

ABANO BOARD RECOMMENDS SHAREHOLDERS REJECT PARTIAL OFFER

The Board of Abano Healthcare Group Limited (NZX: ABA) unanimously recommends that shareholders REJECT the partial takeover offer made on 9 December 2016 by Healthcare Partners Holdings Limited.

This is a company associated with Peter and Anya Hutson and James Reeves who have all been involved in previous attempts to gain control of Abano's businesses and to force changes to Abano's Board.

The reasons for the Abano Board's recommendation are set out in full in the Target Company Statement, which also incorporates the Independent Adviser's Report prepared by Grant Samuel & Associates Limited, and accompanies this announcement.

In summary, the reasons for the Abano Board's recommendation are that:

- The Effective Offer Price is too low and it is only for some of your shares. Your Directors believe that the Effective Offer Price of \$9.84ⁱ significantly undervalues your shares. It is below the bottom end of the Independent Adviser's valuation range of \$9.95 to \$11.96 per Abano share, and 19% below the midpoint of the range.
- The offer is a partial offer. It is NOT an offer for all Abano shares. You will only receive the Effective Offer Price for the shares that are taken up under the offer (potentially only 38% of your shares if all shareholders accepted the offer for all their shares).
- The Implied Weighted Average Offer Value (an important metric which recognises the partial nature of the offerⁱⁱ) is only \$8.87 per share. This is well below the Independent Adviser's valuation range and, at only a 7.3% premium to Abano's 30 day volume weighted average price (VWAP)ⁱⁱⁱ of \$8.27, is materially below the control premium which shareholders should expect.
- The Effective Offer Price does not fairly value, or compensate you, for the control you would be ceding to Healthcare Partners; nor are you compensated for the risk of being a minority shareholder in a company controlled by Healthcare Partners.
- If the offer is successful, it is very likely you will be left with the majority of your shares in Abano (up to 62%). The company would then be under the control of Healthcare Partners and its directors, whose proposed strategy is unproven and unclear. The value of your remaining shares is likely to fall and liquidity (i.e. the ability to sell Abano shares on market) will be significantly reduced.
- Abano has an established and proven strategy and a track record of delivering earnings growth and shareholder value. Healthcare Partners' offer is being made at a time when the value and benefits of Abano's investment into its dental group are just beginning to be realised.

It is important to note that shareholders cannot time their acceptance of the offer to maximise the number of shares taken up. The offer will automatically extend if Healthcare Partners reaches its acceptance target within the last seven days of the offer period. The Abano Board will advise shareholders if Healthcare Partners reaches its acceptance target so that shareholders can consider their options.

In forming its unanimous recommendation to **REJECT** the Offer, the Abano Board has had regard to a number of factors including the merits analysis in the Independent Adviser's Report, and the assumptions and other matters addressed in detail in the Target Company Statement.

The Target Company Statement is available on the Abano website at www.abano.co.nz. The printing and mailing process is underway and printed documents will be sent to shareholders as soon as possible. Shareholders should read the Target Company Statement (including the Independent Adviser's Report) carefully and in full before deciding what action to take in response to Healthcare Partners' offer.

ENDS

Released on behalf of Abano Healthcare Group Limited by Jackie Ellis tel +64 9 360 8500 or email jackie@ellisandco.co.nz

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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.

ⁱ The Effective Offer Price is Healthcare Partners' offer price adjusted, in accordance with the terms of the offer, to deduct Abano's 16 cent per share interim dividend, which was announced by Abano on 14 December 2016.

ⁱⁱ The Implied Weighted Average Offer Value takes into account shares sold into the offer and the value of retained shares if all shareholders accept for all their shares. Refer to page 7 of the Target Company Statement for a more detailed explanation.

ⁱⁱⁱ Refer to page 7 of the Target Company Statement for explanation of 30 day VWAP