

DISCLOSURE OF BEGINNING TO HAVE SUBSTANTIAL HOLDING

Section 276, Financial Markets Conduct Act 2013

TO: NZX Limited

and

TO: Abano Healthcare Group Limited

Date this disclosure made: 23 May 2016

Date on which substantial holding began: 20 May 2016

Substantial product holder giving disclosure

Full name:

Peter Lionel Hutson, Lewis Thomas Grant and Anya Lee Hutson as trustees of the SF No. 2 Trust

Summary of substantial holding

Class of quoted voting products: Ordinary shares in Abano Healthcare Group Limited (NZSX Code: ABA) ("**ABA**")

Summary for: Peter Lionel Hutson, Lewis Thomas Grant and Anya Lee Hutson as trustees of the SF No. 2 Trust ("**SF No. 2 Trust**")

For this disclosure:

- | | |
|-------------------------------------|------------|
| (a) total number held in class: | 4,063,549 |
| (b) total in class: | 21,270,984 |
| (c) total percentage held in class: | 19.10% |

Details of relevant interests

Details for: SF No. 2 Trust

Nature of relevant interest(s): The SF No. 2 Trust has an understanding with Scott Eric Wright, Alison McRae Wright and David Pitfield as trustees of the Scott and Alison Wright Family Trust ("**Wright Trust**") in relation to the shares in Healthcare Industry Limited ("**HIL**") held by the Wright Trust. The Wright Trust is deemed by the Financial Markets Conduct Act 2013 to have the relevant interest in financial products of ABA that HIL has and the SF No. 2 Trust will acquire such a relevant interest upon acquiring that shareholding in HIL

For that relevant interest:

- | | | |
|-----|---|--|
| (a) | number held in class: | 4,063,549 |
| (b) | percentage held in class: | 19.10% |
| (c) | current registered holder(s): | ASB Nominees Limited, National Nominees Limited, James Livingstone Reeves, Nicola Jane Reeves and Gary Chapman Trustees Limited and James Livingstone Reeves |
| (d) | registered holder(s) once transfers are registered: | NA |

Details of transactions and events giving rise to substantial holding

Details of the transactions or other events requiring disclosure:

HIL is the beneficial owner of 3,045,646 ordinary shares in ABA.

Steamboat Capital Limited is a representative of James Livingstone Reeves, Field Nominees Limited on behalf of the Reeves Border Trust and James Livingstone Reeves, Nicola Jane Reeves and Gary Chapman Trustees Limited as trustees of the Ballroom Trust. Persons and entities represented by Steamboat Capital Limited are the registered holders and/or beneficial owners of, in aggregate, 1,017,903 ordinary shares in ABA.

On 27 April 2016 ABA gave notice to the SF No. 2 Trust and the Wright Trust that it had received an unsolicited offer for all of the shares in Bay International Limited ("**BIL**") held by ABA. On 20 May 2016 the SF No. 2 Trust gave notice to ABA exercising its pre-emptive rights to acquire such shares pursuant to the Shareholders' Deed Relating to Bay International Limited dated 3 November 2009 between ABA, the SF No. 2 Trust, the Wright Trust and others.

In connection with the proposed acquisition of ABA's shares in BIL, the SF No. 2 Trust has reached an understanding with the Wright Trust to acquire on or about 23 May 2016 all of the shares in BIL and HIL held by the Wright Trust. The consideration to be paid by the SF No. 2 Trust to the Wright Trust for its shares in, and shareholder loans to, HIL is \$4,791,572.03. Upon completion of such acquisition, the SF No. 2 Trust will become the holder of 50% of the shares in BIL (with ABA holding the other 50%) and will become the holder of 36% of the shares in HIL (with trustees of trusts associated with the SF No. 2 Trust holding the remaining shares in HIL).

Upon the SF No. 2 Trust acquiring ABA's shares in BIL, the SF No. 2 Trust will be the sole shareholder of BIL. This acquisition is likely to be subject to ABA shareholder approval.

It is proposed that Healthcare Partners Finance Limited advance funds to the SF No. 2 Trust to enable it to acquire the Wright Trust's shares in BIL and HIL. Healthcare Partners Finance Limited intends to obtain bank financing and an advance from Healthcare Partners Limited to enable it to make such advance to the SF No. 2 Trust. Upon the SF No. 2 Trust acquiring ABA's shares in BIL it intends to obtain further advances from Healthcare Partners Finance Limited to enable it to satisfy the purchase price for such shares and Healthcare Partners Finance Limited intends to obtain such funds from additional bank financing, advances from Healthcare Partners Limited and possibly advances from other debt and/or equity sources. It is proposed that Healthcare Partners Limited obtain funds for the advances to be made by it to Healthcare Partners Finance Limited from shareholder loans.

It is proposed that HIL and persons and entities represented by Steamboat Capital Limited provide guarantees in respect of the bank financing provided to Healthcare Partners Finance

Limited described above and will grant security over the shares held by them in ABA in support of such guarantees.

Healthcare Partners Finance Limited is a wholly owned subsidiary of Healthcare Partners Limited. The shareholders of Healthcare Partners Limited are the SF No. 2 Trust and Steamboat Capital SPV Limited (an entity associated with James Livingstone Reeves). Healthcare Partners Finance Limited is the sole shareholder of HPL Holdings Limited.

The SF No. 2 Trust, Healthcare Partners Limited and HPL Holdings Limited have reached an understanding that, in the event that the SF No. 2 Trust becomes the sole shareholder of BIL, the SF No. 2 Trust will transfer the shares it holds in BIL to HPL Holdings Limited.

The SF No. 2 Trust, HIL, Steamboat Capital Limited and the persons and entities represented by Steamboat Capital Limited have reached an understanding that, in the event that the SF No. 2 Trust acquires the Wright Trust's shares in BIL but does not become the sole shareholder of BIL, HIL will transfer the shares it holds in ABA to Steamboat Capital Limited (or its nominee) at a price of \$7.50 per ABA share.

The SF No. 2 Trust, Steamboat Capital Limited and the persons and entities represented by Steamboat Capital Limited may, from time to time, engage in discussions regarding their intentions, and agree to act in concert, in respect of the shares in ABA in which they have a relevant interest.

Notwithstanding the above, HIL does not control the exercise of voting rights of any person or entity represented by Steamboat Capital Limited and neither Steamboat Capital Limited nor any person or entity represented by Steamboat Capital Limited controls the exercise of voting rights of HIL.

Additional information

Address(es) of substantial product holder(s): C/- Cameron Fleming & Associates Limited, Level 19, 48 Emily Place, Auckland

Contact details: Cameron Fleming
Phone: +64 9 368 5813
Email: cfleming@cameronfleming.co.nz

Name of any other person believed to have given, or believed to be required to give, a disclosure under the Financial Markets Conduct Act 2013 in relation to the financial products to which this disclosure relates: Scott Eric Wright, Alison McRae Wright and David Pitfield as trustees of the Scott and Alison Wright Family Trust

Peter Lionel Hutson, Lewis Thomas Grant and Anya Lee Hutson as trustees of the Anya Hutson Trust

Peter Lionel Hutson, Lewis Thomas Grant and Anya Lee Hutson as trustees of the Praxis Trust

Steamboat Capital Limited and/or James Livingstone Reeves, Field Nominees Limited on behalf of the Reeves Border Trust and James Livingstone Reeves, Nicola Jane Reeves and Gary Chapman Trustees Limited as trustees of the Ballroom Trust

Certification

I, Peter Lionel Hutson, certify that, to the best of my knowledge and belief, the information contained in this disclosure is correct and that I am duly authorised to make this disclosure by all persons for whom it is made.