

ABANO ON TRACK WITH POSITIVE ACQUISITION RATE AND PERFORMANCE

- Abano on track to acquire 200th dental practice by end January 2017.
- Year to date, Abano is tracking above financial forecasts for FY17 used in Grant Samuel valuation.
- Improving same store performance trend continuing for Australian dental business.
- In lieu of Dividend Reinvestment Plan, Abano Directors intend to acquire shares on-market with dividend proceeds received in respect of shares they own.
- Healthcare Partners' dividend payment applied to offset a portion of the over \$700,000 in external costs yet to be reimbursed to Abano by Healthcare Partners.

Abano Healthcare Group Limited (NZX: ABA) is on track to acquire its 200th dental practice by the end of January 2017, as it continues to grow the size and scale of its trans-Tasman dental group.

The company is expecting to add an additional 31 dental practices in the 2017 financial year. To date, in this financial year, Abano has acquired 18 practices, expected to deliver approximately \$24 million in additional gross annualised revenues.

Each dental practice acquisition is earnings accretive from day one of acquisition, and provides a return on investment in excess of Abano's Weighted Average Cost of Capital (WACC). Abano's dental practice acquisition rate is dependent on a number of factors including timing of settlement, the requests of the dentist vendor and the location and size of the acquisition.

Following the December trading results, Abano confirms it expects to deliver full year financial results in line with the FY17 financial forecasts detailed in the Grant Samuel Independent Adviser's report¹. In particular, the Australian dental business is continuing its improving trend of monthly same store performance.

Abano Directors to Invest Dividend Proceeds into Shares Acquired On-Market

On 14 December 2016, Abano announced a record interim dividend payment of 16 cents per share, up 60% on the previous first half period (HY16: 10 cents), with payment of the dividend made today. As per Healthcare Partners' offer condition, this dividend payment will be deducted from the offer price payable by Healthcare Partners for Abano shares.

As Healthcare Partners' directors, Peter and Anya Hutson and James Reeves, refused to allow Abano's usual Dividend Reinvestment Plan to be offered for the FY17 interim dividend, Abano's Directors advise that they intend to buy shares on-market with dividends received in respect of shares they own.

Healthcare Partners' Dividend Applied to Offset Non-Payment of Takeover Costs

Abano advises that it has applied today's interim dividend payable to Healthcare Partners Holdings Limited towards offsetting a portion of the takeover costs incurred or committed to by Abano prior to the withdrawal of the second takeover notice by Healthcare Partners on 24 November 2016.

¹ Page 15 Grant Samuel Report

To date, Abano has incurred total external costs of over \$700,000 responding to the partial takeover offer by Healthcare Partners. These costs relate to the first two takeover notices which were withdrawn by Healthcare Partners in November 2016; responding to the third takeover notice and formal takeover offer by Healthcare Partners; and countering the various complaints made by Healthcare Partners to regulators which have all been dismissed.

Under the Takeovers Code, these costs are to be reimbursed by the bidding party. However, Abano has not received any payments or acknowledgement from Healthcare Partners for the reimbursement invoices issued by Abano since November 2016, despite repeated demands.

The Abano Board does not see it as reasonable for Abano and its shareholders to be funding costs in relation to the unsolicited bid by Healthcare Partners.

It has now been two months since the second takeover notice was withdrawn by Healthcare Partners and no costs for these notices have been reimbursed since the first or second withdrawn notices. Accordingly, to ensure Abano's shareholders do not continue to be disadvantaged, Abano has withheld from Healthcare Partners the 16 cent per share dividend paid by Abano today to shareholders, and applied it to the unpaid invoices in relation to costs incurred or committed to prior to Healthcare Partners' withdrawal of their second notice in November 2016.

The Board notes that, following the offsetting of the dividend amount, there is still an outstanding debt to Abano of over \$185,000 in relation to ongoing takeover costs, which is overdue for payment by Healthcare Partners. The Abano Board's expectation is that Healthcare Partners should make payment of this outstanding amount promptly without further delay to ensure Abano shareholders are not further disadvantaged by Healthcare Partners.

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.