEALTH GROUP LIMITED

Share Buyback Information Booklet

3 December 2018



Shareholder Information Line +64 9 375 5998 between 8.30am and 5.00pm (NZ time), Monday to Friday

This is an important document and requires your immediate attention. You should carefully read it and the Buyback Acceptance Form enclosed in their entirety, before deciding whether or not you would like to participate in the Offer. If you are in any doubt about what you should do, you should seek advice from your financial, investment, taxation or legal adviser immediately.



Purpose of this Booklet

The purpose of this Booklet is to:

- inform you about the Offer; and
- help you decide whether to participate in the Offer.

Buyback Acceptance Form

Accompanying this Booklet is a Buyback Acceptance Form (which you may also complete online) to enable you to accept the Offer in respect of some or all of your Shares.

Disclaimer

This Booklet is not an offer of financial products and the provision of this Booklet to any person does not constitute, and may not be used for the purposes of, an offer of financial products or interests of any kind to that person or an invitation to any person to apply for the issue of financial products or interests of any kind.

Sold your Shares?

If you have sold all of your Shares, please immediately hand this Booklet and the accompanying Buyback Acceptance Form to the purchaser or the agent through whom the sale was made, to be passed to the purchaser.

Your decision

This Booklet does not take into account your individual investment objectives, financial situation or needs. You must make your own decisions and seek your own advice in this regard.

The information and recommendations contained in this Booklet do not constitute, and should not be taken as constituting, financial product advice.

If you are in any doubt as to what you should do, you should seek advice from your financial, investment, taxation or legal adviser before making any decision regarding the Offer.

Forward looking statements

This Booklet contains certain forward looking statements. You should be aware that there are risks (both known and unknown), uncertainties, assumptions and other important factors that could cause the actual conduct, results, performance or achievements of Orion Health to be materially different from the future conduct, market conditions, results, performance or achievements expressed or implied by such statements or that could cause future conduct to be materially different from historical conduct. Deviations as to future conduct, market conditions, results, performance and achievements are both normal and to be expected.

Forward looking statements generally may be identified by the use of forward looking words such as 'aim', 'anticipate', 'believe', 'estimate', 'expect', 'forecast', 'foresee', 'future', 'intend', 'likely', 'may', 'planned', 'potential', 'should', or other similar words.

Neither Orion Health nor any other person gives any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward looking statements in this Booklet will actually occur. You are cautioned against relying on any such forward looking statements.

Privacy and personal information

Orion Health may collect personal information in the process of implementing the Offer. Such information may include the name, contact details, bank account number and shareholdings of Shareholders and the name of persons duly authorised by Shareholders to accept the Offer. The primary purpose of the collection of personal information is to assist Orion Health to conduct and implement the Offer. Personal information of the type described above may be disclosed to the Registrar, print and mail service providers, related companies of Orion Health and Orion Health's service providers and advisers. Shareholders have certain rights to access personal information that has been collected. You should contact the Registrar, in the first instance, if you wish to access your personal information.

Effect of rounding

A number of figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Booklet are subject to the effect of rounding. Accordingly, actual calculations may differ from amounts set out in this Booklet.

Defined terms

Capitalised terms set out in this Booklet have the meanings given to them in the Glossary.

Currency

In this Booklet, a reference to \$ or NZ dollars is to New Zealand dollars, unless otherwise stated.

Date of this Booklet

This Booklet is given on 3 December 2018.

CONTENTS

SECTION	CONTENT	PAGE
01	OFFER HIGHLIGHTS	6
02	SUMMARY OF THE OFFER	7
03	KEY DATES	8
04	CHAIRMAN'S LETTER	9
05	INTRODUCTION	10
06	YOUR PARTICIPATION IN THE OFFER	10
07	BOARD AND SHAREHOLDER AUTHORISATION	10
08	MINIMUM HOLDINGS	11
09	HOW TO ACCEPT THE OFFER	11
10	STATUS OF ACCEPTANCES	12
11	PAYMENT FOR YOUR SHARES	12
12	YOUR OBLIGATIONS	12
13	CONDITIONS	13
14	TAXATION EFFECTS OF THE OFFER	13
15	OVERSEAS SHAREHOLDERS	14
16	ENTITLEMENT TO PARTICIPATE	14
17	DIRECTORS AND RELATED PARTIES	14
18	FINANCIAL CONSEQUENCES OF THE OFFER	15
19	COMPANIES ACT / NZX LISTING RULES	15
20	TAKEOVERS CODE	15
21	GLOSSARY	16
22	DIRECTORY	18

- Orion Health is offering to purchase Shares in Orion Health, for NZ\$1.224 for each Share, payable in cash.
- Orion Health is offering to acquire 100%, 50% or 20% of Shares held by Shareholders on the Record Date (subject to Minimum Holding requirements). If you:
 - **accept the Offer in respect of 100% of your Shares**, Orion Health will buy all of your Shares and you will no longer be a Shareholder in Orion Health;
 - **accept the Offer in respect of 50% of your Shares**, Orion Health will buy half of your Shares and you will retain the remaining 50% of your Shares in Orion Health;
 - **accept the Offer in respect of 20% of your Shares**, Orion Health will buy 20% of your Shares and you will retain the remaining 80% of your Shares in Orion Health; or
 - **do not accept the Offer**, you will retain all of your current shareholding in Orion Health.
- The purpose of the Offer is to return surplus capital to Shareholders following the Hg Transaction. Shareholders can decide whether or not to continue to be invested in Orion Health and the level of their investment.
- Orion Health's major Shareholder, McCrae Limited, will participate in the Offer in respect of 20% of its Shares. McCrae Limited's level of ownership of Orion Health following the completion of the Offer will depend on the extent to which other Shareholders participate in the Offer but could be anywhere between 44.16% and 100%.
- In the event that McCrae Limited and its associates hold or control more than 90% of the Shares following completion of the Offer it must either proceed to compulsory acquisition, or give Shareholders the ability to sell their Shares to it. In both of those scenarios, the acquisition price may differ from the Offer price. There is no guarantee

that, following completion of the Offer, that the Share price will be the same or higher than the Offer price.

Closing date

The Offer closes at 7.00pm (NZ time) on 4 January 2019 (unless extended by Orion Health).

How to accept the Offer

- If you wish to accept the Offer in respect of your Shares, please refer to Section 9 (How to accept the Offer) of this Booklet, and complete the Buyback Acceptance Form enclosed with this Booklet and return it to the Registrar by mail, hand delivery, fax or email.
- You may complete the Buyback Acceptance Form online at: www.orionhealthshareoffer.co.nz. You will be required to enter your Holder Number and Entitlement Number for validation.

Payment for your Shares

If you choose to participate in respect of some or all of your Shares, you will be paid for those Shares no later than five business days following receipt by the Registrar of your duly completed Buyback Acceptance Form (either online or physically). Payments will be made to you by direct credit to the bank account number registered to your shareholding held by the Registrar or the bank account number you specify in the Buyback Acceptance Form.

Taxation

A summary of taxation effects of the Offer can be found on Page 13 of this booklet. It is general in nature and addresses at a high level certain New Zealand income tax consequences of the Offer. The summary is based on New Zealand tax law as at the date of this Booklet. Shareholders should obtain independent advice as to the taxation effects of the sale of Shares pursuant to the Offer from an appropriately qualified taxation advisor, in light of their individual circumstances.

This is a summary of the Offer. Detailed terms and conditions are set out on the following pages. You should read these carefully. Orion Health is offering to acquire some or all of your ordinary shares (Shares) in Orion Health for NZ\$1.224 per Share (the **Offer**). The key terms of the Offer are summarised below:

OFFER PRICE	NZ\$1.224 for each Share, payable in cash (with the aggregate purchase price rounded down to the nearest whole cent)
SHARE BUYBACK OFFER	Orion Health is offering to acquire either 100%, 50% or 20% of Shares, rounded down to the nearest whole Share taking into consideration the Minimum Holding, held by you at 7.00pm (NZ time) on Friday 30 November 2018 (the Record Date).
CURRENT MARKET PRICE	The market price for Shares at the close of trade on 30 November 2018 was NZ\$1.17.
DO I HAVE TO PARTICIPATE?	No – participation in the Offer is not mandatory and you do not have to sell your Shares if you do not want to. If you choose not to participate, you will retain your current shareholding in Orion Health.
WHO IS ELIGIBLE TO PARTICIPATE?	You may participate if you hold Shares at the Record Date.
HOW DO I ACCEPT THE OFFER?	If you wish to accept the Offer in respect of your Shares, please refer to Section 9 (How to accept the Offer) of this Booklet and the Buyback Acceptance Form enclosed with this Booklet (which you may complete online).
CLOSING DATE	7.00pm (NZ time) on Friday 4 January 2019 (unless extended by Orion Health).
BROKERAGE COSTS	You will not pay any brokerage costs if you accept the Offer.
MAJOR SHAREHOLDER HAS AGREED TO ACCEPT THE OFFER	McCrae Limited will participate in the Offer in the same way as all Shareholders, although it has committed in advance that it will only participate in respect of 20% of its Shares.
WHO AUTHORISED THE OFFER?	At the Annual Shareholders' Meeting, Shareholders approved the Board's proposal to buy back Shares from Shareholders following the completion of the Hg Transaction.
CAN I SELL MY SHARES NOW?	Yes. You can sell your Shares on market at the prevailing market price (which may be more or less than the Offer price) at any time, except if you have already returned your duly completed Buyback Acceptance Form to the Registrar (online or physically).
IF I CHOOSE TO PARTICIPATE, WHEN WILL I BE PAID FOR MY SHARES?	If you choose to participate in respect of some or all of your Shares, you will be paid for those Shares no later than five business days following receipt by the Registrar of your duly completed Buyback Acceptance Form (either online or physically).
IMPORTANT CONTACTS	If you have any questions about the Offer or you require further copies of this Booklet or its enclosures (including the Buyback Acceptance Form), you should contact the Registrar, Link Market Services Limited: Telephone: +64 9 375 5998 Fax: +64 9 375 5990 Email: applications@linkmarketservices.co.nz Alternatively, you should contact your financial, investment, taxation or legal adviser.

INDICATIVE DATE AND TIME**EVENT**

7.00pm (NZ time)
Friday 30
 November 2018

Record Date – for determining Shareholder entitlement to participate in the Offer

Monday 3
 December 2018

Booklet – date this Booklet was distributed

7.00pm (NZ time)
Friday 4
 January 2019

Closing Date – for Buyback Acceptance Forms for the Offer to be received by the Registrar either physically or online (unless extended by Orion Health)

All dates in the table above are indicative only. Any material updates to the timetable will be announced via the NZX Market Announcement Platform (MAP) and notified on Orion Health's website at www.orionhealth.com. All references to time in this Booklet are references to New Zealand time, unless otherwise stated. Any obligation to do an act by a specified time in New Zealand time must be done at the corresponding time in any other jurisdiction.

Orion Health

In this Booklet, **Orion Health** is used to refer to Orion Health Group Limited and the group comprising Orion Health Group Limited and its related companies, as the context requires.

3 December 2018

Dear Shareholders,

On behalf of the Board of Orion Health, I am pleased to make the share buyback offer available to Orion Health Shareholders on the terms set out in this Booklet. The Offer is now open, following the completion of the Hg Transaction.

At the Annual Shareholders' Meeting, the Board indicated the Offer would take place, at an estimated price range of NZ\$1.16 to NZ\$1.26 per Share which was subsequently updated to NZ\$1.20 to NZ\$1.25 per Share on 5 November 2018, with the final Offer price to be determined by the Board closer to the time. The Board have now determined an Offer price of NZ\$1.224 per Share. In determining this Offer price, the Board has considered Orion Health's available cash immediately following completion of the Hg Transaction, taking into account transaction costs and working capital adjustments in relation to the Rhapsody Sale, and the ongoing requirements of Orion Health's Hospitals business.

You may accept the Offer in respect of 20%, 50% or 100% of your Shares. This gives you the option to choose to remain invested in Orion Health in respect of some, or all, of your Shares. Orion Health's largest Shareholder, McCrae Limited (which is associated with CEO Ian McCrae), has given confirmation of its intention to participate in the Offer in respect of 20% of its Shares. As the Offer progresses, we will notify Shareholders of the level of acceptances and the resulting percentage ownership of McCrae Limited.

Your decision on how to participate in the Offer is important, regardless of how many Shares you own. I strongly encourage you to carefully consider how you wish to participate.

Please read this Booklet carefully and in full. It contains important information which you should consider before you return the enclosed Buyback Acceptance Form. You may also wish to seek independent legal, financial, taxation and other professional advice when considering how to participate in the Offer.

On behalf of Directors, I would like to thank you for your ongoing support as we move to Orion Health's next chapter.

Yours sincerely,



Andrew Ferrier
Chairman, Orion Health

Following completion of the Hg Transaction, Orion Health is offering to purchase from you, some, or all, of your Shares in Orion Health, for NZ\$1.224 per Share (with the aggregate purchase price rounded down to the nearest whole cent).

The purpose of the Offer is to return surplus capital to Shareholders following the completion of the Hg Transaction. Further, given the significant change to Orion Health following the Hg Transaction, the Offer allows Shareholders to decide whether or not to continue to be invested in Orion Health (and, if so, the extent of that investment).

You have the option to accept the Offer in respect of 20%, 50% or 100% of your Shares. If you:

- **accept the Offer in respect of 100% of your Shares,** Orion Health will buy all of your Shares and you will no longer be a Shareholder in Orion Health;
- **accept the Offer in respect of 50% of your Shares,** Orion

Health will buy half of your Shares and you will retain the remaining 50% of your Shares in Orion Health;

- **accept the Offer in respect of 20% of your Shares,** Orion Health will buy 20% of your Shares and you will retain the remaining 80% of your Shares in Orion Health; or
- **do not accept the Offer,** you will retain all of your current shareholding in Orion Health.

All Shareholders that elect to participate in the Offer will receive the same price per Share that is bought back at NZ\$1.224 per Share. The Offer price was determined by the Board, after carefully considering Orion Health's available cash following completion of the Hg Transaction, taking into account transaction costs and working capital adjustments in relation to the Rhapsody Sale, and the anticipated capital needs of Orion Health's Hospitals business.

06

YOUR PARTICIPATION IN THE OFFER

Your participation in the Offer is voluntary. You can accept the Offer in respect of all of your Shares, some of your Shares (either 50% or 20%), or not accept the Offer at all. If you do not wish to accept the Offer, you do not need to take any further action, nor return the enclosed Buyback Acceptance Form.

If you retain some or all of your Shares, your proportionate ownership in Orion Health following the Offer will depend on the extent to which other Shareholders take up the Offer. As the Offer progresses, we will notify Shareholders of the level of acceptances and the resulting percentage ownership of McCrae Limited. If you sell all of your Shares through the Offer, you will no longer be a Shareholder in Orion Health following completion of that sale.

You have until the Closing Date (7.00pm (NZ time) on 4 January 2019) (unless extended by Orion Health) to elect to participate in the Offer. If you would like to accept the Offer in respect of some or all of your Shares, please complete and return the enclosed Buyback Acceptance Form in accordance with the instructions set out in this Booklet and on the form itself. If you prefer, you may complete your Buyback Acceptance Form online at www.orionhealthshareoffer.co.nz. You will not need to pay any brokerage fees if you accept the Offer. See further details about your entitlement to participate at Section 16 (Entitlement to Participate) below.

07

BOARD AND SHAREHOLDER AUTHORISATION

Shareholders approved the Offer (by way of special and ordinary resolution) at the Annual Shareholders' Meeting on 28 September 2018.

Further, it was necessary that the Hg Transaction completed, which occurred on 31 October 2018.

In formulating the Offer, the Board has determined:

- a. that the Offer is in the best interests of Orion Health;
- b. that the terms of the Offer and the consideration to be offered for the Shares are fair and reasonable to Orion Health; and

- c. that it is not aware of any information that has not been disclosed to Shareholders:
 - which is material to the assessment of the value of the Shares; and
 - as a result of which the terms of the Offer and the consideration offered for the Shares are unfair to Shareholders accepting the Offer.

If you hold a number of Shares less than a Minimum Holding (i.e., 200 Shares or fewer), you cannot elect to participate in the Offer in respect of some of your Shares. This means that you must elect to either:

- accept the Offer in full (i.e., by selling all of your Shares to Orion Health), by returning the completed Buyback Acceptance Form; or
- not accept the Offer (i.e., choosing not to sell any of your Shares to Orion Health). This means that you will retain your current shareholding in Orion Health.

You are not able to select an option which would leave you with less than a Minimum Holding (i.e., 200 Shares or fewer). If you do so, Orion Health will round up your election so that all of your Shares are bought back so that you are not left with less than a Minimum Holding.

The Board notified Shareholders on 7 September 2018 that, following the Offer and at the expiry of three months from that date, it may exercise its right (under Orion Health’s constitution and the NZX Listing Rules) to require the compulsory sale of Shares by Shareholders that hold less than the Minimum Holding (i.e., 200 Shares or fewer). If you hold less than a Minimum Holding, you can utilise the Offer to sell your Shares, or sell your Shares on market, or otherwise increase your shareholding above the Minimum Holding (to retain your Shares), before Orion Health moves to sell shareholdings less than the Minimum Holding.

HOW TO ACCEPT THE OFFER

If you wish to accept the Offer in respect of some, or all, of your Shares, you must either:

- complete the Buyback Acceptance Form online at www.orionhealthshareoffer.co.nz, following the instructions on that website and as set out in this Booklet. You will be required to enter your Holder Number and Entitlement Number for validation. The Holder Number and Entitlement Number can be found on the Buyback Acceptance Form. If you complete the Buyback Acceptance Form online, you do not need to return the copy enclosed with this Booklet.

OR

- complete and sign the enclosed Buyback Acceptance Form, in accordance with the instructions set out in this Booklet and on the form itself; and
- return the completed and signed Buyback Acceptance Form by mail (in the enclosed envelope), hand delivery, facsimile or email so as to be received by the Registrar no later than 7.00pm (NZ time) on the Closing Date, at:
 - **by mail:** Link Market Services Limited, PO Box 91976, Auckland 1142, New Zealand
 - **deliver:** Link Market Services Limited, Level 11, Deloitte Centre, 80 Queen Street, Auckland 1010, New Zealand
 - **by fax:** +64 9 375 5990
 - **by email:** applications@linkmarketservices.co.nz (please use “Orion Health Share Buyback” as the subject for easy identification)

No acknowledgement of receipt of acceptances of the Offer will be issued, unless you complete your Buyback Acceptance Form online, in which case you will be emailed a confirmation of receipt. If your Buyback Acceptance Form is received after 7.00pm (NZ time) on the Closing Date, it may be accepted by Orion Health in its absolute discretion. Orion Health, in its absolute discretion, may treat a Buyback Acceptance Form as valid notwithstanding that it does not otherwise comply with the instructions in this Booklet or on the form itself. Additionally, Orion Health may, in its absolute discretion, rectify any errors in, or omissions from, a Buyback Acceptance Form to enable that form to constitute a valid acceptance of the Offer and to facilitate the acquisition by Orion Health of the relevant Shares. In these circumstances, you acknowledge that payment for your Shares sold under the Offer may be delayed until such time as Orion Health or the Registrar is satisfied with, or has been provided with, the requirements that are missing.

Filling out and returning the Buyback Acceptance Form (either online or physically) constitutes an irrevocable acceptance by you of Orion Health's Offer to acquire the Shares specified in the Buyback Acceptance Form, on the terms and conditions set out in this Booklet and the Buyback Acceptance Form. Once your Buyback Acceptance Form has

been received by the Registrar, it cannot be withdrawn or revoked by you without Orion Health's prior consent.

Shares will be cancelled when bought back in accordance with the Companies Act.

Payment will be made to you by direct credit in NZ dollars. You will be paid by direct credit to:

- the bank account number registered to your shareholding held by the Registrar; or
- the bank account number you specify in Part B of the Buyback Acceptance Form.

If the Registrar does not hold on record a bank account number for you, and you do not specify a bank account number on the Buyback Acceptance Form, or if you do not hold a bank account, the amount payable will be retained until such time you provide a bank account for payment. Payments

to a non-NZ dollar bank account will be converted into the currency of your supplied bank account and the currency conversion will be completed at the contracted rate at the time of payment. Any fees payable in respect of the payment to a non-New Zealand bank account will be your responsibility, and may be deducted from the net amount paid to the relevant account.

The consideration for the Shares sold by you to Orion Health under the Offer will be paid in accordance with the above no later than five business days following receipt by the Registrar of your duly completed Buyback Acceptance Form.

If you choose to participate in the Offer (including, for the avoidance of doubt, in respect of the sale of your Minimum Holding), in accordance with this Booklet and the instructions on the Buyback Acceptance Form, you must ensure, and are deemed to warrant to Orion Health:

- that you accept the terms of the Offer as set out in this Booklet and the Buyback Acceptance Form (without modification);
- that you are, and will remain until Settlement, the legal and beneficial owner of the Shares for which you have accepted the Offer or that you are, and will remain until Settlement, the legal owner of those Shares and have the necessary power, capacity and authority to accept the Offer;
- that, on Settlement, legal and beneficial title to the relevant Shares will transfer to Orion Health free from all liens, charges, mortgages, encumbrances and other adverse interests (and you acknowledge that such Shares will be cancelled on acquisition). This means that, once

you have returned your Buyback Acceptance Form to the Registrar (either online or physically), you will not be able to trade or otherwise encumber any of the Shares you have elected to sell to Orion Health;

- the Buyback Acceptance Form has been duly and validly completed and signed; and
- that your participation in the Offer is based solely on reliance on your own judgement and not on any representation, warranty or statement made by Orion Health or its Board (except as expressly set out in this Booklet or any NZX announcement in connection with the Offer).

The Offer is conditional on, and subject to the following:

- no matter or circumstance arising on or prior to Settlement which would give rise to the application of section 52(3) of the Companies Act (being a matter or circumstance which would result in the Board of Orion Health ceasing to be satisfied, on reasonable grounds, that Orion Health will, immediately after settlement of the Offer on Settlement, satisfy the solvency test set out in the Companies Act);
- no restraining order being in place on Settlement in respect of the Offer; and
- the Board of Orion Health remaining satisfied, on Settlement, that the acquisition of Shares on the basis

contemplated by this Booklet will not result in any breach of law, the NZX Listing Rules, Orion Health's constitution or otherwise be likely to give rise to adverse tax consequences for Orion Health or all or a significant number of Shareholders.

These conditions are solely for the benefit of Orion Health and may, to the extent capable of waiver, be waived by Orion Health in its sole discretion. If the conditions are not satisfied or waived prior to 11.00am (NZ time) on any Settlement, the Offer will lapse and Orion Health will not, and will not be required to, acquire any Shares from any Shareholder pursuant to the Offer on or after that time and date.

TAXATION EFFECTS OF THE OFFER

The following summary is general in nature and addresses at a high level certain New Zealand income tax consequences of the Offer. The summary is based on New Zealand tax law as at the date of this Booklet. Shareholders should obtain independent advice as to the taxation effects of the sale of Shares pursuant to the Offer from an appropriately qualified taxation advisor, in light of their individual circumstances.

General

Depending on the rates of acceptance, amounts paid for Shares pursuant to the Offer could be treated either as a return of capital or a taxable dividend. That classification will depend on whether Orion Health makes a 10% or greater capital reduction for tax purposes. Given that McCrae Limited has committed to participate in the Offer in respect of 20% of its Shares (being 19,505,344 Shares of the 196,197,804 Shares on issue as at the date of this Booklet), acceptances from only another approximately 0.1% of its Shares would be required to satisfy this threshold. It is therefore anticipated that this threshold will be met.

If, as anticipated, Offer acceptances are such that the amount paid to Shareholders for the acquisition of their Shares is 10% or more of the market value of all Shares in Orion Health, then any amount paid to you should not be a taxable dividend. That amount would therefore be tax-free, provided that you hold your Shares on capital account for tax purposes.

If instead you hold your Shares on revenue account, that is you:

- acquired your Shares for the purpose of resale;
- are in the business of dealing in shares or similar property (and the Shares relate to that business); or
- sell your Shares in the course of a profit-making undertaking or scheme,

then although the payment would not be a dividend, the amount paid to you for the acquisition of your Shares would be taxable income. You may be entitled to a deduction for the cost of acquiring those Shares. Revenue account holders should seek independent tax advice in relation to the implications for them of accepting the Offer.

Although unlikely, if Offer acceptances are such that the amount paid to Shareholders for the acquisition of their Shares is less than 10% of the market value of all Shares in Orion Health, then the amount paid to you will be treated as a taxable dividend.

Miscellaneous

No New Zealand goods and services tax, or other stamp duty or transfer tax, will become payable as a consequence of the Offer.

This Offer is being undertaken in accordance with New Zealand law. If you are an overseas resident investor in Orion Health, you should seek legal advice in relation to your participation in the Offer.

Australian shareholders should note that, as set out in Orion Health's Notice of Annual Shareholders' Meeting, the Board has determined that Orion Health will apply to be de-listed from the ASX which will mean that Shares will only be able to be traded on NZX. Participation in the Offer is a way in which Australian shareholders could realise their investment in Orion Health before Orion Health is delisted from ASX.

This Offer is made by Orion Health to Shareholders who were registered holders of Shares at 7.00pm (NZ time) on the Record Date, in respect of Shares held by that Shareholder at that time. If you were not a registered Shareholder at 7.00pm (NZ time) on the Record Date, for example, if you acquired

your Shares after that time, you are not eligible to participate in the Offer. Similarly, if you were a Shareholder as at 7.00pm (NZ time) on the Record Date, but became the registered holder of further Shares after that time, you are not entitled to participate in the Offer in respect of those further Shares.

Directors of Orion Health, and other related parties of Orion Health, are entitled to participate in the Offer on the same basis as all other Shareholders, provided that they were Shareholders at 7.00pm (NZ time) on the Record Date.

Orion Health's major Shareholder, McCrae Limited, will participate in the Offer in the same way as other Shareholders, although it has committed in advance that it will only participate in respect of 20% of its Shares.

McCrae Limited's level of ownership of Orion Health following the completion of the Offer is not known at this stage, as it depends on the extent to which other Shareholders participate in the Offer. The range of potential outcomes is wide. Given McCrae Limited's commitment to participate in the Offer in respect of 20% of its Shares:

- if no other Shareholders participated in the Offer, McCrae Limited's ownership would be diluted from 49.71% to 44.16%; or
- if all other Shareholders participated in the Offer in respect of 100% of their Shares, McCrae Limited's ownership would be increased from 49.71% to 100%.

As a result, McCrae Limited's proportionate ownership of Orion Health after the completion of the Offer could be anywhere between 44.16% and 100%, depending on the level of participation of other Shareholders in the Offer.

In the event that McCrae Limited and its associates hold or control more than 90% of the Shares following completion of the Offer, it would be required to initiate a process in accordance with the Takeovers Code whereby it would be required to elect to either compulsorily acquire all of the outstanding Shares not owned by it or its associates or to give the remaining Shareholders the opportunity to voluntarily sell their Shares to it. The price offered by McCrae Limited in relation to a compulsory acquisition under the Takeovers Code must be certified as fair and reasonable by an independent adviser, but is not required to be the same as the price under the Offer. If sufficient Shareholders object, they may be entitled to refer the price offered to expert determination. However, the expert may determine a fair and reasonable consideration that is different from, and may be lower than, the Offer price.

If McCrae Limited compulsorily acquired the Shares it does not own, this would result in Orion Health being de-listed from the NZX Main Board and the ASX (if the proposed ASX de-listing has not already occurred).

FINANCIAL CONSEQUENCES OF THE OFFER | 18 |

Orion Health's available cash following the Offer will depend on the level of participation by Shareholders in the Offer. Indicatively, Orion Health has surplus cash of approximately NZ\$160 million following completion of the Hg Transaction. If all Shareholders accept the Offer in respect of all of their Shares, other than McCrae Limited which has committed to accept the Offer in respect of 20% of its Shares (described

above in Section 17), then the amount of capital to be returned to Shareholders is expected to be approximately NZ\$145 million. In addition, in connection with the Offer, Orion Health will make payments to holders of approximately 2.3 million restricted stock units that will represent, in aggregate, a further NZ\$2.8 million to NZ\$2.9 million. Both calculations are based on the Offer price of NZ\$1.224.

COMPANIES ACT / NZX LISTING RULES | 19 |

Clause 5.1 of Orion Health's constitution allows it to acquire its own Shares.

This Offer to acquire Shares is permitted by, and undertaken in accordance with, section 60 of the Companies Act and NZX Listing Rule 7.6.1(b).

The Board has unanimously passed the resolutions and signed the certificates required by sections 52(1), 52(2), 60(3) and 60(5) of the Companies Act.

TAKEOVERS CODE | 20 |

Given that Shares acquired by Orion Health under the Offer will be cancelled on Settlement, your percentage shareholding in Orion Health may increase immediately after that cancellation. The Takeovers Code prohibits Shareholders from increasing their percentage voting control (when aggregated with the voting control of their associates) above 20%, except through a procedure permitted by the Takeovers Code (such as a takeover offer, or with shareholder approval).

However, the Takeovers Code (Class Exemptions) (No 2) Notice 2001 provides certain exemptions. If you consider that the Takeovers Code may apply to you as a consequence of the Offer, you should seek legal advice.

See also the discussion in relation to McCrae Limited under Section 17.

The meaning of terms in this Booklet are set out below:

Annual Shareholders' Meeting	means the annual Shareholders' meeting of Orion Health held on 28 September 2018
associate	has the same meaning as in Rule 4 of the Takeovers Code and associated has the corresponding meaning
ASX	means ASX Limited and where the context requires, the Australian Securities Exchange which it operates
Board	means the board of Directors of Orion Health
Booklet	means this document
Buyback Acceptance Form	means the acceptance form accompanying this Booklet
Closing Date	means, unless extended by Orion Health, 7.00pm (NZ time) on 4 January 2019, being the date that the Offer closes for acceptance by Shareholders
Companies Act	means the Companies Act 1993 (New Zealand)
Directors or Director	means a member or members of the Board of Orion Health
Hg	means Hg Mercury 2 fund or HgCapital LLP (as the context requires)
Hg Transaction	means the Rhapsody Sale and the investment by Hg in Orion Health's Population Health Management business
Minimum Holding	means the minimum holding of Shares as defined under the NZX Listing Rules
NZX	means NZX Limited
NZX Listing Rules	means the listing rules of the NZX Main Board and Debt Market operated by NZX
Offer	means the share buyback offer by Orion Health of Shares, as described in this Booklet
Orion Health	means Orion Health Group Limited
Record Date	means 7.00pm (NZ time) on 30 November 2018

Registrar	means Link Market Services Limited, Orion Health's share registrar
related company or related companies	in relation to a company, has the meaning given to that expression in section 2(3) of the Companies Act read as if a reference to a "company" was a reference to any body corporate wherever incorporated
Rhapsody	means Orion Health's Rhapsody business and associated assets (including the Rhapsody software)
Rhapsody Sale	means the sale of Orion Health's Rhapsody business by Orion Health to Hg
Settlement	means each date that Orion Health makes payment as consideration for any Shares sold to Orion Health under the terms and conditions of the Offer
Share	means a fully paid ordinary share in the capital of Orion Health
Shareholder	means a person registered in Orion Health's share register as a holder of Shares
Takeovers Code	means the Takeovers Code recorded in the Takeovers Code Approval Order 2000 (SR2000/210) (New Zealand), as amended, including any applicable exemption granted by the Takeovers Panel

Directors

Andrew Ferrier, Chairman
Paul Shearer
John Halamka
Michael Falconer
Ian McCrae, Chief Executive Officer

Lawyers

Bell Gully

Share Registrar

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Email: applications@linkmarketservices.co.nz

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Shareholder Information Line

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Orion Health Group Limited

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