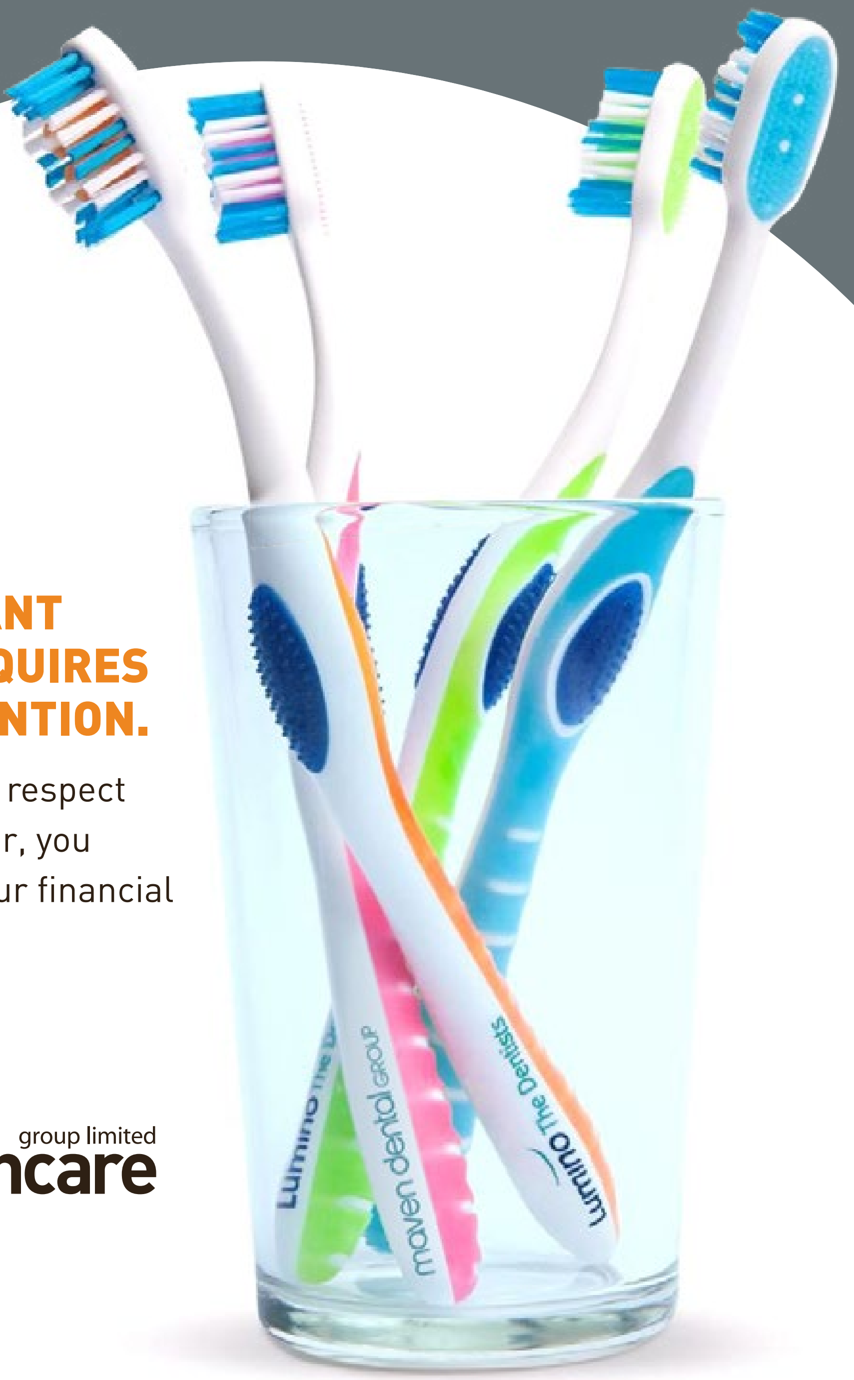
ABANO HEALTHCARE GROUP LIMITED
TARGET COMPANY STATEMENT

IN RESPONSE TO HEALTHCARE PARTNERS HOLDINGS LIMITED'S PARTIAL TAKEOVER OFFER TO PURCHASE 30.99% OF THE SHARES IN ABANO HEALTHCARE GROUP LIMITED

14 DECEMBER 2016

THE ABANO BOARD UNANIMOUSLY RECOMMENDS THAT YOU
REJECT THE OFFER



THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR URGENT ATTENTION.

If you have any questions in respect of this document or the offer, you should seek advice from your financial or legal adviser.

abano healthcare group limited

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It is important that shareholders understand that Healthcare Partners is only making a PARTIAL offer. It is not an offer for all the shares in Abano. It is not 'first in, first served' and there is no advantage for you in accepting early. If the Offer succeeds, it is very likely you will retain the majority of your current shares (up to 62%[1] of your shares) in Abano after the Offer.

THE ABANO BOARD UNANIMOUSLY RECOMMENDS THAT YOU **REJECT THE HEALTHCARE PARTNERS OFFER.**

THERE IS NO ADVANTAGE FOR YOU IN ACCEPTING THE OFFER EARLY.

- Once you have given your acceptance, you cannot change your mind. The Offer price cannot be reduced.
- Acceptances are not treated on a 'first in, first served' basis. Rather, acceptances will be subject to scaling if there are more acceptances under the Offer than the number of shares being sought.
- If Healthcare Partners reaches its acceptance target in the last seven days of the Offer, the offer period will automatically extend for 14 days. If this occurs, or if Healthcare Partners reaches its acceptance target earlier, Abano's Board will let you know as soon as possible so you can choose what to do with your shares.
- If you accept the Offer, you will not be paid for any shares bought from you by Healthcare Partners until after the closing date and the Offer becoming unconditional.
- The Offer must remain open until at least 13 February 2017 (and the closing date may be later than this if Healthcare Partners extends the Offer).

[1] Refer to page 7 of Target Company Statement for an explanation of percentages.

LETTER TO SHAREHOLDERS FROM THE ABANO BOARD

Abano deputy chair, Pip Dunphy and chairman, Trevor Janes

Dear Shareholder

Healthcare Partners Holdings Limited has recently made a partial takeover offer for 30.99% of the shares in Abano Healthcare Group Limited (the '**Offer**') which, if successful, would take Healthcare Partners' shareholding to 50.01% and give it majority control of your company.

The directors of Healthcare Partners are Peter Hutson, Anya Hutson and James Reeves, who have all been involved in previous unsuccessful and disruptive attempts to gain control of Abano and to force changes to Abano's Board to advance their own objectives.

If successful in its bid to become a controlling shareholder, Healthcare Partners would be free to re-set Abano's corporate strategy, control Abano's Board, change the company's dividend policy[2] and approve certain changes to the capital structure. Healthcare Partners has already indicated that it would appoint Peter Hutson, Anya Hutson and James Reeves to Abano's Board and change the company's growth strategy by stopping dental practice acquisitions in the medium term.

THE ABANO BOARD UNANIMOUSLY RECOMMENDS THAT YOU REJECT HEALTHCARE PARTNERS' PARTIAL TAKEOVER OFFER.

The Independent Advisor states that "stopping acquisitions in the medium term, as proposed by Healthcare Partners, will arguably lessen the attractiveness of Abano as a growth investment and, in Australia in particular, may allow competitors to gain market share."[3]

The reasons why the Abano Board recommends you **REJECT THE OFFER** are set out below and detailed in Section 1 of this Target Company Statement.

1. **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 $9.84[4] significantly undervalues your shares. It is below the Independent Adviser's valuation range of $9.95 to $11.96 per share.[5] In addition, it does not fairly value, or compensate you for, the control you would be ceding to Healthcare Partners; nor the risk of remaining a minority shareholder in a company under Healthcare Partners' control.

2. **The Offer is a partial offer. It is NOT an offer for all of your shares.**
   If the Offer succeeds, it is very likely you will be left with the majority of your shares. You will only receive the Effective Offer Price for the shares that are taken up under the Offer (potentially only 38%[6] of your shares if all shareholders accepted the Offer for all their shares). Acceptances are not treated on a 'first in, first served' basis.

3. **Abano has an established and proven strategy and a track record of delivering earnings growth and shareholder value.**

4. **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.**
   The Abano Board believes that the Offer is another attempt by Peter and Anya Hutson and James Reeves to acquire control of Abano's businesses at a low value; and has been timed to obtain the rewards from the investments Abano has already made in the trans-Tasman dental markets.

5. **If the Offer is successful, it is very likely you will retain the majority of your shares in Abano. The company will then be controlled by Healthcare Partners and its directors, whose proposed strategy is unclear and unproven.**
   Healthcare Partners has stated that it will change the strategic direction of your company and stop growth by acquisition in the medium term. This could have a material adverse impact on the value of Abano shares.

6. **If the Offer is successful, the value of your remaining shares is likely to fall and liquidity (i.e. the ability to sell your shares) will be significantly reduced.**

Of particular note is the partial nature of this Offer. Healthcare Partners is only offering to buy 30.99% of the shares in Abano. This means that, if all shareholders were to accept the Offer for all of their shares, only 38% of your shares would be taken up under the Offer. You would remain a shareholder in a company controlled by Healthcare Partners, which has its own agenda and an unproven strategy for Abano.

Abano has an established long term growth strategy which is delivering value to shareholders.

You are currently a shareholder in a high-quality company, with a successful track record and an established and clearly stated growth strategy. Over the long term, this strategy has resulted in significant shareholder returns, delivering a 10-year Total Shareholder Return[7] compound annual growth rate of 22.2%, compared to the NZX 50 gross return of 6.0% and NZX ALL gross return of 6.7%.

Your Board believes the future success of Abano rests on the continuation of Abano's current strategy, which is materially different to what Healthcare Partners is proposing.[8] Your Directors have full confidence in the Abano management team's proven ability to continue to grow the company's financial performance and shareholder value.

All of Abano's Directors and senior management intend to **REJECT** the Healthcare Partners' Offer in respect of all the Abano shares they hold or control. If this changes, shareholders will be advised.

To REJECT the Offer from Healthcare Partners, simply ignore the offer documents and do nothing.

We recommend that you read this Target Company Statement (including the Independent Adviser's Report) carefully and in full and talk to your professional financial or legal adviser if you are unsure on what to do. We will keep you updated on any significant developments as the Offer process continues.

Shareholders with any questions should firstly talk to their professional financial or legal adviser or feel free to contact Richard Keys, Abano's chief executive officer, on +64 9 300 1413 or email richard.keys@abano.co.nz.

Your Directors remain committed to acting in the best interests of all shareholders and protecting your investment. Thank you for your continued support.

Trevor Janes
Chairman

Pip Dunphy
Deputy Chair

Ted van Arkel
Director

Danny Chan
Director

Murray Boyte
Director

Dr Ginni Mansberg
Director

[2] Healthcare Partners has said that it will "continue Abano's existing dividend policy that, subject to relevant factors at the time, the annual dividend paid will be between 50%-70% of Underlying Net Profit After Tax". However, this statement does not prevent Healthcare Partners from influencing the Board to change the company's dividend policy in the future, if the Offer succeeds. In addition, if the Offer succeeds, Healthcare Partners will be able to influence the Board to determine the identity and application of "relevant factors" which influence the effective dividend policy.

[3] Page 33 Independent Adviser's Report.

[4] The Effective Offer Price is the Offer price of $10.00 per share adjusted, in accordance with the terms of Healthcare Partners' Offer, by deducting the amount of the FY17 interim dividend, which the Abano Board has confirmed will be16 cents per share.

[5] Page 23 Independent Adviser's Report.

[6] Refer to page 7 of Target Company Statement for an explanation of percentages.

[7] Total Shareholder Return takes into account share price movement and dividends over the stated time period and is expressed as an annualised percentage.

[8] Although Healthcare Partners has stated that it will continue Abano's acquisition-led growth, it has also said that it will stop acquisitions in the medium term and reduce reliance on debt and equity. This suggests that if Healthcare Partners was to undertake dental practice acquisitions in the long term, those acquisitions would predominantly be funded out of internal cash flow. This would significantly limit the number of practices that could be acquired and represents a material change from Abano's existing growth strategy.

SECTION 1

ABANO BOARD RECOMMENDATION

There are several financial metrics used in the Board letter and this Section 1. For ease of reading, a summary and definition of the key metrics is provided below:

Independent Adviser's valuation range $9.95 to $11.96 per share	The Independent Adviser's valuation range for all of Abano's shares.
Effective Offer Price $9.84 per share	The Offer price of $10.00 per share adjusted, in accordance with the terms of Healthcare Partners' Offer, by deducting the amount of the FY17 interim dividend of 16 cents per share.
30 day VWAP $8.27 per share	$8.27 is the 30 day volume weighted average price for Abano shares prior to Healthcare Partners' first takeover notice, dated 4 November 2016.
Implied Weighted Average Offer Value $8.87 per share	Implied average value per share spread across your holding of Abano shares, based on the assumptions that (1) all shareholders accept the Offer for all of their shares, scaling takes place and therefore only 38.27% of your holding is taken up under the Offer at an Effective Offer Price of $9.84 per share; and (2) your remaining shares are valued at $8.27 per share (the 30 day VWAP) after the Offer. More detail on how this is calculated is on page 10 of the Target Company Statement.
Potential percentage of Abano shares taken up under the Offer (38%) and shares retained post-Offer (62%)	Healthcare Partners is offering to buy 38.27% of all of the shares in Abano (excluding the shares already held by Healthcare Partners). If all shareholders accepted the Offer for all their shares, each individual shareholder would have 38.27% of their shares taken up under the Offer and would retain 61.73% of their Abano shares post-Offer. For ease of reading, these numbers have been rounded to 38% and 62% in the Board Letter and Section 1 of this Target Company Statement.

The Abano Board unanimously recommends that you **REJECT** Healthcare Partners' partial takeover offer.

WHY YOU SHOULD **REJECT HEALTHCARE PARTNERS' OFFER**

1. **The Effective Offer Price is too low and it is only for some of your shares.** Your Directors believe that the Effective Offer Price significantly undervalues your shares. In addition, it does not fairly value, or compensate you for, the control you would be ceding to Healthcare Partners; nor the risk of remaining a minority shareholder in a company under Healthcare Partners' control. Because this is a partial takeover offer, you will only receive the Effective Offer Price on the shares that are taken up under the Offer.

2. **The Offer is a partial offer. It is NOT an offer for all of your shares.** If the Offer succeeds, it is very likely you will be left with the majority of your 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). Acceptances are not treated on a 'first in, first served' basis.

3. **Abano has an established and proven strategy and a track record of delivering earnings growth and shareholder value.**

4. **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.** The Abano Board believes that the Offer is another attempt by Peter and Anya Hutson and James Reeves to acquire control of Abano's businesses at a low value; and has been timed to obtain the rewards from the investments Abano has already made in the trans-Tasman dental markets.

5. **If the Offer is successful, it is very likely you will retain the majority of your shares in Abano. Your company will then be controlled by Healthcare Partners and its directors, whose proposed strategy is unproven and unclear.** Healthcare Partners has stated that it will change the strategic direction of your company and stop growth by acquisition in the medium term. This could have a material adverse impact on the valuation of Abano and your shareholding.

6. **If the Offer is successful, the value of your remaining shares is likely to fall and liquidity (or the ability to sell your shares) will be significantly reduced.**

Further details are set out on the following pages of this Section 1. The Abano Board strongly encourages you to take these factors, and the merits of the Offer addressed in the Independent Adviser's Report, into account when considering your options in response to Healthcare Partners' Offer.

1. **THE EFFECTIVE OFFER PRICE IS TOO LOW** AND IT IS ONLY FOR SOME OF YOUR SHARES.

- Your Directors believe that the Effective Offer Price significantly undervalues your shares. The Effective Offer Price of $9.84 per share is below the Independent Adviser's valuation range of $9.95 to $11.96 per Abano share.
- In addition, because this is a partial takeover offer, you will only receive the Effective Offer Price on the shares that are taken up under the Offer (potentially only 38% of your shares if all shareholders accept the Offer for all of their shares).
- The Implied Weighted Average Offer Value[9] across all your shares is $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 VWAP,[10] 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.

Healthcare Partners' Effective Offer Price of $9.84 per share is below the Independent Adviser's value range of $9.95 to $11.96 per Abano share.

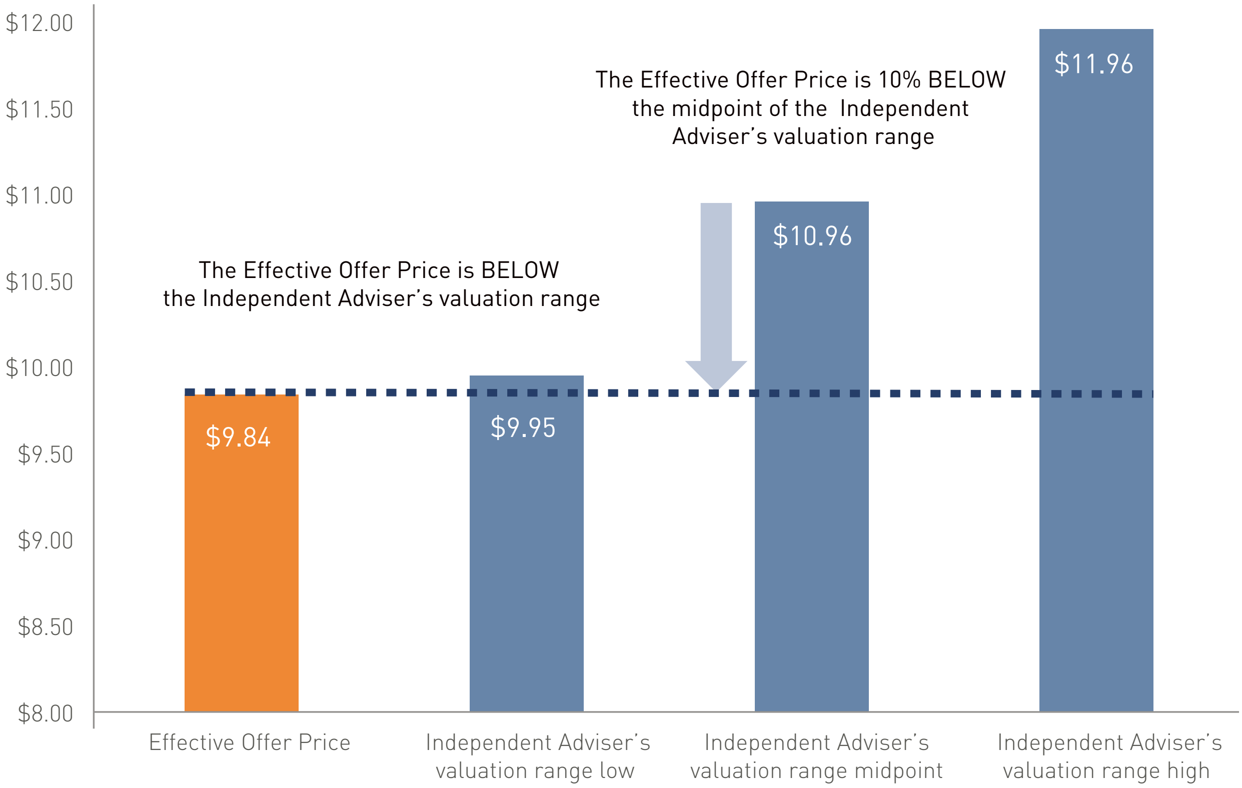
Abano appointed Grant Samuel to prepare an Independent Adviser's Report, as required by the Takeovers Code, to assess the merits of Healthcare Partners' partial takeover offer. The full report is set out in Appendix B of this Target Company Statement.

The Independent Adviser's valuation is for 100% of Abano shares whereas the Healthcare Partners Offer is only a partial offer (i.e. potentially for only 38% of your shares).

Grant Samuel has valued ALL of Abano's shares at between $9.95 to $11.96 per share. The Effective Offer Price of $9.84 (which includes a deduction for Abano's 16 cent per share interim dividend) is below the Independent Adviser's valuation range, and is 10% below the midpoint of the Independent Adviser's valuation range.

[9] Refer to page 7 of the Target Company Statement for an explanation of Implied Weighted Average Offer Value.
[10] Refer page 7 of the Target Company Statement for an explanation of 30 day VWAP.

Effective Offer Price Compared to the Independent Adviser's Valuation Range



The implied average value of the Offer across all your Abano shares is well below the Independent Adviser's valuation range.

As this is only a partial offer, the only way to compare the Effective Offer Price with the Independent Adviser's range is to calculate the implied value of the Offer spread across all your shares (referred to in this Section 1 as the Implied Weighted Average Offer Value).

The Implied Weighted Average Offer Value is important as it takes into account the partial nature of the Offer, whereas the Independent Adviser's valuation range is based on an offer for 100% of your shares. To assess the Offer, shareholders therefore need to consider the value of the portion of the shares which Healthcare Partners is seeking to acquire as well as the value of the balance of your shares which you are likely to retain.

The Implied Weighted Average Offer Value is calculated on the basis of the following assumptions:

(1) all shareholders accept the Offer for all of their shares and therefore acceptances are scaled;

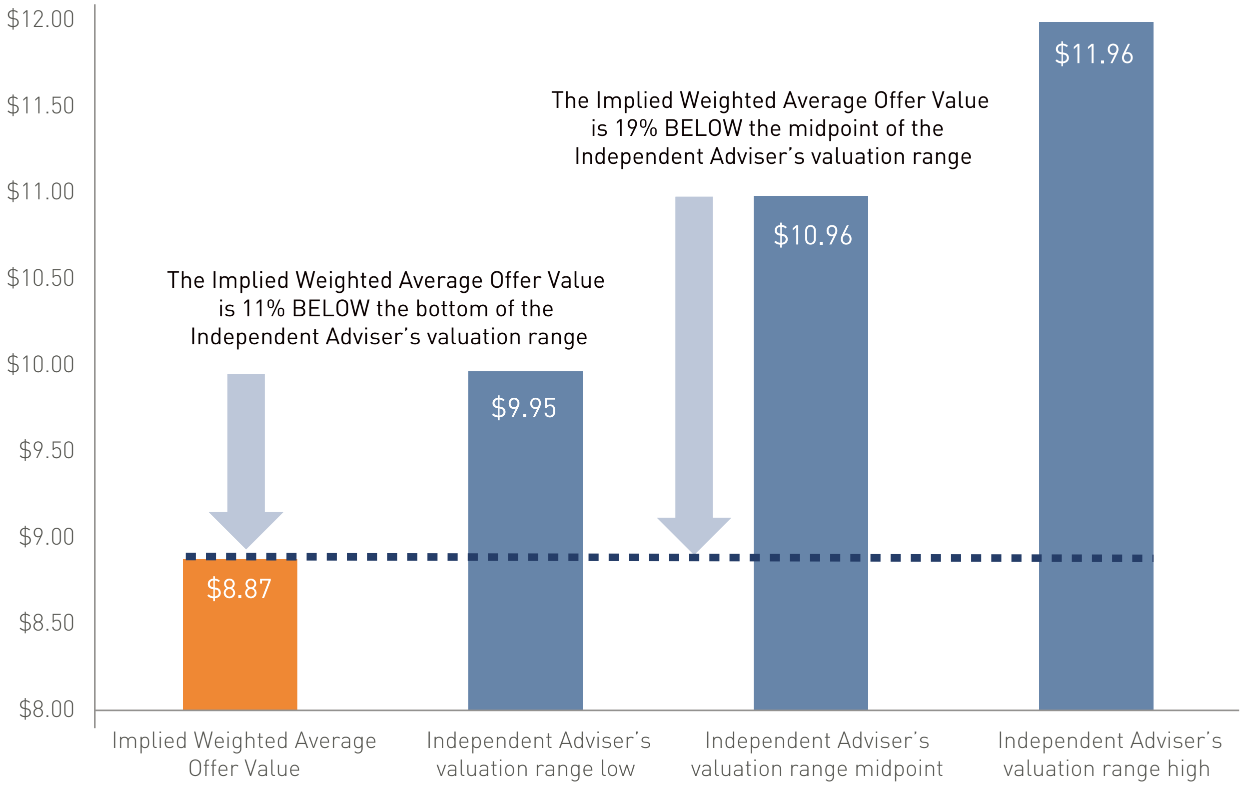
(2) you sell 38.27% of your shares under the Offer at the Effective Offer Price of $9.84; and

(3) the share price reduces to $8.27[11] after the Offer and your remaining shares are valued at that price.

This provides an Implied Weighted Average Offer Value of $8.87.

[11] $8.27 is the 30 day volume weighted average price for Abano shares (referred to in this Section 1 as the 30 day VWAP) prior to Healthcare Partners' first takeover notice, dated 4 November 2016.

Implied Weighted Average Offer Value Discount to Independent Adviser's Valuation



The Implied Weighted Average Offer Value of $8.87 is significantly less than the Effective Offer Price of $9.84, and is 11% below the bottom of the Independent Adviser's valuation range and 19% below the midpoint of the range.

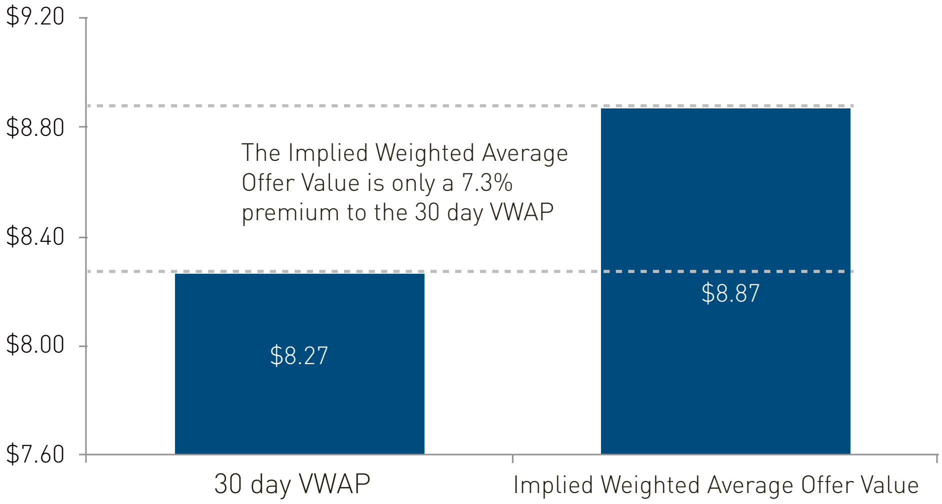
To illustrate this:

- Assume that you held 1,000 Abano shares immediately prior to Healthcare Partners first giving notice of its intention to make an offer and that those shares were worth $8.27 per share at that time. The total value of your 1,000 shares would be $8,270.
- If all shareholders (including you) accept the Offer for 100% of their shares, you will sell 383 shares under the Offer[12] and receive $3,769 in cash and you will retain 617 Abano shares valued at $5,103 (calculated on the basis of the 30 day VWAP of $8.27).
- The total value of your Abano investment, including the receipt of payment for the shares you have sold under the Offer, would then be $8,872 or $8.87 per share (rounded). This value (i.e the Implied Weighted Average Offer Value) represents only a 7.3% premium to the 30 day VWAP of $8.27.
- Further, there is a high risk that the post-Offer value of Abano's shares could actually fall below the 30 day VWAP of $8.27. This is detailed more on page 31 of this Target Company Statement.

[12] Assuming that fractions of a share are rounded up under scaling.

The chart below illustrates the implied premium of the Healthcare Partners' Offer, calculated on the basis of the assumptions set out on the previous page.

Implied Premium of the Offer Assuming 100% Acceptance of the Offer



If the Offer is successful, control of Abano will pass to Healthcare Partners and you will only receive a control premium on as little as 38% of your shares (if all shareholders accept the Offer for all of their shares).

If Healthcare Partners' Offer is successful and Healthcare Partners becomes a 50.01% shareholder in Abano, the prospects of another takeover offer for Abano occurring will be significantly reduced. This means that shareholders are less likely to benefit from a control premium for their remaining shares.

The Independent Adviser has concluded that "The presence of a single controlling shareholder is likely to dissuade any other party from making a competing offer. For any subsequent takeover offer for 100% of the company from another party to be successful, it would require Healthcare Partners to sell its current, or any increased shareholding, in Abano to the new offeror."[13]

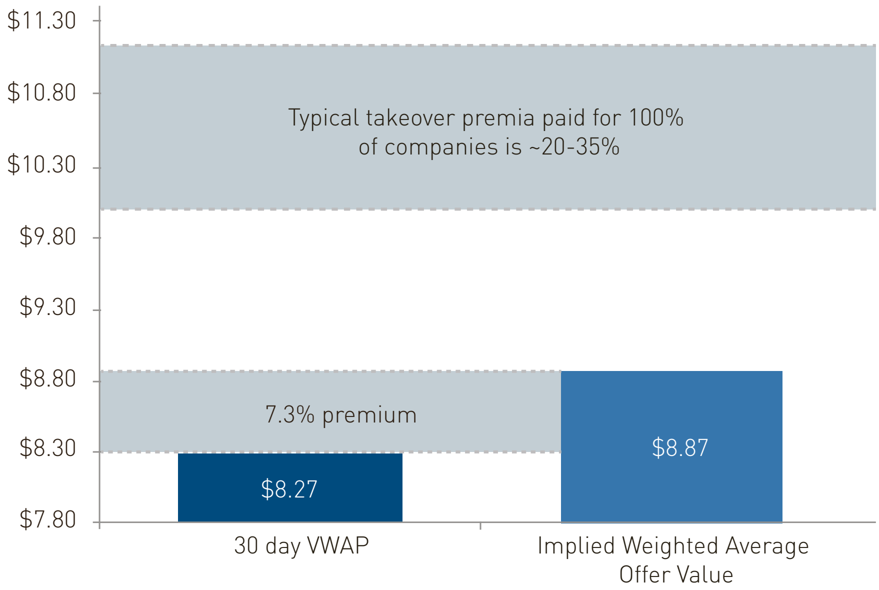
Historically observed takeover premia are generally in the range of 20-35%.[14]

While the Effective Offer Price of $9.84 is a 19% premium to the 30 day VWAP prior to the Offer, this premium is only paid on the shares taken up under the Offer, not all the shares. You will not receive this premium on the shares that you retain after the Offer (likely to be the majority of your current holding).

Because this is a partial offer, it is important to look at the implied premium across all your shares. The Implied Weighted Average Offer Value is only a 7.3% premium to the 30 day VWAP, well below the historically observed takeover premia range.

[13] Page 31 Independent Adviser's Report.
[14] Page 46 Independent Adviser's Report.

Implied Premium Based on Abano's Pre-Offer Share Price



The Independent Adviser states: "The 'premium for control' will only be available to 38.27% of all the shares in Abano not already owned by Healthcare Partners."[15]

The Effective Offer Price does not compensate shareholders for the risk of being a minority shareholder in a company controlled by Healthcare Partners

It is the Board's view that the offer price for a partial takeover should appropriately reward shareholders for the risk of being a minority shareholder in a company under new control. The offer price per share for a partial takeover, where there is more risk under new ownership, should therefore generally be higher than the offer price per share for 100% of the shares.

The expected premium for a partial offer above the expected price per share for a full takeover is influenced by the application of judgment as to the level of risk the new owners and their strategy pose to Abano.

The Abano Board's judgment is that the Effective Offer Price offered by Healthcare Partners does not compensate shareholders for the risk of being a minority shareholder in Abano under Healthcare Partners' control.

How the Offer is funded could also impact on shareholder value

The source of funding for the Offer is not clear. If Healthcare Partners becomes over leveraged (i.e. borrows too much), or requires cashflow to service its debt, this may impact on its decisions about Abano, such as Abano's dividend policy. Healthcare Partners may exercise its control to increase or change the Abano dividend policy to allow Healthcare Partners to receive additional cashflow to enable it to repay or service debt. This would reduce available cash within Abano for future acquisitions or growth initiatives.

Alternatively, if Healthcare Partners was to breach its funding arrangements, this may result in a forced sale of its Abano shareholding, which would have a significant impact on both the Abano business as well as value of the shares for minority shareholders.

[15] Page 32 Independent Adviser's Report.

KEY POINTS

- Healthcare Partners' Effective Offer Price is too low and it is only for some of your shares.
- The Effective Offer Price is below the Independent Adviser's valuation range.
- The Effective Offer Price does not reflect an appropriate premium for control when considered across all your shareholding; nor does it take into account the partial nature of the Offer.
- Shareholders are not being compensated for the risk of being a minority holder in a company controlled by Healthcare Partners.

2. **THE OFFER IS ONLY A PARTIAL OFFER.** IT IS NOT AN OFFER FOR ALL OF YOUR SHARES.

If the Offer is successful, you will only receive the Offer price for the shares that are taken up under the Offer (potentially only 38% of your shares if all shareholders accept the Offer for all of their shares). Acceptances are not treated on a 'first in, first served' basis.

If all shareholders accept the Offer for all of their shares, you will receive the Effective Offer Price of $9.84 for only 38% of your shares. You will be very unlikely to be able to sell all your shares through the Offer.

The Independent Adviser states that "Partial offers are significantly less attractive than offers for 100%, which provide shareholders with the option to sell all of their shares into the offer."[16]

You will only receive the Effective Offer Price for a portion of your shares.

The Offer is a partial offer for just over 30% of the shares in Abano, not for all Abano shares. It is very important that Abano shareholders understand the implications of this:

- Healthcare Partners only wants a 50.01% shareholding, which would be enough to give it control of Abano. It already owns 19.02% of Abano. Therefore, under the Offer, it can only acquire a further 38.27% of the shares in Abano that it does not currently hold or control. The Offer is not an offer for all of the Abano shares.
- If all shareholders were to accept the Offer for all of their shares, scaling would occur and only approximately 38% of your shares would be bought from you under the Offer. You would retain the majority of your shares.

The implied average value of the Offer across all your shares (the Implied Weighted Average Value as calculated on page 10) is only $8.87 per share.

The Independent Adviser states that "Given that any excess acceptances will be scaled, then if Healthcare Partners Offer achieves the 50.01% acceptance threshold accepting shareholders will not be able to sell all of their shares into the Healthcare Partners Offer."[17]

[16] Page 32 Independent Adviser's Report.
[17] Page 33 Independent Adviser's Report.

KEY POINTS

- The Offer is NOT an offer for all your shares. If the Offer succeeds, it is very likely you will retain the majority of your shares. Assuming all shareholders accept the Offer for all of their shares, you would only be able to sell 38% of your shares at the Effective Offer Price. You would still retain approximately 62% of your shares in Abano after the Offer.
- Under the Implied Weighted Average Offer Value scenario set out on page 10, the implied average value of all of your shares is only $8.87 per share. This is below the Independent Adviser's valuation range and would only be a 7.3% premium to the 30 day VWAP prior to the Offer, well below historical takeover premia of 20-35%.
- Accepting early will not assist you in selling more of your shares at the Effective Offer Price. The Offer is not made on a 'first in, first served' basis. Scaling will only take place after the Offer closes.
- If Healthcare Partners reaches its target level of acceptances in the last seven days of the Offer, the Offer is automatically extended. The Abano Board will ensure you remain informed so you can consider your choices at that time.

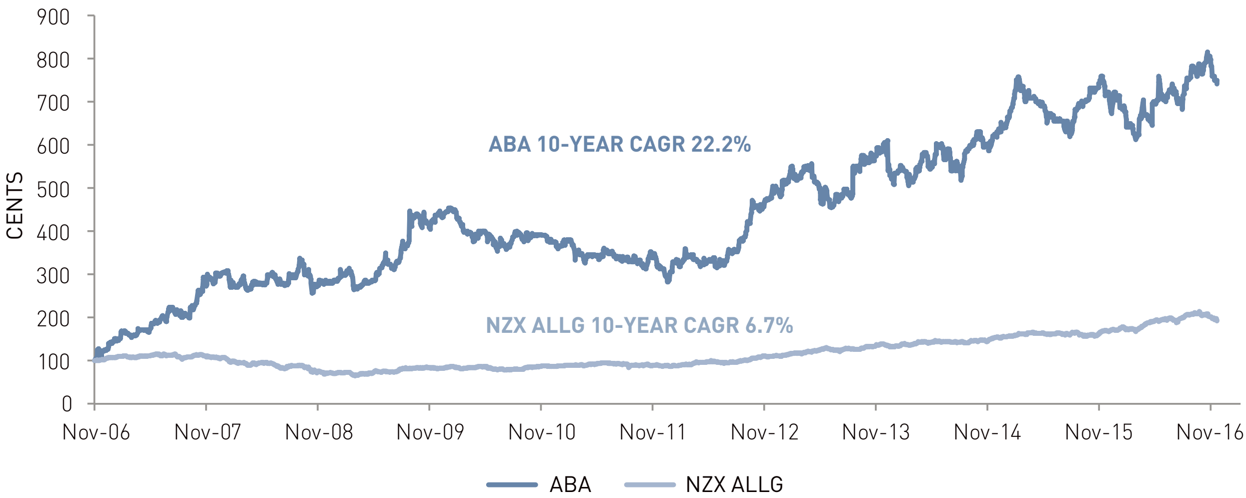
3. ABANO HAS AN ESTABLISHED AND PROVEN STRATEGY AND A TRACK RECORD OF DELIVERING EARNINGS GROWTH AND SHAREHOLDER VALUE.

If Healthcare Partners' Offer is successful, Healthcare Partners will gain control of Abano. Its directors will change the strategic direction of your company and have stated that they will stop dental practice acquisitions in the medium term.

Abano has a track record of positive performance with strong growth in earnings per share, dividends and total shareholder returns over the last 10 years

Abano's long term strategy is to invest in scalable businesses in the private, fee for service healthcare market where it can add value, build capability and help them to grow. Over the long run, this strategy has driven outstanding shareholder returns, delivering a 10-year Total Shareholder Return[18] compound annual growth rate (CAGR) of 22.2% compared with NZX ALL gross return of 6.7% .

Abano 10-year Total Shareholder Return (up to the date of the Offer)



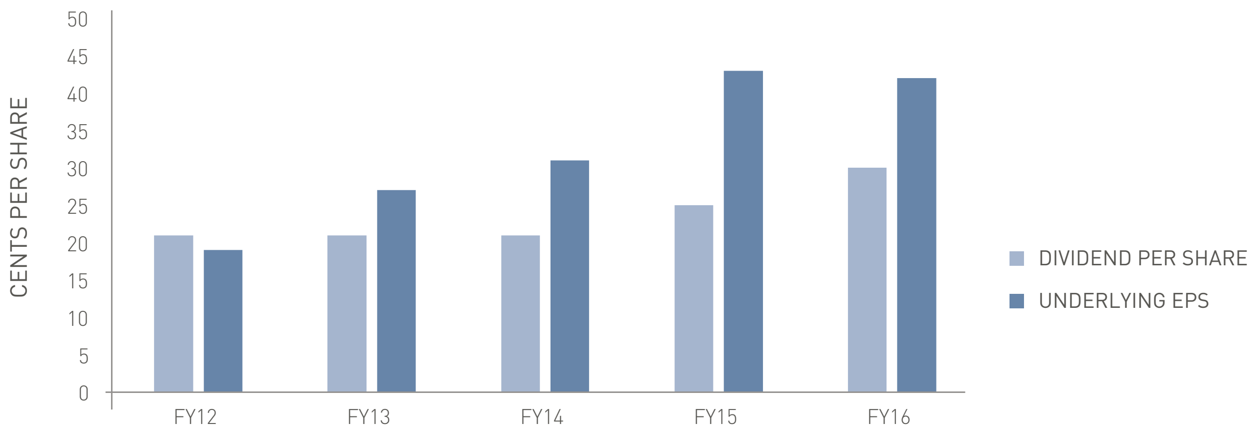
Abano's Total Shareholder Return has also outperfomed the NZX ALL and NZX 50 gross returns over the past five years.

During this time, Abano has divested non-core businesses and reinvested the proceeds into its core businesses, primarily dental, which is anticipated to deliver higher returns on a sustainable long term basis. These core businesses meet Abano's strategic investment objectives of being predominantely funded by private revenue on a fee for service basis; operating in scalable markets with the opportunity for sustainable growth; and where Abano can partner with leading clinicians and management to add value and realise the organisation's potential.

[18] Total Shareholder Return takes into account share price appreciation and dividends over the stated time period and is expressed as an annualised percentage.

Abano's established strategy has delivered Underlying Earnings Per Share (EPS)[19] growth of 159% over the past five years. This has enabled a steady increase in the dividend per share (DPS) payable to investors of 43% over the last five years.

Abano Underlying Earnings Per Share and Dividend Per Share



Abano's growth strategy is now focused on the $11 billion revenue trans-Tasman dental market

Abano's goal is to build a $1-billion revenue trans-Tasman dental business, with market leading brands and businesses that have the competitive advantage of scale, size and reputation and deliver growing earnings and shareholder value.

Abano entered the dental market in New Zealand in 2002, and since then has pursued its strategy of consolidating and building scale in the highly fragmented industry. The Australian dental industry showed similar characteristics of fragmentation and Abano entered that market six years later in 2008. Both markets have the characteristics of being fee for service, privately funded and able to benefit from branding and the economies of scale that Abano targets.

Since entering the dental sector, Abano has succeeded in:

- Becoming the largest corporate dental provider in the New Zealand market and the second largest in the Australian market;
- Growing across New Zealand and Australia to currently include 197 dental practices and more than 1,800 staff, including approximately 700 clinicians (as at 5 December 2016), and with over 900,000 patient visits in FY16;
- Growing dental gross revenue from $8.3 million in the first full year of trading in FY04 to $241.9 million in FY16; and Underlying EBITDA from $(0.1) million to $27.7 million[20];
- Establishing the Lumino The Dentists brand in New Zealand and growing brand recognition to 85% (nearly 9 out of 10 people), and in late 2016, launching the Maven Dental Group brand in Australia;

[19] Underlying Earnings Per Share is a non-GAAP measure and excludes gains/losses arising on sale of businesses, IFRS adjustments and impairments, including their tax effect.
[20] Gross revenue includes Australian dental revenues before payment of dentists' commissions. Underlying EBITDA is earnings before interest, tax, depreciation and amortization excluding gains/losses arising on divestment of businesses, IFRS adjustments and impairments, including their tax effect, and is reconciled back to reported EBITDA. Both gross revenue and Underlying EBITDA are non-GAAP financial measures.

- Building a successful business model, which leverages branding, marketing and a strong support infrastructure to deliver same store growth and growing Underlying EBITDA margins;
- Growing the diversity of services on offer, with an increasing number of dental specialists now part of the group;
- Creating a rewarding and attractive career opportunity and culture for all staff, with the continuing development of in-house training and career development programmes; and
- Delivering clinical excellence and a positive customer experience.

Abano has an established and proven dental strategy built on four key pillars:

BUILD MARKET LEADING BUSINESSES	OPTIMISE EARNINGS	DELIVER A WORLD CLASS CUSTOMER EXPERIENCE	BE AN EMPLOYER OF CHOICE
Network expansion primarily through acquisition	Continuous improvement of EBITDA and EBITDA margin	Drive increase in total patient visits	Build a culture of pride, customer care, excellence and enthusiasm
Selective greenfield development	Utilise group wide benefits of scale and sharing of resources	Invest into brand and marketing	Invest into professional development
Organic growth from existing practices	Deliver efficiencies in processes	Provide clinical excellence and enhance the customer experience	Attract and retain high performing people

In the past five years, the success of Abano's strategy has begun to be realised in New Zealand, with Lumino delivering same store gross revenue growth of 11.6% and a 57% improvement in Underlying EBITDA margin.

Branding and marketing has had a significant influence on same store growth, while the consistent acquisition of new practices has enabled benefits of scale to also improve Underlying EBITDA margins.

Ongoing acquisition of dental practices is core to Abano's growth strategy. Healthcare Partners has stated that they would stop dental practice acquisitions in the medium term.

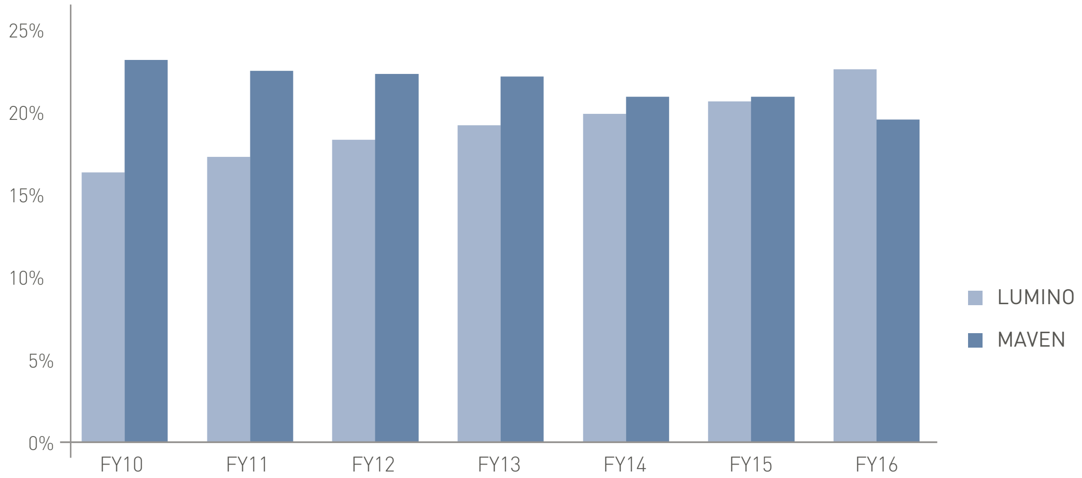
Abano has an established support office structure for its dental businesses, which includes training, branding, marketing and administration.

The cost of the support office does not vary significantly with number and size of acquisitions and, when spread over a growing number of dental practices, economies of scale are achieved with both a growing Underlying EBITDA and Underlying EBITDA margin. These economies of scale are expected to continue to improve earnings margins over time as Abano's dental practice portfolio grows.

For example, for practices owned by Lumino for more than 12 months, the average Underlying EBITDA standalone dental practice margin is higher than the margin they were trading at prior to acquisition.[21] This is due to the purchasing power, operational efficiencies and marketing-driven customer growth that dentists achieve when they join the group.

The chart below shows Lumino and Maven's average Underlying EBITDA margin for standalone practices, before the allocation of support office costs.

Standalone Dental Practice Margin (as a percentage of gross revenue)



Lumino is demonstrating positive margin growth as it benefits from branding and other strategic investments now in place. Maven's standalone dental practice margins reflect the volatility of an unbranded business operating in the current challenging economic conditions in Australia, particularly in Queensland and Northern New South Wales. Maven's performance is expected to improve from FY18 onwards as the brand rollout is completed and the value of investment into infrastructure is realised.

More discussion on Abano's comparative dental practice margins is set out on page 25.

Investing in marketing and building Abano's dental brands is key to driving continued growth in revenue and taking advantage of scalable dental markets in New Zealand and Australia

Lumino the Dentists' innovative marketing - such as the $69 special, interest free offers and, more recently, the Dental Plan offering - have combined to deliver five years of annual Underlying EBITDA margin improvements and 12 consecutive quarters of positive same store revenue growth.

Until late 2016, the Australian dental group remained a collection of individually branded dental practices and as such was unable to benefit from network-wide marketing campaigns and other initiatives to drive revenue and patient visits. The Maven Dental Group brand was launched in late-2016 and this will allow the business to take advantage of implementing similar marketing initiatives to Lumino.

In addition to brand development, Abano has also been investing in a strong support office, clinical training, professional development and clinical best practice. This is required to grow a successful business of scale.

Abano also works closely with clinicians and has Clinical Advisory Boards in both businesses, comprising senior dentists from within the group, who meet regularly and assist the management team with strategic initiatives and the clinical development and direction of the group. It is important to ensure Abano's clinicians

[21] The standalone dental practice margin reflects the margin of an individual dental practice (i.e. standalone), before allocation of support office costs.

see Abano's dental businesses as an employer of choice in the dental profession, to enable Abano to continue to attract and retain the best talent and to enhance its existing strong clinical culture.

The scale and size of Abano's trans-Tasman dental group is delivering higher value for shareholders

Abano has created one of the largest Australasian dental groups, with a strong and scalable infrastructure which can support continued growth.

Abano has invested into systems and infrastructure to deliver stable and ongoing earnings growth from its existing dental practices, as well as supporting further value accretive acquisitions. This investment means that, unlike some of its peers, Abano's earnings potential is not hampered by the lack of an appropriate infrastructure to support further growth.

Further acquisitions will continue to grow Abano's earnings and drive continued margin growth as economies of scale are realised.

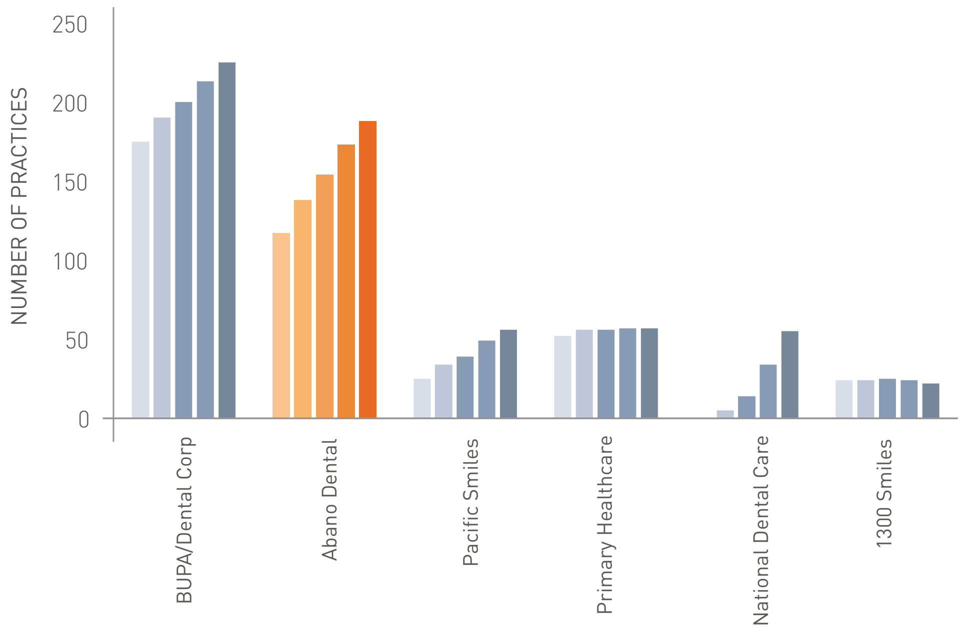
The support office function is essential for the continuing growth of a large scale dental group. The size and scale of the support office will not materially change whether that group is 200 practices or 400 practices. Stopping acquisitions in the medium term will not improve Underlying EBITDA margins.

Abano's strategy can be distinguished from some of its peers which operate in different parts of the dental market, are smaller and/or lack the infrastructure and ability to scale and grow. There are a number of significant factors to note when drawing comparisons, but the most important is that other listed dental competitors have had network-wide branding in place for a number of years. In addition, there are different growth strategies that impact the ability to scale. Dental operators with limited or no support infrastructure to accommodate growth may have a higher margin due to the lower cost base, but lack the ability to materially increase EBITDA on a sustainable basis.

As an example, an individual dairy or convenience store may have a higher margin than a supermarket but will not have the ability to grow and scale, whereas a supermarket chain may have a lower margin but a significantly larger EBITDA and ability to continue to grow.

Five Year Dental Group Network Size FY12 to FY16

(Based on publicly available information)



Future Plan for Growth: Financial Key Performance Indicators (KPIs)

Abano continues to perform well and has a track record of delivering on guidance and expectations.

To assist in future planning and driving growth of Abano's dental group, a number of financial key performance indicators have been identified against which the Abano Board measures progress and evaluates performance.

The following financial KPIs are in place for Abano's dental group for the three year period, FY18 to FY20:

- Growth in same store revenue of 6% over the three year period FY18 to FY20
- Growth in Underlying EBITDA margin to be greater than 14% by FY20
- Acquisition of more than 25 dental practices or $35 million in annualised gross revenues from acquisitions per year by FY20
- Growth in Underlying EPS greater than 15% per annum
- Net bank debt to annualised Underlying EBITDA[22] of less than 3.5x

Abano has the resources to continue to deliver on its growth strategy

Abano has a long standing track record of a disciplined approach to its capital structure. Over the past ten years, Abano has returned excess capital to shareholders on the sale of non-core businesses, redeployed capital where appropriate and, along with a popular Dividend Reinvestment Plan, has once raised capital from shareholders when further funding for growth was required.

Abano's utilisation of business cashflows, an efficient balance sheet and a prudent level of debt will continue to play an efficient and cost effective role in financing the future growth of the business.

The Independent Adviser states that "Abano has a reasonable level of gearing, with total net debt of approximately $92.9 million as at 30 November 2016. Abano has headroom under its current facilities to borrow approximately a further $40 million. The headroom will be able to be increased as it purchases additional dental practices which are earnings positive from the date of acquisition."[23]

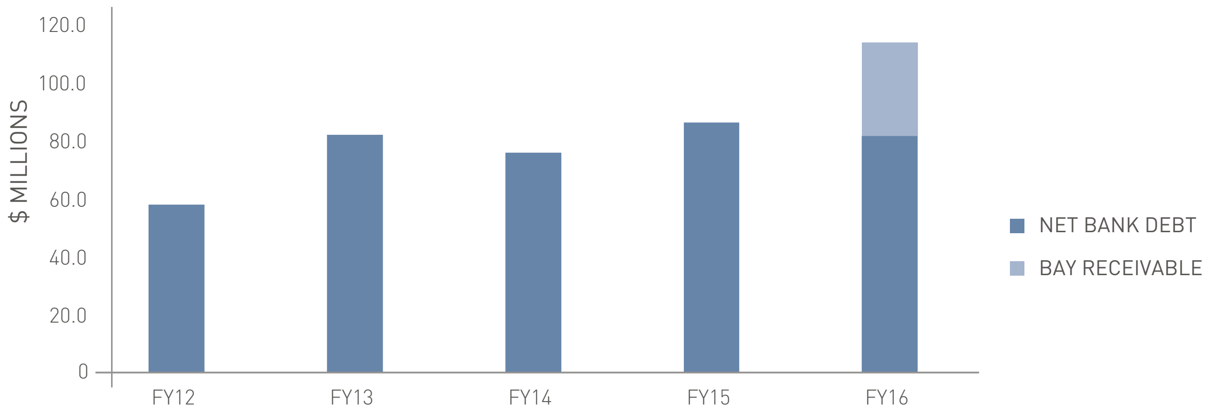
Abano's Board has a conservative approach to balance sheet management

Abano's growth has been financed by operating cash flow and an efficient use of debt and equity capital. Net bank debt,[24] including the proceeds of the sale of Bay International in June 2016, has only grown by $23.9 million or 41% between FY12 and FY16.[25]

FY16 net bank debt was $113.6 million, which was reduced to $81.6 million following the receipt of proceeds from the Bay International sale in June 2016. This is lower than Abano's net debt three years ago, immediately prior to when the Hutson interests were last involved in an attempt to acquire Abano.

[22] Annualised Underlying EBITDA is Underlying EBITDA including all acquisitions as if the acquired practices had been owned for the relevant full 12 month period.
[23] Page 33 Independent Adviser's Report.
[24] Net bank debt is bank borrowings less cash and cash equivalents.
[25] FY12 year end net debt was $57.7 million compared to FY16 year end net debt of $113.6 million, less the receivable of $32 million from the sale of Abano's 50% shareholding in Bay International Limited, received on 17 June 2016.

Abano Net Bank Debt FY12 to FY16



KEY POINTS

- Abano has delivered outstanding shareholder returns in the long run by executing its proven strategy.
- Growth by acquisition is an essential part of this strategy, delivering economies of scale, improving margins and sustainable earnings growth.
- Abano has grown Underlying Earnings Per Share by 159% over the past five years.
- Abano has outperformed both the five and ten year NZX ALL and NZX 50 gross returns.

4. THE VALUE OF ABANO'S LONG TERM DENTAL INVESTMENT IS JUST BEGINNING TO BE REALISED.

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.

The directors of Healthcare Partners have all been involved in previous attempts to acquire Abano and its businesses at a low value, and at the expense of other shareholders.

In 2013, Peter and Anya Hutson and James Reeves (the Hutson interests), along with Archer Capital, promoted an unsolicited indicative takeover proposal which would have seen their consortium acquire Abano, and the Hutson interests then acquire Abano's 50% share of the Bay International audiology business for a 'nominal sum'.

Less than three years later, in June 2016, Abano sold this same shareholding in Bay International for $32 million to interests associated with Peter and Anya Hutson, well above the 'nominal sum' they would have acquired it for three years earlier.

The Abano Board believes that the current Offer is another attempt to acquire control of Abano's businesses at a low value; and timed to obtain the rewards from the investments Abano has already made in the trans-Tasman dental markets.

The benefits and rewards from Abano's long term growth strategy and investment into its dental businesses are only just beginning to be realised, with significant growth in value expected in the years ahead.

Both of Abano's dental businesses are following a similar growth journey, although Lumino is six years ahead of Maven. Abano is confident that the strategy refined in the New Zealand market should deliver a similar outcome for Maven and that, combined, Lumino and Maven will contribute to long term shareholder value.

The positive impact of the investment into growth is now beginning to be realised

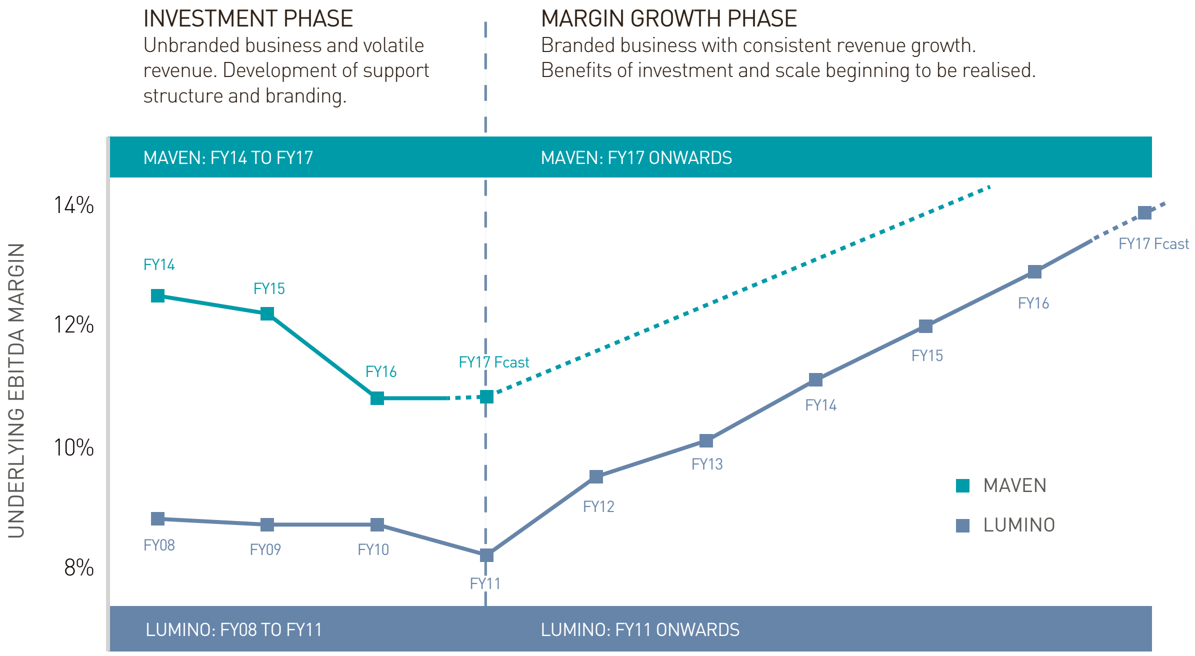
Abano has been investing into the Lumino business since 2002. The business currently has an estimated 13% market share in New Zealand and is targeting approximately 25%. Maven was established in 2008 and has a market share in Australia of less than 2%, with a target market share of 8%.

During 2008 to 2010, economic conditions in New Zealand were impacted by the Global Financial Crisis and Abano's dental margins were affected as a result. To address this, Lumino invested heavily in branding and creating a strong support office structure. In 2011, having rebranded, Lumino launched a successful marketing campaign, which had an immediate positive effect on the business and its results.

As the benefits of branding and scale from acquisitions started to be realised, Lumino's performance continued to improve, with Lumino delivering a 57% improvement in Underlying EBITDA margin over the past five years. Abano expects Lumino's FY17 margin to continue this positive trajectory.

Abano is aiming to achieve the same success with the newer Maven Dental Group brand in Australia. Maven is six years behind Lumino in its maturity and is following a very similar pattern. Given that Maven is a relatively new business compared to Lumino, it will take several years for Maven to achieve the same market characteristics as Lumino.

Lumino and Maven Comparative Underlying Margin at Same Stage of Growth



The dashed lines in the graph after FY17, for both Maven and Lumino, are not a forecast but, rather, illustrate Abano's indicative expectations as to the likely trajectory of the improvement in Underlying EBITDA margins.

While Abano expects to see Maven's margins follow the same positive trajectory as Lumino, the investment spend on branding and infrastructure will limit the rate of margin improvement in the near term as foundations are laid for future growth.

Lumino's Underlying EBITDA margin continues to grow, and Maven's Underlying EBITDA margin is expected to increase following the completion of the branding in 2017.

Year to date, both businesses have Underlying EBITDA margins higher than last year and above forecast, with a combined mid-term target of approximately 15%.

Abano expects the remainder of FY17 to be characterised by further revenue and margin growth in the Lumino business, with another year of investment in Maven meaning that growth will come from increased revenue from acquisitions.

A growing percentage of Abano's dental earnings are being generated in Australia. As noted in the Independent Adviser's Report, these earnings, in New Zealand dollar terms, have been negatively affected by a drop in the value of the Australian dollar of nearly 24% in the past four and half years. Despite this, Abano continues to deliver strong results.

The Offer has been made at a time when challenging economic conditions in Australia are having a short term impact on the dental sector

Economic conditions in Australia have been challenging for some time, particularly in Queensland where a large number of Maven's practices are located, and Maven is currently experiencing softer trading as a result. Other dental corporates have noted the impact of the current economic conditions on their business which have also impacted their financial results.

Abano has implemented a number of initiatives to counter economic conditions and improve performance, including the introduction of the new Maven Dental Group brand. While conditions are currently difficult, they are likely to improve and this will have a positive impact on all dental businesses in Australia, including Maven Dental Group.

In regards to Maven, the Independent Adviser notes that: "Abano management believe the factors behind the underperformance have been addressed and growth through to May 2021 is for a doubling of EBITDA from that forecast for FY17."[26]

KEY POINTS

- Healthcare Partners seeks to acquire Abano and its businesses at a low value and at a time when the benefits and rewards from Abano's long term growth strategy and investment into its dental businesses are only just beginning to be realised.
- Lumino has been successful in delivering sustained growth in revenue and margin.
- Abano is confident that the business model refined in the New Zealand market should deliver a similar outcome for Maven Dental Group in Australia and that both businesses combined will contribute to long term value.
- Abano's Board has a track record of delivering growth in Underlying Earnings Per Share with 159% growth in the past five years.

[26] Page 14 Independent Adviser's Report.

5. IF THE OFFER IS SUCCESSFUL, IT IS VERY LIKELY YOU WILL RETAIN THE MAJORITY OF YOUR SHARES IN ABANO. THE COMPANY WILL THEN BE CONTROLLED BY HEALTHCARE PARTNERS AND ITS DIRECTORS, WHOSE PROPOSED STRATEGY IS UNCLEAR AND UNPROVEN.

Healthcare Partners has stated that it will change the strategic direction of your company and stop growth by acquisition in the medium term.

If Healthcare Partners' Offer succeeds and it becomes a 50.01% shareholder, it has stated that it plans to change the composition of Abano's Board and the company's strategy, and in particular, stop growth by acquisition in the medium term.

The value of your remaining shares will be determined by their proposed strategy.

The value of Abano's shares and the company's success to date reflects the track record of Abano's management and Board and, in particular, their growth strategy and goal of becoming a $1 billion revenue company.

To the extent this strategy is departed from, this could, in the Board's view, have a material adverse impact on the value of Abano and your remaining shares (which may represent up to 62% of your current Abano holding).

Healthcare Partners has not provided Abano shareholders with a detailed overview of its strategy other than to say that it intends to:

- Stop further acquisitions by Abano in the medium term and focus on improving the performance of the existing dental practices
- Once cash flow generation has improved, continue Abano's acquisition led growth;
- Reduce Abano's reliance on asset sales, significant debt expansion or equity raising to fund growth;
- Continue Abano's existing dividend policy; and
- Create and protect a rewarding team environment.

Healthcare Partners has not provided any explanation of how it would execute its strategy or the impact this would have on shareholder value.

The Abano Board believes there is insufficient evidence to evaluate Healthcare Partners' proposed strategy and the impact on the value of Abano shares. This increases the risk for shareholders if Healthcare Partners' takeover offer succeeds and the Board believe this risk should be reflected in the Effective Offer Price. In the Board's view, it is highly unlikely that Abano would continue to be rated as a growth stock.

The Independent Adviser has stated that "Healthcare Partners have given no guidance as to how the performance of the existing dental practices will be improved. Grant Samuel notes that Abano management is currently focusing on reducing operating costs, particularly in Australia, and has already made significant inroads of circa A$1.3 million p.a. savings since May 2016."[27]

Healthcare Partners has stated that it intends to change Abano's growth strategy by stopping further acquisitions in the medium term.

Abano's Board and management believe Healthcare Partners' strategy will be detrimental to the value of Abano and your remaining shares (up to 62% of those currently held), for the following reasons:

- The value of your shares in Abano includes the market's assessment of the future growth prospects of Abano's businesses under the company's current growth strategy. Beyond a possible one-off cost saving, Healthcare Partners' strategy shows no sign of planning for growth in the medium term, which is an important factor when the market considers the value of an investment. In the view of the Board, changing Abano's established strategy will have an adverse impact on the value of your remaining shares in Abano.
- Healthcare Partners' strategy fails to capitalise on the value accretive acquisitions that are currently in Abano's acquisition pipeline.
- Abano's internal acquisitions capability has been built over time and cannot simply be switched on and off. Healthcare Partners plans to stop acquisitions in the medium term and, accordingly, Abano's acquisition capability will be lost and will require significant new investment and lead-in time to reinstate at a later time. In particular, critical investment and momentum built up with Abano's dental practice acquisition pipeline will be lost:
  - Abano is currently in advanced acquisition discussions with approximately 18 dental practices in New Zealand and Australia
  - There are another 102 dental practices currently in initial discussions with Abano, some of which will progress to more formal negotiations.

The Independent Adviser notes in its report: "... stopping acquisitions in the medium term, as proposed by Healthcare Partners, will arguably lessen the attractiveness of Abano as a growth investment and, in Australia in particular, may allow competitors to gain market share."[28]

The complex and clinical dental sector is very different to the retail focused audiology sector.

In the Abano Board's view, there are stark differences between the retail-focused, product based audiology sector, which is focused primarily on selling hearing devices, and the clinical and highly complex dental sector.

[27] Page 30 Independent Adviser's Report.
[28] Page 33 Independent Adviser's Report.

The clinical workforce in both industries is significantly different, with dentists providing a multitude of complex clinical procedures in specialised dental surgeries compared to an audiologist testing and fitting a hearing aid in a sound proof booth.

The Independent Adviser states that "The dental market is regarded as being relatively complex. Depending on the aspirations of Peter Hutson personally and Healthcare Partners, a change within management or management style of Abano, could be disruptive to the business."[29]

Healthcare Partners' directors have limited experience in governance of publicly listed companies

If the Offer is successful, Healthcare Partners has stated that it intends that its directors, Peter and Anya Hutson and James Reeves, will join the Board of Abano. It is also reasonable to assume, that if this were to occur, there would be changes to the existing members of Abano's Board.

The Board notes that management of a business is very different to governance, particularly in a listed environment. Of importance is the need for directors of publicly listed companies to act in the best interests of all shareholders.

Aside from Peter Hutson's time as a director of Abano (which ended when he was asked to step down at the request of the entire Abano Board when he failed to recognise his conflicts of interests), as far as Abano is aware, none of the Healthcare Partners' directors have any publicly listed company governance experience or demonstrated credentials in this space.

Abano has a rewarding team environment, which it continuously strives to protect and grow.

This includes:

- A strong culture which rewards excellence, encourages collaboration and celebrates success. As an example, in Lumino exit interviews, 70% of people either agree or strongly agree with the statement: "I felt I was part of a larger, successful company."
- Annual conferences, career development, training and mentoring: 805 participants in Abano's proprietary inhouse training and career development opportunities in FY16.
- Rewarding and attractive remuneration packages and working conditions for dentists. This is evidenced by Lumino and Maven's low dentist turnover rate of less than 9%.
- Both businesses have a culture and reputation that enable them to attract and retain some of the top dental clinicians in New Zealand and Australia.
- The flow on effect of the strong culture and rewarding team environment is reflected in the customer service surveys and a Net Promoter Score in Lumino of over 60.

[29] Page 32 Independent Adviser's Report.

KEY POINTS

- If successful, Abano will be controlled by Healthcare Partners and its directors - Peter and Anya Hutson and James Reeves – who will be appointed to the Abano Board by Healthcare Partners.
- Healthcare Partners' stated strategy for Abano is unproven and unclear and therefore represents significant risk to Abano shareholders given the likelihood of still holding the majority of your shares should the Offer succeed. The partial offer price does not compensate shareholders for this risk.
- Healthcare Partners intends to stop Abano's dental acquisitions in the medium term, which is a significant change to Abano's current growth strategy.
- Healthcare Partners' strategy will impact on the value of your remaining shares in Abano.

6. IF THE OFFER IS SUCCESSFUL, THE VALUE OF YOUR REMAINING SHARES IS LIKELY TO FALL AND LIQUIDITY (OR THE ABILITY TO SELL YOUR SHARES) WILL BE SIGNIFICANTLY REDUCED.

As discussed earlier in this Target Company Statement, it is likely that if the partial offer is successful, the trading price of your remaining Abano shares will decrease after the Offer.

Healthcare Partner's strategy is unproven and the Abano Board believes Healthcare Partners' intention to stop acquisitions in the medium term could be value destructive for Abano and therefore the value of your remaining shares.

The Independent Adviser notes that "the share price following the offer closing will be likely to fall below the current share market price of $8.00."[30]

If Healthcare Partners is successful in its partial takeover, the liquidity of Abano's shares trading on the NZX will be significantly reduced. This may in turn adversely affect your ability to sell your remaining shares at a price that you consider to be fair.

If the Offer succeeds, the free float (those shares held by shareholders other than Healthcare Partners that are able to be traded on the NZX market) will be reduced from just over 80% to under 50%. The Board believes that this would adversely affect the ability for you to sell your Abano shares.

The reduction in free float is also likely to adversely impact the attractiveness of Abano shares to institutional investors. This may make Abano shares a less attractive investment, leading to additional downside risk to Abano's share price.

The Independent Adviser states that "partial offers are significantly less attractive than offers for 100%... This is particularly so for larger shareholders such as institutions which typically invest where there is a reasonable degree of liquidity and they can, over time, increase or reduce their shareholding."[31]

[30] Page 34 Independent Adviser's Report.
[31] Page 32 Independent Adviser's Report.

KEY POINTS

- If the Offer succeeds, the liquidity in Abano shares is likely to reduce significantly, which will negatively affect your ability to sell your remaining shares.
- This, along with the significant change in strategy, will impact on the value of your remaining shares.

SECTION 2

FREQUENTLY ASKED QUESTIONS

Can I sell all of my shares to Healthcare Partners under the offer?

The Offer is a partial takeover offer. That means that Healthcare Partners is only offering to purchase 38.27% of the shares in Abano not held by Healthcare Partners (being 30.99% of all Abano shares).

If Healthcare Partners receives acceptances for more than its target of 30.99% of the Abano shares, acceptances to the Offer will be scaled down. Accordingly, it is very unlikely that you will be able to sell all of your Abano shares to Healthcare Partners.

For an explanation of how scaling works, see the answer to the question *"How does scaling work?"*. See also answers to the questions *"If I accept the Offer for no more than 38.27% of my shares, will I be subject to scaling?"* and *"How many shares will Healthcare Partners purchase from me if I accept the offer for more than 38.27% of my shares?"*.

How does scaling work?

Scaling involves two steps.

First, Healthcare Partners will take up the lesser of:

- 38.27% of all the Abano shares held by each accepting shareholder; and
- the full number of Abano shares for which a shareholder accepted the Offer, where that number is equal to or less than 38.27% of the shareholder's total shareholding.

Second, if necessary to achieve the additional 30.99% shareholding it is targeting, Healthcare Partners will then acquire further Abano shares from those shareholders who accept the Offer for more than 38.27% of their shareholdings, calculated on a proportional basis to the total excess acceptances.

A worked example of the scaling mechanism is set out in Appendix A of this Target Company Statement.

When is my shareholding assessed for the purposes of scaling?

Your shareholding is assessed for the purposes of scaling as at 5.00pm on the closing date of the Offer (and not, for example, on the date of the Offer or the date of your acceptance). Therefore there is no benefit to accepting the Offer early.

If I accept the Offer for no more than 38.27% of my shares, will I be subject to scaling?

No. You can accept the Offer for up to 38.27% of your Abano shares without being subject to scaling. For example, if you hold 1,000 shares, you may accept the Offer for 383 Abano shares (assuming fractions of a share are rounded up) or less without your acceptance being scaled down. This means you will, in this scenario, be left with 627 Abano shares, with Healthcare Partners controlling Abano.

How many shares will Healthcare Partners purchase from me if I accept the Offer for more than 38.27% of my shares?

If you accept the Offer for more than 38.27% of your holding of Abano shares, at completion of the Offer, Healthcare Partners must purchase at least 38.27% of your shares. Whether, and the extent to which, Healthcare Partners purchases further Abano shares from you will depend on the total number of acceptances that Healthcare Partners receives (see the answer to the question *"How does scaling work?"*). Even if you accept the Offer for all of your Abano shares, due to scaling it is very likely that you will retain the majority of your Abano shares if the Offer succeeds.

SECTION 3

DETAILS OF THE OFFER

THE OFFER

Healthcare Partners Holdings Limited (**"Healthcare Partners"**), a company associated with Peter Hutson, Anya Hutson and James Reeves, has made a conditional partial takeover offer to buy 30.99% of the ordinary shares ("**Abano Shares**") in Abano Healthcare Group Limited (the "**Offer**"). If the Offer is successful it will result in Healthcare Partners increasing its holding of Abano Shares from 19.02% to 50.01%.

Abano did not encourage or solicit, and had no prior notice of Healthcare Partners' intention to make, the Offer.

This Target Company Statement is required by the Takeovers Code and includes your Board's recommendation in respect of the Offer, certain prescribed disclosures, and an Independent Adviser's Report prepared by Grant Samuel & Associates Limited. You should read this Target Company Statement, including the Independent Adviser's Report, carefully and in full when considering whether or not to accept the Offer.

The Board has been responsible for the Target Company Statement

All of Abano's Directors are independent directors and, accordingly, the full Board has considered the Offer and prepared this Target Company Statement. In connection with its considerations, the Board sought financial advice from Forsyth Barr Limited and legal advice from Harmos Horton Lusk Limited.

The Board unanimously recommends that you REJECT Healthcare Partners' Offer.

The Board's recommendation and the reasons for it are set out in the Abano Board Letter to Shareholders and Section 1 of this Target Company Statement. In summary, the Board unanimously recommends that you **REJECT** the Offer. You do not need to take any action to reject the Offer.

Key features of the Offer

The terms and conditions of the Offer are set out in Healthcare Partners' Offer Document which you will have already received. The main features of the Offer are as follows:

- The Offer is a partial offer for 30.99% of the total number of Abano Shares, or 38.27% of the Abano Shares not already held by Healthcare Partners (which has an existing 19.02% shareholding). Healthcare Partners cannot acquire a greater or lesser percentage of the Abano Shares under the Offer.[32]

  This means that if all Abano's shareholders accept the Offer for all of their Abano Shares, and the Offer is declared unconditional, Healthcare Partners will acquire 38.27% of your Abano Shares, and 38.27% of all other shareholders' Abano Shares.

  If Healthcare Partners receives more acceptances than it needs, and you accept the Offer for more than 38.27% of your Abano Shares, your acceptance will be scaled down. For more information on scaling, see Section 2: Frequently Asked Questions and Appendix A.

- The Board has authorised a partially imputed interim dividend of 16 cents per Abano Share, which will be paid in January 2017. On this basis, the Effective Offer Price will be $9.84 per Abano Share. The Independent Adviser's assessed value range for each Abano Share is $9.95 to $11.96.

- The Offer must remain open until 5.00pm on 13 February 2017 unless extended in accordance with the Takeovers Code – including as summarised below.

[32] Unless Abano issues new Abano Shares prior to the conclusion of the Offer, in which case Healthcare Partners' Offer will be an offer for the new percentage of Abano Shares necessary to ensure Healthcare Partners achieves 50.01% ownership of Abano.

- The Offer is conditional on Healthcare Partners receiving acceptances to the Offer for at least 6,651,092[33] Abano Shares (i.e. the number of Abano Shares that will result in Healthcare Partners increasing its holding of Abano Shares to 50.01%). This condition (termed the "minimum acceptance condition") cannot be waived by Healthcare Partners.

  If this condition is satisfied in the period that begins seven days prior to the closing date of the Offer, the Offer period is automatically extended for 14 days from the date on which the condition is satisfied.

  This means that shareholders cannot seek to time their acceptance of the Offer to maximise the number of Abano Shares taken up from them. The satisfaction of the minimum acceptance condition on, or shortly prior to, the closing date will not exclude other shareholders from accepting the Offer. Rather, the Offer period will automatically extend for 14 days – providing all shareholders with additional time to consider whether to accept in the knowledge that the minimum acceptance condition has been satisfied.
- The Offer is also subject to various other conditions, including that Abano's business is carried out in the ordinary course and the absence of material adverse events. These conditions may be waived by Healthcare Partners.
- Healthcare Partners may only withdraw the Offer with the approval of the Takeovers Panel or if the Offer conditions are not satisfied. If this occurs, Healthcare Partners will not acquire any Abano Shares under the Offer and you will not be paid for any Abano Shares in respect of which you accept the Offer.

Your options as an Abano Shareholder

You have three options in response to Healthcare Partners' Offer. You can:

- Reject (i.e. not accept) the Offer.
- Accept the Offer for all of your Abano Shares.
- Accept the Offer for some, but not all, of your Abano Shares.

As noted elsewhere in this Target Company Statement, if you accept the Offer for some or all of your Abano Shares, your acceptance may be subject to scaling.

Rejection or acceptance of the Offer

If you wish to reject (i.e. not accept) the Offer, you do not need to take any action.

If you wish to accept the Offer, use the Acceptance Form that accompanied Healthcare Partners' Offer Document, and carefully follow the instructions on that form. If you accept the Offer, your acceptance is irrevocable. This means that you cannot withdraw your acceptance or change your mind (for example, if you wished to consider other options for your Abano Shares) once you have accepted the Offer.

Timing for acceptance and payment

You have until the end of the Offer period to decide whether or not to accept the Offer.

The Offer will close at 5.00pm on 13 February 2017, unless extended by Healthcare Partners. However, the Offer period could be up to 90 days long (depending on whether or not it is extended by Healthcare Partners). In addition, if Healthcare Partners satisfies the minimum acceptance condition in the period that begins seven days prior to the closing date, the Offer period is automatically extended for 14 days from the date on which the condition is satisfied (even if that extends the Offer period beyond 90 days). This provides shareholders who have not accepted the Offer further time to consider doing so.

[33] If Abano issues new Abano Shares prior to the conclusion of the Offer, the number of Abano Shares necessary to achieve 50.01% ownership will increase accordingly. This Target Company Statement is prepared on the basis that, on the date of this Target Company Statement, Abano has 21,465,266 Abano Shares on issue.

If you accept the Offer, Healthcare Partners will not pay you for any Abano Shares acquired from you under the Offer until the Offer has closed. As noted above, the earliest closing date is 13 February 2017 and the actual closing date could be after that date if the Offer period is extended. Accordingly, if you wish to accept the Offer, there is no benefit in accepting the Offer early.

Potential outcomes of the Offer

If Healthcare Partners does not receive acceptances to the Offer for 30.99% or more of the Abano Shares or if the Offer is not otherwise declared unconditional, the Offer will lapse. This means that no Abano Shares will be acquired under the Offer and you will not be paid for any Abano Shares in respect of which you accept the Offer.

If Healthcare Partners receives acceptances to the Offer for 30.99% or more of the Abano Shares and declares the Offer unconditional, Healthcare Partners will become the holder of 50.01% of the Abano Shares. If this occurs:

- Abano will remain listed by NZX and Abano Shares will continue to be quoted on, and tradeable through, the NZX Main Board. It is possible for Abano to request NZX for cancellation of its listing or cessation of quotation of Abano Shares on the NZX Main Board, subject to any prior approval of shareholders required by NZX.
- Healthcare Partners will control the composition of the Board of Abano.[34] Healthcare Partners has indicated that it intends to appoint each of Peter and Anya Hutson and James Reeves to the Board if its Offer succeeds. Control of the Board would allow Healthcare Partners to determine Abano's corporate strategy, change the company's dividend policy[35] and approve certain changes to the company's capital structure. Healthcare Partners has publicly stated that it intends to stop dental acquisitions in the medium term. These acquisitions are a key part of Abano's existing growth strategy. Healthcare Partners' strategy for Abano is only vaguely outlined in Healthcare Partners' public statements and is untested.
- The price for Abano Shares on the NZX Main Board may fall to prices below the price before Healthcare Partners gave the first notice of its intention to make a partial takeover offer for Abano. This may occur for various reasons, including a decrease in share trading liquidity after the Offer and if the market forms an adverse view of the implications of: any new strategy proposed or implemented by Healthcare Partners or the reduced likelihood of a takeover premium being paid on your remaining shares.

[34] While Abano remains listed, the independent director requirements of the NZX Main Board Listing Rules will apply. However, under the Listing Rules, there is no requirement for a majority of independent directors and Healthcare Partners would, in effect, determine the identity of the independent directors on the Board (in addition to the rest of the directors).
[35] Healthcare Partners has said that it will "continue Abano's existing dividend policy that, subject to relevant factors at the time, the annual dividend paid will be between 50%-70% of Underlying Net Profit After Tax". However, this statement does not prevent Healthcare Partners from influencing the Board to change the company's dividend policy in the future, if the Offer succeeds. In addition, if the Offer succeeds, Healthcare Partners will be able to influence the Board to determine the identity and application of "relevant factors" which influence the effective dividend policy.

SECTION 4

TAKEOVERS CODE DISCLOSURES

This Target Company Statement has been prepared by Abano Healthcare Group Limited ("**Abano**") pursuant to Rule 46 and Schedule 2 of the Takeovers Code in relation to a partial takeover offer made by Healthcare Partners Holdings Limited ("**Healthcare Partners**").

1. DATE

1.1 This Target Company Statement is dated 14 December 2016.

2. OFFER

2.1 This Target Company Statement relates to a partial takeover offer by Healthcare Partners, a company owned by interests associated with Peter and Anya Hutson and James Reeves, to purchase 30.99% of the fully paid ordinary shares ("**Shares**" or "**Abano Shares**") in Abano, for a cash purchase price of $10.00 per Abano Share (the "**Offer**") before deduction of Abano's interim dividend of 16 cents per share which will reduce the cash purchase price to $9.84 per Abano share.

2.2 The terms of the Offer are set out in the offer document dated 6 December 2016, which was sent by Healthcare Partners to Abano shareholders on 9 December 2016 ("**Offer Document**").

3. TARGET COMPANY

3.1 The name of the target company is Abano Healthcare Group Limited.

4. DIRECTORS OF ABANO

4.1 The names of the Directors of Abano, who are all independent, are as follows:

(a) Trevor David Janes (Chair);

(b) Philippa Jane Dunphy (Deputy Chair);

(c) Danny Chan;

(d) Murray Raymond Boyte;

(e) Eduard Koert van Arkel; and

(f) Dr Ginni Mansberg.

5. OWNERSHIP OF ABANO SHARES

5.1 The number, designation and the percentage of any Abano Shares held or controlled by the Directors and Senior Officers of Abano, and their associates, is set out in the First Schedule of this Target Company Statement. For the purposes of this Target Company Statement, Abano's Board has determined that the Senior Officers of Abano are:

(a) Richard George Keys (Chief Executive Officer);

(b) Rachel Jane Walsh (Chief Financial Officer); and

(c) Andrew Richard Purcell Tapper (Chief Executive Officer of Lumino Dental Limited and Maven Dental Group Pty Limited (subsidiaries of Abano)).

5.2 Except as set out in the First Schedule of this Target Company Statement, no Director or Senior Officer of Abano, or their associates, holds or controls any Abano Shares.

5.3 The number, designation and the percentage of Abano Shares held or controlled by any person known by Abano to hold or control 5% or more of the Abano Shares is set out in the Second Schedule.

5.4 Except as set out or referred to in the Second Schedule of this Target Company Statement, no person known by Abano to hold or control 5% or more of the Abano Shares holds or controls any Abano Shares.

5.5 The Third Schedule of this Target Company Statement sets out the number and issue price of Abano Shares, in the two year period ended on the date of this Target Company Statement:

(a) that have been issued to a Director or Senior Officer of Abano or their associates; or

(b) in which a Director or Senior Officer of Abano or their associates have obtained a beneficial interest under any Abano employee share scheme or other remuneration arrangement.

5.6 Except as set out in the Third Schedule of this Target Company Statement, no Director or Senior Officer of Abano or their associates have, in the two year period ending on the date of this Target Company Statement:

(a) been issued with any Abano Shares; or

(b) obtained a beneficial interest in any Abano Shares under any Abano employee share scheme or other remuneration arrangement.

6. TRADING IN ABANO SHARES

6.1 The total number and designation of Abano Shares, the consideration per Abano Share and the date of acquisition or disposal of Abano Shares by Directors during the six month period before the latest practicable date before the date of this Target Company Statement, being 9 December 2016, is set out in Part A the Fourth Schedule of this Target Company Statement.

6.2 No Senior Officer of Abano, nor their associates, has during the six month period before the latest practicable date before the date of this Target Company Statement, being 9 December 2016, acquired or disposed of Abano Shares.

6.3 Part B of the Fourth Schedule of this Target Company Statement sets out, in respect of any acquisition or disposal of Abano Shares by persons known by Abano to hold or control 5% or more of the Abano Shares during the six month period before the latest practicable date before the date of this Target Company Statement, being 9 December 2016, the number and designation of the Abano Shares and:

(a) in the case of a single transaction in any week, the number of Abano Shares, the consideration per Abano Share and the week of the transaction;

(b) in the case of multiple transactions in any week, the total number of Abano Shares acquired or disposed of in the week and the weighted average consideration.

6.4 Except as set out in the Fourth Schedule:

(a) no Director or their associates; nor

(b) any other person known to Abano to hold or control 5% or more of the Abano Shares,

has acquired or disposed of any Abano Shares during the six month period before the latest practicable date before the date of this Target Company Statement, being 9 December 2016.

7. ACCEPTANCE OF OFFER

7.1 No Director or Senior Officer of Abano nor any of their associates, has accepted or intends to accept the Offer in respect of any of the Abano Shares held by them. If this changes, shareholders will be advised.

8. OWNERSHIP OF EQUITY SECURITIES OF HEALTHCARE PARTNERS

8.1 Neither Abano, nor any Director or Senior Officer of Abano nor any of their associates, hold or control any class of equity security of Healthcare Partners ("**Healthcare Partners Shares**").

9. TRADING IN EQUITY SECURITIES OF HEALTHCARE PARTNERS

9.1 Neither Abano, nor any Director or Senior Officer of Abano nor their associates, has acquired or disposed of any Healthcare Partners Shares during the six month period before the latest practicable date before the date of this Target Company Statement, being 9 December 2016.

10. ARRANGEMENTS BETWEEN HEALTHCARE PARTNERS AND ABANO

10.1 On 4 November 2016, Healthcare Partners gave notice of its intention to make a partial takeover offer for Abano ("**First Takeover Notice**"). On 7 November 2016, Healthcare Partners withdrew that notice as certain aspects of the First Takeover Notice did not comply with the Takeover Code. On the same day, Healthcare Partners gave a second notice of intention to make a partial takeover offer for Abano ("**Second Takeover Notice**"). On 24 November 2016, Healthcare Partners withdrew the Second Takeover Notice as a result of concerns raised by Abano that the Second Takeover Notice was accompanied by misleading information which would have breached the Takeovers Code. On the same day, Healthcare Partners gave a third notice of intention to make a partial takeover offer for Abano ("**Third Takeover Notice**").

10.2 After the date of the Second Takeover Notice:

(a) Abano and Healthcare Partners agreed to amend the condition in paragraph 8.1(a) of the draft offer document that accompanied the Second Takeover Notice to allow for dividends and distributions to be made by non-wholly owned subsidiaries to Abano or a wholly owned subsidiary of Abano; and

(b) Abano and Healthcare Partners agreed to amend the condition in paragraph 8.1(e) of the draft offer document that accompanied the Second Takeover Notice to permit the liquidation of any wholly owned subsidiary of Abano which has no material assets on the date of the liquidation.

10.3 The agreed amendments contemplated by paragraph 10.2 have been incorporated in the Offer Document.

10.4 On 10 November 2016, Abano wrote to Healthcare Partners to seek consent to authorise and pay an interim dividend in accordance with Abano's existing dividend policy and usual practice, on the basis that the holders of Abano Shares could keep that interim dividend. Healthcare Partners refused to grant that consent.

10.5 After that refusal, Healthcare Partners released a public statement to the effect that it would consent to an "appropriate" interim dividend, provided that the interim dividend was deducted from the Offer price. Accordingly, on 24 November 2016, before receipt of the Third Takeover Notice, Abano wrote to Healthcare Partners to seek Healthcare Partners' consent to authorise and pay an interim dividend of 11 to 16 cents per Abano Share on the basis that the interim dividend was deducted from the Offer price. Healthcare Partners did not respond to that request. However, the Offer Document permits Abano to pay an interim dividend of between 11 and 16 cents per Abano Share on the basis that the interim dividend is deducted from the Offer price.

10.6 As at the date of this Target Company Statement, except as set out in this paragraph 10, no agreement or arrangement (whether legally enforceable or not) has been made, or is proposed to be made, between Healthcare Partners or any of its associates, and Abano or any related company of Abano, in connection with, in anticipation of, or in response to, the Offer.

11. RELATIONSHIP BETWEEN HEALTHCARE PARTNERS, AND DIRECTORS AND SENIOR OFFICERS OF ABANO

Arrangements

11.1 There are no agreements or arrangements (whether legally enforceable or not) that have been made, or are proposed to be made, between Healthcare Partners, or any of its associates, and any of the Directors or Senior Officers of Abano, or of any related company of Abano (including particulars of any payment or other benefit proposed to be made or given by way of compensation for loss of office, or as to their remaining in or retiring from office), in connection with, in anticipation of, or in response to, the Offer.

Relationship with Healthcare Partners

11.2 None of the Directors or Senior Officers of Abano are also a director or senior officer of Healthcare Partners, or any related company of Healthcare Partners.

12. AGREEMENT BETWEEN ABANO, AND DIRECTORS AND OFFICERS OF ABANO

12.1 No agreement or arrangement (whether legally enforceable or not) has been made, or is proposed to be made between Abano, or any related company of Abano, and any of the Directors or Senior Officers of Abano or any director or senior officer of Abano's related companies, or their associates, under which a payment or other benefit may be made or given by way of compensation for loss of office, or as to their remaining in or retiring from office in connection with, in anticipation of, or in response to, the Offer.

12.2 The total shareholder approved fee pool for the Abano Directors includes a $150,000 special annual pool that provides flexibility for the remuneration of non-executive Directors who assume additional responsibilities throughout the year for special events such as in response to takeover activity. This special annual pool has not been used since FY10.

12.3 If the Abano Board makes a payment from this special pool to Directors for additional responsibilities in respect of the Offer, then Abano will seek reimbursement of those payments from Healthcare Partners pursuant to rule 49 of the Takeovers Code.

13. INTERESTS OF DIRECTORS AND OFFICERS OF ABANO IN CONTRACTS OF HEALTHCARE PARTNERS (OR A RELATED COMPANY OF HEALTHCARE PARTNERS)

13.1 No Director or Senior Officer of Abano, nor their associates, has an interest in any contract to which Healthcare Partners, or any related company of Healthcare Partners, is a party.

13A INTERESTS OF ABANO'S SUBSTANTIAL SECURITY HOLDERS IN MATERIAL CONTRACTS OF HEALTHCARE PARTNERS (OR A RELATED COMPANY OF HEALTHCARE PARTNERS)

13A.1 Healthcare Partners is the holder of more than 5% of the Abano Shares. Healthcare Partners has an interest in the material contracts to which it is a party. In preparing this Target Company Statement, Abano made certain requests for information to Healthcare Partners and Healthcare Partners declined to respond. Accordingly, Abano is unable to comment on the material contracts of Healthcare Partners and its related companies.

13A.2 Except to the extent noted in paragraph 13A.1, no person who, to the knowledge of the Directors or the Senior Officers of Abano, holds or controls 5% or more of Abano Shares, has an interest in any material contract to which Healthcare Partners, or any related company of Healthcare Partners, is a party.

14. ADDITIONAL INFORMATION

14.1 Healthcare Partners submitted three notices of intention to make a partial takeover offer for Abano in November 2016.

14.2 The draft offer documents that accompanied the First Takeover Notice and the Second Takeover Notice contained information regarding Abano's dental Underlying EBITDA[36] margins that Abano considered to be materially misleading. Abano raised concerns with the Takeovers Panel about that misleading information and, as a result, Healthcare Partners withdrew the Second Takeover Notice. The Offer Document does not include the information about Underlying EBITDA margins that Abano considered to be misleading.

14.3 Section 3 of the "Why you should accept this offer" section of the Offer Document contains a graph headed "Abano's Underlying EBITDA has not improved from FY12 to FY16". Section 4 of the same section of the Offer Document contains a graph headed "Abano has experienced significant debt growth from the start of FY12 to FY16" ("**Net Debt Graph**"). The purpose of the two graphs appears to be to suggest that Abano has significantly increased debt, but has not increased earnings (Underlying EBITDA), over the FY12 to FY16 period.

14.4 Abano considers that the graphs and the apparent purpose of the graphs to be misleading:

(a) The Net Debt Graph, for FY16, shows net debt of $113.5 million. This is misleading because the net debt figure, as presented in the graph, does not take into account the $32 million payable by interests associated with Healthcare Partners to Abano for the sale of Abano's shares in Bay International Limited. That $32 million receivable was paid in cash on 17 June 2016, less than three weeks after Abano's FY16 balance date of 31 May 2016. If that $32 million receivable was included, then net debt for FY16 reduces by 28.2% to $81.5 million – which is less than net debt over three years ago in FY13.

(b) During the FY12 to FY16 approximately $16.1 million of debt was incurred to fund Bay International Limited. This debt was not incurred in dental acquisitions to increase Underlying EBITDA from Abano's dental business. Bay International Limited was loss-making during each of those financial years and as the business was in a 50/50 joint venture with interests associated with Peter Hutson, it was not consolidated into Abano's Underlying EBITDA. Accordingly, while debt was incurred and net debt levels increased to fund Bay International Limited, there was no resulting increase in Abano's Underlying EBITDA.

(c) In FY13, Abano borrowed A$14.0 million of debt to purchase the remaining 30% of the Australian dental business which was then owned by minority interests. Under applicable accounting standards, Abano was required to consolidate 100% of the Australian business – meaning that even though Abano only owned 70% of the business, it included 100% of the earnings of the Australian business in Underlying EBITDA. The minority interest was then deducted from Abano's net profit after tax. Accordingly, the acquisition of the minority interest in the Australian dental business did not increase Underlying EBITDA, but did increase net profit after tax.

15. RECOMMENDATION

15.1 The Abano Board **unanimously** recommends that you should **REJECT** accept the Offer.

15.2 Shareholders should, when deciding whether to accept the Offer, consider their own individual circumstances, views on value and the merits of the offer and investment time horizons. Shareholders are encouraged to seek their own financial advice.

[36] Refer to footnote 21.

15.3 The detail of the recommendation, and the reasons for it, are set out in the Abano Board Letter to Shareholders and Section 1 of this Target Company Statement.

16. ACTIONS BY ABANO

16.1 There are no material agreements or arrangements (whether legally enforceable or not) of Abano or its related companies, entered into as a consequence of, in response to, or in connection with, the Offer.

16.2 There are no negotiations underway to which Abano is party, as a consequence of, in response to, or in connection with, the Offer that relate to, or could result in:

(a) an extraordinary transaction (such as a merger, amalgamation, or reorganisation) involving Abano or any of its related companies; or

(b) the acquisition or disposition of material assets by Abano or any of its related companies; or

(c) an acquisition of equity securities by, or of, Abano or any related company of Abano; or

(d) any material change in equity securities on issue, or policy related to distributions, of Abano.

17. ABANO SHARES

17.1 There are currently 21,465,266 Abano Shares on issue. These are fully paid ordinary shares. Abano shareholders have in respect of each Abano Share, subject to the NZX Main Board Listing Rules and Abano's constitution:

(a) the right to an equal share in dividends authorised by the Abano Board;

(b) the right to an equal share in distribution of surplus assets of Abano;

(c) the right to cast one vote on a show of hands or the right to cast one vote on a poll (for each Share held) on any resolution, including a resolution to:

(i) appoint or remove a Director or the auditor;

(ii) alter Abano's constitution;

(iii) approve a major transaction by Abano;

(iv) approve an amalgamation involving Abano (other than an amalgamation of a wholly owned subsidiary); and

(v) put Abano into liquidation.

18. FINANCIAL INFORMATION

Annual Report

18.1 Every person to whom the Offer is made is entitled to obtain from Abano a copy of its most recent audited annual report (being the report for the 12 month period ended 31 May 2016) from Abano's website at www.abano.co.nz or by making a written request to:

16th Floor, West Plaza Building
3 - 7 Albert St
Auckland 1010
P O Box 106 514
Auckland 1143
Fax: 64 9 300 1419
Email: enquiries@abanohealthcare.co.nz

Changes in the financial position, trading position or prospects of Abano since the annual report for the period ended 31 May 2016

18.2 On 14 December 2016, Abano provided its headline financial results for the six months ending 30 November 2016. Results were either at the top end or ahead of Abano's guidance provided on 25 October 2016.

Unaudited management headline results for the six months to 30 November 2016

$ MILLIONS	HY17 ACTUAL	HY16 ADJUSTED FOR AUDIOLOGY DIVESTMENT	HY16 ACTUAL
Gross Revenue[37]	138.9	130.0	151.8
Revenue	116.8	108.0	108.0
EBITDA[38]	16.5	12.8	12.8
Underlying EBITDA[39]	16.8	13.2	13.2
NPAT[40]	5.9	3.2	3.4
Underlying NPAT[41]	6.3	3.7	3.9

18.3 Abano will release its unaudited half year financial statements and detailed results announcement to the market on 21 December 2016.

18.4 Information on gross revenue, Underlying EBITDA and Underlying NPAT, which are non-GAAP financial measures and not prepared in accordance with NZ IFRS, is available on Abano's website at www.abano.co.nz/underlyingearnings.

18.5 Other than as set out in this Target Company Statement and the Independent Adviser's Report:

(a) there have been no material changes in the financial or trading position, or prospects, of Abano since the annual report for the period ended 31 May 2016; and

(b) there is no other information about the assets, liabilities, profitability and financial affairs of Abano that could reasonably be expected to be material to the making of a decision by shareholders to accept or reject the Offer.

19. INDEPENDENT ADVICE ON MERITS OF THE OFFER

19.1 Grant Samuel & Associates Limited, as Independent Adviser, has prepared a report under Rule 21 of the Takeovers Code ("**Independent Adviser's Report**"). A full copy of the Independent Adviser's Report is set out in Appendix B.

20. ASSET VALUATION

20.1 None of the information contained in this Target Company Statement refers to a valuation of any asset.

20.2 The Independent Adviser's Report refers to the valuation of Abano. The basis of computation and key assumptions on which that valuation is based is set out in that report.

[37] Gross revenue is reported by Abano within the segment note in its financial statements and includes Australian dental revenues before payment of dentists' commissions.
[38] Earnings before interest, tax, depreciation and amortisation. EBITDA is a non-GAAP financial measure.
[39] Refer footnote 20. Abano uses Underlying EBITDA to evaluate performance, establish strategic goals and allocate resources.
[40] Net profit after tax.
[41] Underlying NPAT is a non-GAAP financial measure and excludes gains/losses arising on the sale of businesses, IFRS adjustments and impairments, including their tax effect. Abano uses Underlying NPAT to evaluate performance, establish strategic goals, allocate resources and payment of dividends.

21. PROSPECTIVE FINANCIAL INFORMATION

21.1 The Independent Adviser's Report contains prospective financial information in relation to Abano and the principal assumptions on which the prospective financial information is based are set out in the Independent Adviser's Report.

21.2 The Independent Adviser's Report sets out certain details of Abano's forecast for the six months to 31 May 2017 (the "**Forecast**"). In considering that information, shareholders should note that the Forecast, while Board approved, was prepared for internal management purposes only. It was not prepared for, or with the intention of giving, public guidance as to Abano's expected future financial performance. Accordingly, the basis of preparation of the Forecast, while appropriate for internal management purposes, may differ from the basis which would be adopted when preparing prospective financial information for external reporting purposes.

22. SALES OF UNQUOTED EQUITY SECURITIES UNDER THE OFFER

22.1 The Abano Shares, which are the subject of the Offer, are quoted on the NZX Main Board (NZX:ABA). As at the date of this Target Company Statement, Abano has no unquoted equity securities on issue.

23. MARKET PRICES OF QUOTED EQUITY SECURITIES UNDER OFFER

23.1 The closing price on the NZX Main Board market operated by NZX Limited of Abano Shares on:

(a) 9 December 2016, being the latest practicable working day before the date on which this Target Company Statement is sent to shareholders, was $8.00; and

(b) 23 November 2016, being the last day on which NZX Limited was open for business before the date on which Abano received the Third Takeover Notice, was $8.41.

23.2 The highest and lowest closing market price of Abano Shares on the NZX Main Board and the relevant dates during the six months before the date on which Abano received Healthcare Partners' Third Takeover Notice (24 November 2016) were as follows:

(a) the highest closing market price was $9.00 on 4 November 2016; and

(b) the lowest closing market price was $7.45 on 13 July 2016.

23.3 There were, in the six month period prior to the date of this Target Company Statement, the following issuances of equity securities of Abano, changes in the equity securities on issue or distributions that could have affected the market prices referred to in this paragraph 23:

(a) the authorisation of the final FY16 dividend of 20 cents per share ($4,254,197 in aggregate) on 27 July 2016, the payment of which occurred on 22 August 2016; and

(b) the issuance of 194,282 Abano Shares pursuant to the Abano Dividend Reinvestment Plan on 22 August 2016.

24. OTHER INFORMATION

Partial offer

24.1 The Offer is a partial takeover offer. This means that Healthcare Partners is offering to purchase only 30.99% of the total number of Abano Shares (being 38.27% of the total number of Abano Shares not held by Healthcare Partners). As Healthcare Partners cannot take up or acquire Abano Shares in excess of this under the Offer, Abano shareholders who accept the Offer for more than 38.27% of their Abano Shares are likely to have their acceptances scaled down in accordance with the scaling formula set out in the Takeovers Code. If all shareholders accept the Offer for all of their shares, you will remain a shareholder in Abano with 61.73% of your Abano Shares. For further information, see Appendix A.

Rounding

24.2 All shareholding percentages in this Target Company Statement are rounded to two decimal places unless stated otherwise.

Reliance on information

24.3 In preparing this Target Company Statement Abano has relied on the completeness and accuracy of information provided to it by or on behalf of various persons, including New Zealand Central Securities Depository Limited, Forsyth Barr Investment Management Limited, Forsyth Barr Custodians Limited, Fisher Funds Management Limited and National Nominees Limited.

24.4 Healthcare Partners declined to respond to Abano's requests for information. Accordingly Abano has relied on the content set out in the Third Takeover Notice and the Offer Document in preparing this Target Company Statement.

25. APPROVAL OF ABANO TARGET COMPANY STATEMENT

25.1 This Target Company Statement has been unanimously approved by the Abano Board.

26. CERTIFICATE

26.1 To the best of our knowledge and belief, after making proper enquiry, the information contained in or accompanying this Target Company Statement is, in all material respects, true and correct and not misleading, whether by omission of any information or otherwise, and includes all the information required to be disclosed by Abano under the Takeovers Code.

SIGNED BY:

Trevor David Janes
Director

Philippa Jane Dunphy
Director

Richard George Keys
Chief Executive Officer

Rachel Jane Walsh
Chief Financial Officer

FIRST SCHEDULE

OWNERSHIP OF ABANO SHARES BY DIRECTORS OR SENIOR OFFICERS AND THEIR ASSOCIATES

DIRECTOR OR SENIOR OFFICER	DESCRIPTION	NUMBER OF ABANO SHARES HELD OR CONTROLLED BY DIRECTOR, SENIOR DIRECTOR, SENIOR OFFICER OR AN ASSOCIATE	DESIGNATION	PERCENTAGE OF TOTAL NUMBER OF ABANO SHARES[42]
Trevor David Janes	Director	30,143	Ordinary shares	0.140%
Philippa Jane Dunphy	Director	16,245	Ordinary shares	0.076%
Danny Chan	Director	13,955	Ordinary shares	0.065%
Murray Raymond Boyte	Director	4,010	Ordinary shares	0.019%
Eduard Koert van Arkel	Director	13,676	Ordinary shares	0.064%
Dr Ginni Mansberg[43]	Director	1,227	Ordinary shares	0.006%
Richard George Keys[44]	Senior Officer	166,908	Ordinary shares	0.778%
Rachel Jane Walsh	Senior Officer	517	Ordinary shares	0.002%
Andrew Richard Purcell Tapper[45]	Senior Officer	46,127	Ordinary shares	0.215%

This information was provided by the named persons in response to questionnaires circulated by Abano after the Second Takeover Notice.

[42] Percentage figures rounded to three decimal places.
[43] These Shares are held by Dr Ginni Pty Limited (ACN 132 813 622) as trustee for the Ginni Trust, which may be an associate of Dr Ginni Mansberg.
[44] 45,860 Shares (0.214%) are held by Richard George Keys in his personal name pursuant to an executive incentive scheme established by Abano.
121,048 Shares (0.564%) are held by Richard George Keys, Kathryn Anne Keys and Ronald David Bruell (jointly) as trustees of the Richard Keys Family Trust.
[45] These Shares are held by Andrew Richard Purcell Tapper, Felicity Anne Tapper and Independent Trustee Co. 2013 Limited (jointly) as trustees of the A R P & F A Tapper Investment Trust.

SECOND SCHEDULE

OWNERSHIP OF ABANO SHARES BY HOLDERS OR CONTROLLERS OF 5% OR MORE OF ABANO SHARES

NAME OF HOLDER(S) OF ABANO SHARES	NUMBER ABANO SHARES HELD OR CONTROLLED	DESIGNATION	PERCENTAGE OF TOTAL NUMBER OF ABANO SHARES
New Zealand Central Depository Limited	5,606,668[46]	Ordinary shares	26.12%
Healthcare Partners Holdings Limited[47]	4,083,688	Ordinary shares	19.02%
Fisher Funds Management Limited	2,336,032[48]	Ordinary shares	10.88%
Forsyth Barr Custodians Limited	2,275,407[49]	Ordinary shares	10.60%
Forsyth Barr Investment Management Limited	1,264,788[50]	Ordinary shares	5.89%

The information in the table and the related footnotes in respect of Forsyth Barr Custodians Limited, Forsyth Barr Investment Management Limited, New Zealand Central Securities Depository Limited and Fisher Funds Management Limited was provided by or on behalf of the named persons in response to questionnaires circulated by Abano after the Second Takeover Notice.

[46] Number of Abano Shares held as at 5pm on 24 November 2016. Of these 5,606,668 Abano Shares, 2,336,032 Abano Shares (10.88%) are controlled by Fisher Funds Management Limited.
[47] Paragraph 5.1 of the Offer Document contains information regarding the related companies of Healthcare Partners and the persons who control those related companies.
[48] Number of Abano Shares controlled as at 5pm on 15 November 2016. These Abano Shares are legally held by New Zealand Central Securities Depository Limited.
[49] Number of Abano Shares held as at 25 November 2016. Of these 2,275,407 Abano Shares: 1,264,788 Abano Shares (5.89%) are controlled by Forsyth Barr Investment Management Limited.
[50] Number of Abano Shares controlled as at 25 November 2016. These Abano Shares are legally held by Forsyth Barr Custodians Limited.

THIRD SCHEDULE

ISSUES OF ABANO SHARES TO DIRECTORS AND SENIOR OFFICERS AND THEIR ASSOCIATES DURING THE PREVIOUS TWO YEARS

DIRECTOR OR SENIOR OFFICER	DESCRIPTION	NUMBER OF ABANO SHARES ISSUED TO DIRECTOR, SENIOR OFFICER OR ASSOCIATE	PRICE PER ABANO SHARE ISSUED	DATE OF ISSUE
Trevor David Janes	Director	538	$8.09[51]	22 August 2016
Trevor David Janes	Director	324	$6.89[52]	22 January 2016
Trevor David Janes	Director	392	$7.48[53]	21 August 2015
Trevor David Janes	Director	217	$7.88[54]	23 January 2015
Philippa Jane Dunphy	Director	275	$8.09[55]	22 August 2016
Philippa Jane Dunphy	Director	156	$6.89[56]	22 January 2016
Philippa Jane Dunphy	Director	185	$7.48[57]	21 August 2015
Philippa Jane Dunphy	Director	97	$7.88[58]	23 January 2015
Danny Chan	Director	247	$8.09[59]	22 August 2016
Danny Chan	Director	149	$6.89[60]	22 January 2016
Danny Chan	Director	180	$7.48[61]	21 August 2015
Danny Chan	Director	97	$7.88[62]	23 January 2015
Murray Raymond Boyte	Director	63	$8.09[63]	22 August 2016
Murray Raymond Boyte	Director	19	$6.89[64]	22 January 2016

[51] These Shares were issued pursuant to the Abano Dividend Reinvestment Plan ("DRP"). Rounding did not affect the actual price per share.
[52] These Shares were issued pursuant to the DRP at a price per share of $6.89 however, as a result of rounding in accordance with the terms of the DRP, the actual price per share was $6.90.
[53] These Shares were issued pursuant to the DRP at a price per share of $7.48 however, as a result of rounding in accordance with the terms of the DRP, the actual price per share was $7.49.
[54] These Shares were issued pursuant to the DRP at a price per share of $7.88. Rounding did not affect the actual price per share.
[55] These Shares were issued pursuant to the DRP at price per share of $8.09 however, as a result of rounding in accordance with the terms of the DRP, the actual price per share was $8.08.
[56] These Shares were issued pursuant to the DRP. Rounding did not affect the actual price per share.
[57] These Shares were issued pursuant to the DRP at a price per share of $7.48 however, as a result of rounding in accordance with the terms of the DRP, the actual price per share was $7.47.
[58] These Shares were issued pursuant to the DRP at a price per share of $7.88. Rounding did not affect the actual price per share.
[59] These Shares were issued pursuant to the DRP at a price per share of $8.09 however, as a result of rounding in accordance with the terms of the DRP, the actual price per share was $8.08.
[60] These Shares were issued pursuant to the DRP at a price per share of $6.89 however, as a result of rounding in accordance with the terms of the DRP, the actual price per share was $6.90.
[61] These Shares were issued pursuant to the DRP at a price per share of $7.48 however, as a result of rounding in accordance with the terms of the DRP, the actual price per share was $7.49.
[62] These Shares were issued pursuant to the DRP at a price per share of $7.88 however, as a result of rounding in accordance with the terms of the DRP, the actual price per share was $7.90.
[63] These Shares were issued pursuant to the DRP at a price per share of $8.09 however, as a result of rounding in accordance with the terms of the DRP, the actual price per share was $8.04.
[64] These Shares were issued pursuant to the DRP at a price per share of $6.89 however, as a result of rounding in accordance with the terms of the DRP, the actual price per share was $6.80.

DIRECTOR OR SENIOR OFFICER	DESCRIPTION	NUMBER OF ABANO SHARES ISSUED TO DIRECTOR, SENIOR OFFICER OR ASSOCIATE	PRICE PER ABANO SHARE ISSUED	DATE OF ISSUE
Eduard Koert van Arkel	Director	237	$8.09[65]	22 August 2016
Eduard Koert van Arkel	Director	137	$6.89[66]	22 January 2016
Eduard Koert van Arkel	Director	162	$7.48[67]	21 August 2015
Eduard Koert van Arkel	Director	87	$7.88[68]	23 January 2015
Richard George Keys[69]	Senior Officer	45,860	$7.67	21 August 2015
Rachel Jane Walsh	Senior Officer	10	$8.09[70]	22 August 2016
Rachel Jane Walsh	Senior Officer	7	$6.89[71]	22 January 2016
Andrew Richard Purcell Tapper[72]	Senior Officer	895	$8.09[73]	22 August 2016
Andrew Richard Purcell Tapper[74]	Senior Officer	603	$6.89[75]	22 January 2016
Andrew Richard Purcell Tapper[76]	Senior Officer	818	$7.48[77]	21 August 2015

This information is taken from responses to questionnaires circulated to the above named Directors and Senior Officers by Abano after the Second Takeover Notice and from market announcements released to the market through the NZX Main Board market announcement platform in 2015 and 2016.

[65] These Shares were issued pursuant to the DRP at a price per share of $8.09 however, as a result of rounding in accordance with the terms of the DRP, the actual price per share was $8.10.
[66] These Shares were issued pursuant to the DRP. Rounding did not affect the actual price per share.
[67] These Shares were issued pursuant to the DRP. Rounding did not affect the actual price per share.
[68] These Shares were issued pursuant to the DRP at a price per share of $7.88 however, as a result of rounding in accordance with the terms of the DRP, the actual price per share was $7.89.
[69] These Shares were issued to Richard George Keys on 21 August 2015 pursuant to an executive incentive scheme established by Abano. At that same point in time Richard George Keys obtained a beneficial interest in those Shares.
[70] These Shares were issued pursuant to the DRP at a price per share of $8.09 however, as a result of rounding in accordance with the terms of the DRP, the actual price per share was $8.12.
[71] These Shares were issued pursuant to the DRP. Rounding did not affect the actual price per share.
[72] These Shares were issued to Andrew Richard Purcell Tapper, Felicity Anne Tapper and Independent Trustee Co. 2013 Limited (jointly) as trustees of the A R P & F A Tapper Investment Trust.
[73] These Shares were issued pursuant to the DRP. Rounding did not affect the actual price per share.
[74] These Shares were issued to Andrew Richard Purcell Tapper, Felicity Anne Tapper and Independent Trustee Co. 2013 Limited (jointly) as trustees of the A R P & F A Tapper Investment Trust.
[75] These Shares were issued pursuant to the DRP. Rounding did not affect the actual price per share.
[76] These Shares were issued to Andrew Richard Purcell Tapper, Felicity Anne Tapper and Independent Trustee Co. 2013 Limited (jointly) as trustees of the A R P & F A Tapper Investment Trust.
[77] These Shares were issued pursuant to the DRP. Rounding did not affect the actual price per share.

FOURTH SCHEDULE

PART A: TRADING OF ABANO SHARES BY DIRECTOR OR THEIR ASSOCIATE DURING THE PREVIOUS SIX MONTHS

DIRECTOR OR ASSOCIATE	ACQUISITION OR DISPOSAL	NUMBER OF ABANO SHARES	DESIGNATION	DATE OF TRANSACTION	PRICE PER ABANO SHARE TRADED
Trevor David Janes[78]	Acquisition	2,421	Ordinary shares	23 August 2016	$8.25
Philippa Jane Dunphy[79]	Acquisition	2,095	Ordinary shares	26 October 2016	$8.10
Danny Chan[80]	Acquisition	1,232	Ordinary shares	26 October 2016	$8.10
Murray Raymond Boyte[81]	Acquisition	1,210	Ordinary shares	23 August 2016	$8.25
Eduard Koert van Arkel[82]	Acquisition	1,452	Ordinary shares	23 August 2016	$8.25
Dr Ginni Mansberg[83]	Acquisition	1,227	Ordinary shares	26 October 2016	$8.10

This information is taken from responses to questionnaires circulated to the above named Directors and Senior Officers by Abano after the Second Takeover Notice and from market announcements released to the market through the NZX Main Board market announcement platform in 2016.

[78] These Shares were acquired in accordance with the Abano Directors Share Plan (the "Director Share Plan"). The Director Share Plan is a fixed trading plan for the purposes of section 260 of the Financial Markets Conduct Act 2013 ("FMCA"). The purpose of the Director Share Plan is to encourage and facilitate the ownership of Abano Shares by Directors (to ensure an alignment of interests with shareholders) in a manner which does not breach the prohibitions on insider trading contained in the FMCA. Under the Director Share Plan, Abano Directors agree that a portion of their Director fees will, each year, be applied towards the acquisition of Abano Shares. Abano Directors cannot withdraw from the Director Share Plan and have no control over the acquisition of Abano Shares. Rather, the acquisitions are made on-market by Craigs Investments Partners Limited during fixed trading windows specified in the Director Share Plan.
[79] These Shares were acquired in accordance with the Abano Director Share Plan.
[80] These Shares were acquired in accordance with the Abano Director Share Plan.
[81] These Shares were acquired in accordance with the Abano Director Share Plan.
[82] These Shares were acquired in accordance with the Abano Director Share Plan.
[83] These Shares were acquired by Dr Ginni Pty Limited (ACN 132 813 622) as trustee for the Ginni Trust, which may be an associate of Dr Ginni Mansberg, in accordance with the Abano Director Share Plan.

PART B: TRADING OF ABANO SHARES BY HOLDERS OR CONTROLLERS OF 5% OR MORE OF ABANO SHARES ON ISSUE DURING THE PREVIOUS SIX MONTHS

ACQUISITION OR DISPOSAL	NUMBER OF ABANO SHARES	DESIGNATION	WEEK OF ACQUISITION OR DISPOSAL	WEIGHTED AVERAGE PRICE PER ABANO SHARE
Healthcare Partners Holdings Limited[84]				
Acquisition	4,083,688	Ordinary shares	31/10/2016	$8.00
New Zealand Central Securities Depository Limited[85]				
Acquisition	90,570	Ordinary shares	06/06/2016	$7.95
Disposal	90,570	Ordinary shares	06/06/2016	$7.95
Acquisition	26,000	Ordinary shares	13/06/2016	$7.98
Disposal	26,000	Ordinary shares	13/06/2016	$7.98
Acquisition	6,000	Ordinary shares	20/06/2016	$7.93
Disposal	6,000	Ordinary shares	20/06/2016	$7.93
Acquisition	9,741	Ordinary shares	27/06/2016	$7.60
Disposal	9,741	Ordinary shares	27/06/2016	$7.60
Acquisition	2,931	Ordinary shares	04/07/2016	$7.63
Disposal	2,931	Ordinary shares	04/07/2016	$7.63
Acquisition	19,480	Ordinary shares	11/07/2016	$7.57
Disposal	19,480	Ordinary shares	11/07/2016	$7.57
Acquisition	116,351	Ordinary shares	18/07/2016	$7.87
Disposal	116,351	Ordinary shares	18/07/2016	$7.87
Acquisition	10,000	Ordinary shares	25/07/2016	$8.12
Disposal	10,000	Ordinary shares	25/07/2016	$8.12
Acquisition	24,489	Ordinary shares	01/08/2016	$8.18
Disposal	24,489	Ordinary shares	01/08/2016	$8.18
Acquisition	35,876	Ordinary shares	08/08/2016	$8.28
Disposal	35,876	Ordinary shares	08/08/2016	$8.28
Acquisition	32,600	Ordinary shares	15/08/2016	$8.25
Disposal	32,600	Ordinary shares	15/08/2016	$8.25
Acquisition	5,090	Ordinary shares	22/08/2016	$8.27
Disposal	5,090	Ordinary shares	22/08/2016	$8.27
Acquisition	10,960	Ordinary shares	05/09/2016	$8.28
Disposal	10,960	Ordinary shares	05/09/2016	$8.28
Acquisition	73,500	Ordinary shares	19/09/2016	$8.29
Disposal	73,500	Ordinary shares	19/09/2016	$8.29
Acquisition	28,110	Ordinary shares	03/10/2016	$8.51
Disposal	28,110	Ordinary shares	03/10/2016	$8.51
Acquisition	71,585	Ordinary shares	10/10/2016	$8.51
Disposal	71,585	Ordinary shares	10/10/2016	$8.51

[84] Paragraph 6.1 of Schedule 1 to the Offer Document contains information regarding the trading of Abano Shares by Healthcare Partners, the related companies of Healthcare Partners, persons acting jointly or in concert with Healthcare Partners and any director of any such persons.
[85] New Zealand Central Securities Depository Limited provided data on all settled transactions for Abano Shares in NZClear up to the end of the week commencing 21 November 2016. The trading data is presented based on settlement date in NZClear (not the date of the trade). The trading data excludes (i) trades in the New Zealand Central Securities Depository Limited system which are free of payment (i.e. where no consideration was attached to the trade; and (ii) all loges and uplifts of securities into the NZClear system. This data is also presented based on settlement date in NZClear and not the date of the trade.

ACQUISITION OR DISPOSAL	NUMBER OF ABANO SHARES	DESIGNATION	WEEK OF ACQUISITION OR DISPOSAL	WEIGHTED AVERAGE PRICE PER ABANO SHARE
Acquisition	6,000	Ordinary shares	17/10/2016	$8.54
Disposal	6,000	Ordinary shares	17/10/2016	$8.54
Acquisition	30,737	Ordinary shares	24/10/2016	$8.12
Disposal	30,737	Ordinary shares	24/10/2016	$8.12
Acquisition	37,437	Ordinary shares	31/10/2016	$8.06
Disposal	37,437	Ordinary shares	31/10/2016	$8.06
Acquisition	9,024	Ordinary shares	07/11/2016	$8.43
Disposal	9,024	Ordinary shares	07/11/2016	$8.43
Acquisition	2,012	Ordinary shares	14/11/2016	$8.42
Disposal	2,012	Ordinary shares	14/11/2016	$8.42
Acquisition	3,734	Ordinary shares	21/11/2016	$8.42
Disposal	3,734	Ordinary shares	21/11/2016	$8.42
Forsyth Barr Custodians Limited[86]				
Acquisition	5,927	Ordinary shares	6/06/2016	$7.67
Disposal	2,255	Ordinary shares	6/06/2016	$7.97
Acquisition	3,338	Ordinary shares	13/06/2016	$7.86
Disposal	2,538	Ordinary shares	13/06/2016	$8.03
Acquisition	11,625	Ordinary shares	20/06/2016	$7.50
Disposal	9,035	Ordinary shares	20/06/2016	$7.87
Acquisition	9,550	Ordinary shares	27/06/2016	$7.63
Disposal	649	Ordinary shares	27/06/2016	$7.60
Acquisition	9,547	Ordinary shares	4/07/2016	$7.60
Disposal	8,088	Ordinary shares	4/07/2016	$7.61
Acquisition	24,991	Ordinary shares	11/07/2016	$7.62
Disposal	3,154	Ordinary shares	11/07/2016	$7.70
Acquisition	31,738	Ordinary shares	18/07/2016	$7.12
Disposal	9,372	Ordinary shares	18/07/2016	$6.27
Acquisition	54,237	Ordinary shares	25/07/2016	$8.14
Disposal	6,183	Ordinary shares	25/07/2016	$8.11
Acquisition	28,917	Ordinary shares	1/08/2016	$6.31
Disposal	400	Ordinary shares	1/08/2016	$8.20
Acquisition	34,741	Ordinary shares	8/08/2016	$8.31
Acquisition	50,092	Ordinary shares	15/08/2016	$8.26
Disposal	11,954	Ordinary shares	15/08/2016	$8.25
Acquisition	24,537	Ordinary shares	22/08/2016	$7.39
Disposal	11,895	Ordinary shares	22/08/2016	$6.20
Acquisition	12,277	Ordinary shares	29/08/2016	$7.78
Disposal	6,658	Ordinary shares	29/08/2016	$7.39

[86] This data relates to the period of the week commencing 30 May 2016 up to 25 November 2016, being the end of the period for which trading data was provided by Forsyth Barr Custodians Limited.

ACQUISITION OR DISPOSAL	NUMBER OF ABANO SHARES	DESIGNATION	WEEK OF ACQUISITION OR DISPOSAL	WEIGHTED AVERAGE PRICE PER ABANO SHARE
Acquisition	10,038	Ordinary shares	5/09/2016	$8.28
Disposal	1,730	Ordinary shares	5/09/2016	$8.08
Acquisition	8,186	Ordinary shares	12/09/2016	$7.39
Disposal	2,998	Ordinary shares	12/09/2016	$8.17
Acquisition	23,010	Ordinary shares	19/09/2016	$8.00
Disposal	8,478	Ordinary shares	19/09/2016	$ 7.40
Acquisition	11,127	Ordinary shares	26/09/2016	$7.94
Disposal	6,880	Ordinary shares	26/09/2016	$7.58
Acquisition	13,430	Ordinary shares	3/10/2016	$8.52
Disposal	13,650	Ordinary shares	3/10/2016	$8.50
Acquisition	9,335	Ordinary shares	10/10/2016	$8.54
Disposal	2,525	Ordinary shares	10/10/2016	$8.44
Acquisition	19,038	Ordinary shares	17/10/2016	$8.11
Disposal	16,520	Ordinary shares	17/10/2016	$8.29
Acquisition	9,219	Ordinary shares	24/10/2016	$8.06
Acquisition	15,010	Ordinary shares	31/10/2016	$6.82
Disposal	6,300	Ordinary shares	31/10/2016	$4.98
Acquisition	1,200	Ordinary shares	7/11/2016	$8.09
Acquisition	1,000	Ordinary shares	14/11/2016	$7.78
Disposal	12,372	Ordinary shares	14/11/2016	$8.43
Acquisition	6,551	Ordinary shares	21/11/2016	$8.45
Disposal	1,519	Ordinary shares	21/11/2016	$7.99
Forsyth Barr Investment Management Limited[87]				
Acquisition	97	Ordinary shares	6/06/2016	$7.91
Disposal	1,315	Ordinary shares	6/06/2016	$8.10
Acquisition	1,300	Ordinary shares	13/06/2016	$7.87
Acquisition	2,000	Ordinary shares	20/06/2016	$7.90
Disposal	6,045	Ordinary shares	20/06/2016	$7.89
Acquisition	6,700	Ordinary shares	27/06/2016	$7.62
Disposal	649	Ordinary shares	27/06/2016	$7.60
Acquisition	2,327	Ordinary shares	4/07/2016	$7.60
Acquisition	20,550	Ordinary shares	11/07/2016	$7.61
Disposal	5,298	Ordinary shares	4/07/2016	$7.60
Acquisition	25,328[88]	Ordinary shares	18/07/2016	$7.98
Disposal	1,738	Ordinary shares	18/07/2016	$8.00
Acquisition	66,492	Ordinary shares	25/07/2016	$8.16

[87] This data relates to the period of the week commencing 30 May 2016 up to 25 November 2016, being the end of the period for which the trading data was provided by Forsyth Barr Investment Management Limited. Note that the trading data for Forsyth Barr Investment Management Limited represents the acquisition or disposal of Shares controlled by Forsyth Barr Investment Management Limited (which is not the beneficial owner of those Shares). Forsyth Barr Custodians Limited is the legal holder of the Shares.

[88] Of the 25,328 Abano Shares acquired, 9,948 were acquired through off market transactions for $0. The off market acquisitions were excluded for the purposes of calculating the weighted average price per Share. If these transactions were included the weighted average price per Share would be $4.85.

ACQUISITION OR DISPOSAL	NUMBER OF ABANO SHARES	DESIGNATION	WEEK OF ACQUISITION OR DISPOSAL	WEIGHTED AVERAGE PRICE PER ABANO SHARE
Disposal	3,436	Ordinary shares	25/07/2016	$8.20
Acquisition	7,975[89]	Ordinary shares	1/08/2016	$8.23
Acquisition	31,250	Ordinary shares	8/08/2016	$8.32
Acquisition	46,100[90]	Ordinary shares	15/08/2016	$8.26
Disposal	7,269	Ordinary shares	15/08/2016	$8.24
Acquisition	20,338[91]	Ordinary shares	22/08/2016	$8.32
Disposal	6,284	Ordinary shares	22/08/2016	$8.29
Acquisition	2,782	Ordinary shares	29/08/2016	$8.25
Disposal	13,195	Ordinary shares	29/08/2016	$8.28
Acquisition	2,588[92]	Ordinary shares	5/09/2016	$8.34
Acquisition	1,000	Ordinary shares	12/09/2016	$8.25
Disposal	2,500	Ordinary shares	12/09/2016	$8.17
Acquisition	7,730	Ordinary shares	19/09/2016	$8.15
Disposal	948[93]	Ordinary shares	19/09/2016	-
Acquisition	4,484	Ordinary shares	26/09/2016	$8.52
Disposal	2,880	Ordinary shares	26/09/2016	$8.48
Acquisition	9,750	Ordinary shares	3/10/2016	$8.51
Disposal	13,650	Ordinary shares	3/10/2016	$8.50
Acquisition	5,660	Ordinary shares	10/10/2016	$8.54
Disposal	2,525	Ordinary shares	10/10/2016	$8.44
Acquisition	8,843	Ordinary shares	17/10/2016	$8.10
Disposal	13,595[94]	Ordinary shares	17/10/2016	$8.12
Acquisition	4,990	Ordinary shares	24/10/2016	$8.07
Acquisition	11,490[95]	Ordinary shares	31/10/2016	$8.21
Disposal	1,300	Ordinary shares	31/10/2016	$7.99
Acquisition	4,044	Ordinary shares	14/11/2016	$8.45
Disposal	5,500	Ordinary shares	14/11/2016	$8.33
Acquisition	2,507	Ordinary shares	21/11/2016	$8.45

This information is taken from responses to questionnaires circulated to each of New Zealand Central Securities Depository Limited, Forsyth Barr Custodians Limited, Forsyth Barr Investment Management Limited and Fisher Funds Management Limited by Abano after the Second Takeover Notice.

[89] Of these 9,975 Abano Shares acquired, 840 were acquired through an off market transaction for $0. The off market acquisition was excluded for the purposes of calculating the weighted average price per Share. If these transactions were included the weighted average price per Share would be $7.36.
[90] Of these 46,100 Abano Shares acquired, 3,500 were acquired through an off market transaction for $0. The off market acquisition was excluded for the purposes of calculating the weighted average price per Share. If these transactions were included the weighted average price per Share would be $7.63.
[91] Of these 20,338 Abano Shares acquired, 4,338 were acquired through an off market transaction for $0. The off market acquisition was excluded for the purposes of calculating the weighted average price per Share. If these transactions were included the weighted average price per Share would be $6.54.
[92] Of these 2,588 Abano Shares acquired, 530 were acquired through an off market transaction for $0. The off market acquisition was excluded for the purposes of calculating the weighted average price per Share. If these transactions were included the weighted average price per Share would be $6.63.
[93] These 948 Abano Shares were disposed of through an off market transaction for $0. Accordingly, the weighted average price per share could not be calculated.
[94] Of these 13,595 Abano Shares disposed of, 12,595 were disposed of through an off market transaction for $0. The off market disposition was excluded for the purposes of calculating the weighted average price per Share. If these transactions were included the weighted average price per Share would be $0.60.
[95] Of these 11,490 Abano Shares acquired, 5,000 were acquired through an off market transaction for $0. The off market acquisition was excluded for the purposes of calculating the weighted average price per Share. If these transactions were included the weighted average price per Share would be $4.64.

APPENDIX A
HOW SCALING WORKS: A WORKED EXAMPLE

The Offer is a partial takeover offer to purchase 30.99% of the Abano Shares (being 38.27% of the Abano Shares not already held by Healthcare Partners). As there are 21,465,266 Abano Shares on issue, Healthcare Partners will, if the Offer is declared unconditional, take up 6,651,092 Abano Shares (50.01% of 21,465,266 minus 4,083,688 Abano Shares already held by Healthcare Partners).

If Healthcare Partners receives acceptances for more than 6,651,092 Abano Shares, acceptances will be scaled. Under the Takeovers Code a two-step process is applied to calculate any necessary scaling, as summarised in this Appendix A.

An Abano shareholder who accepts the Offer in respect of 38.27% of its shareholding (or for a lesser number of Abano Shares) will not be subject to any scaling if the Offer is successful.

Step 1:

At Step 1, Healthcare Partners must take up from each accepting Abano shareholder the lesser of:

- 38.27% of all the Abano Shares held by that accepting shareholder; or
- the full number of Abano Shares for which that shareholder accepted the Offer, where that number is equal to or less than 38.27% of the shareholder's total shareholding.

At the end of the Step 1 calculations, Healthcare Partners is able to determine the total number of Abano Shares still required to achieve 50.01% ownership of Abano (being, 6,651,092 Abano Shares).

Example: Abano currently has 21,465,266 Abano Shares on issue, of which 4,083,688 Abano Shares are held by Healthcare Partners. If shareholders accepted the Offer for 9,000,000 Abano Shares (assuming that every accepting shareholder accepts the Offer in respect of all of their Abano Shares), 3,443,867 Abano Shares will be acquired under the Step 1 calculations (being 38.27% of 9,000,000), with a further 3,207,225 Abano Shares required to achieve a shareholding of 6,651,092 Abano Shares.

Step 2:

At Step 2, Healthcare Partners determines:

- the number of Abano Shares for which it received acceptances which were not taken up at Step 1 (the "**Surplus Shares**"); and
- the total number of additional Abano Shares it needs to take up in order to achieve 50.01% ownership of Abano.

The additional Abano Shares referred to above are acquired from the Abano shareholders who accepted the Offer for more than 38.27% of their Abano Shares (termed "**Surplus Acceptors**").

Healthcare Partners will take up Abano Shares from each Surplus Acceptor on a proportionate basis relative to the total number of Surplus Shares. That proportion is calculated as follows:

$$\frac{\textit{Total number of Abano Shares required to achieve 50.01\% ownership post Step 1}}{\textit{Total number of Surplus Shares}}$$

Example: Shareholders accepted the Offer for 9,000,000 Abano Shares (assuming that every accepting shareholder accepts the Offer for all of their Abano Shares), and Healthcare Partners took up 3,443,867 Abano Shares at Step 1. This left 3,207,225 Surplus Shares held by Surplus Acceptors. Accordingly, the proportion of each Surplus Acceptor's Surplus Shares taken up by Healthcare Partners at Step two is calculated as follows:

$$\frac{3{,}207{,}225}{(9{,}000{,}000 - 3{,}443{,}867)} = 57.72\%$$

Therefore, Healthcare Partners must take up from each Surplus Acceptor 57.72% (rounded to two decimal places) of that Surplus Acceptor's surplus Abano Shares.

*In this example, assuming a shareholder accepts the Offer for its entire shareholding of 1,000 Abano Shares, that shareholder will have **383** Abano Shares acquired at Step 1, and a further **357** Abano Shares acquired in Step 2. That shareholder would then be left with **260** Abano Shares following the close of the Offer.*

WITH A PARTIAL TAKEOVER OFFER IT IS LIKELY THAT SHAREHOLDERS WILL NOT BE ABLE TO SELL ALL OF THEIR SHARES. IF THE OFFER SUCCEEDS IT IS VERY LIKELY THAT SHAREHOLDERS WILL RETAIN THE MAJORITY OF THEIR ABANO SHARES AFTER THE OFFER.

GRANT SAMUEL

Abano Healthcare Group Limited

Independent Adviser's Report

On the partial takeover offer by Healthcare Partners Holdings Limited

12 December 2016

Grant Samuel confirms that it:

- has no conflict of interest that could affect its ability to provide an unbiased report; and
- has no direct or indirect pecuniary or other interest in the Healthcare Partners Offer considered in this report, including any success or contingency fee or remuneration, other than to receive the fee for providing this report.

Grant Samuel has satisfied the Takeovers Panel, on the basis of the material provided to the Panel, that it is independent under the Takeovers Code for the purposes of preparing this report.

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Glossary

Term	Definition
Abano	Abano Healthcare Group Limited
ASX	Australian Stock Exchange
Bay Audiology	Bay Audiology Limited
Bay International	Bay International Limited
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
Grant Samuel	Grant Samuel & Associates Limited
Healthcare Partners	Healthcare Partners Holdings Limited
Hutson	Mr Peter Hutson and Mrs Anya Hutson
IFRS	International Financial Reporting Standards
Lumino	Lumino The Dentists – Abano's New Zealand dental business
Maven	Maven Dental Group – Abano's Australian dental business
NZX	New Zealand Stock Exchange
VWAP	Volume weighted average share price

1. Terms of the Partial Offer from Healthcare Partners

1.1 Background

Abano Healthcare Group Limited (**Abano**) is an investor and operator in the private healthcare market in New Zealand and Australia. The company currently focuses on the dental market in New Zealand and Australia and also has a radiology business in Auckland, New Zealand. Abano is listed on the New Zealand Stock Exchange (**NZX**).

On 24 November 2016 Healthcare Partners Holdings Limited (**Healthcare Partners**) gave notice of its intention to make a partial takeover offer to acquire 30.99% of the fully paid ordinary shares on issue in Abano in order to take its total shareholding to 50.01%. The offer price for each Abano share is $10.00 per share in cash (the **Healthcare Partners Offer** or the **Offer**). The Board of Abano has resolved to pay a cash dividend of $0.16 per share. The Offer price will be reduced by the amount of the dividend. The adjusted Offer price will therefore be $9.84 per share. A partial offer for only 30.99% of the issued capital of Abano almost certainly means that any shareholder wishing to accept the Offer will not be able to dispose of all of their shareholding into the Offer which is an unsatisfactory aspect of partial offers.

1.2 Details of the Healthcare Partners Offer

The Healthcare Partners Offer is for 30.99% of the ordinary shares in Abano. The material conditions of the Offer are:

- acceptances are received from Abano shareholders which will result in Healthcare Partners becoming the holder or controller of 50.01% of the shares in Abano;
- no dividends, bonuses or other payments or distributions are declared, paid or made by Abano including by way of a share buyback, redemption or cancellation or any other form of capital reduction until the takeover offer becomes unconditional. The Offer price will be adjusted for the $0.16 per share dividend to be paid by Abano;
- the Abano business is carried on in the normal and ordinary course consistent with past practices while the Offer is open;
- there not being or having occurred any event, change in circumstances or conditions that could reasonably be expected to have a material adverse effect on Abano's financial or trading position, assets or liabilities or prospects; and
- nothing occurs or fails to occur that would entitle Healthcare Partners' bankers not to make any or all of the funding available to Healthcare Partners.

The full list of conditions are set out in the Healthcare Partners Offer document sent to Abano shareholders.

1.3 Requirements of the Takeovers Code

The Takeovers Code came into effect on 1 July 2001, replacing the NZX Listing Rules and the Companies Amendment Act 1963 requirements governing the conduct of company takeover activity in New Zealand. The Takeovers Code seeks to ensure that all shareholders are treated equally and on the basis of proper disclosure are able to make informed decisions on shareholding transactions that may impact on their own holdings.

Abano is a Code Company for the purposes of the Takeovers Code. Rule 6 of the Takeovers Code, the fundamental rule, states that a person who holds or controls:

(a) no voting rights, or less than 20% of the voting rights, in a code company may not become the holder or controller of an increased percentage of the voting rights in the code company unless, after that event, that person and that person's associates hold or control in total not more than 20% of the voting rights in the code company;

(b) 20% or more of the voting rights in a code company may not become the holder or controller of an increased percentage of the voting rights in the code company.

Rule 7 of the Takeovers Code sets out the exceptions to the fundamental rule. Rule 7 states that a person may become the holder or controller of an increased percentage of the voting rights in a code company under the following circumstances:

(a) by an acquisition under a full offer;

(b) ***by an acquisition under a partial offer;***

(c) by an acquisition by the person of voting securities in the code company or in any other body corporate from one or more other persons if the acquisition has been approved by an ordinary resolution of the code company in accordance with the code;

(d) by an allotment to the person of voting securities in the code company or in any other body corporate if the allotment has been approved by an ordinary resolution of the code company in accordance with the code;

(e) if:

(i) the person holds or controls more than 50%, but less than 90%, of the voting rights in the code company; and

(ii) the resulting percentage held by the person does not exceed by more than 5 the lowest percentage of the total voting rights in the code company held or controlled by the person in the 12-month period ending on, and inclusive of, the date of the increase; and

(f) if the person already holds or controls 90% or more of the voting rights in the code company.

The Takeovers Code specifies the responsibilities and obligations for both Healthcare Partners and Abano as Bidder and Target respectively. Abano's response to the Healthcare Partners Offer, known as a Target Company Statement, must contain the information prescribed in the Second Schedule of the Takeovers Code, and is to include or be accompanied by an Independent Adviser's Report (or summary thereof).

1.4 Profile of Healthcare Partners

There are three directors of Healthcare Partners: Mr Peter Hutson, Mrs Anya Hutson and Mr James Reeves. Healthcare Partners currently owns 19.02% of the shares in Abano.

The Hutsons are audiologists by profession. They developed Bay Audiology Limited (**Bay Audiology**), a company that specialised in the provision of hearing healthcare services and products. Abano acquired a 70% shareholding in Bay Audiology in 2005 for $21 million. The Hutsons continued to manage Bay Audiology following the investment by Abano. Bay Audiology was sold in 2009 after four years to National Hearing Care (New Zealand) Limited for NZ$157.8 million. At the same time Abano exercised an option to acquire on a 50/50 basis with interests associated with Peter Hutson, an aggregate 13% stake in the merged Bay Audiology / National Hearing Care audiology business. The entire merged business was sold to Amplifon Group in 2010 and the jointly held Abano / Hutson shareholding was sold as part of that transaction. Bay International Limited (**Bay International**) was established by Abano and the Hutsons in 2008 and restructured in 2009 into 50/50 joint venture structure to own Abano's ongoing audiology operations in Australia and Asia. Initially Bay International made substantial losses. In 2011 Abano changed the management and embarked on a process of both growing the scale of the business and improving the operating performance. During this period, in August 2013, Abano received a non-binding indicative proposal to acquire all of Abano from an unnamed party. The following month it was disclosed that the bidders were Australian private equity firm Archer Capital in conjunction with the Hutsons. A price of $6.97 -$7.14 was indicated although no formal notice of intention or offer was ever made. After that time Mr Hutson resigned as a Director of Abano at the request of the Directors of Abano. Following an acrimonious process the Archer/Hutson consortium withdrew its indicative non-binding and conditional proposal to acquire all of the shares in Abano. A feature of the proposal was that the Hutsons were to acquire Abano's 50% shareholding in Bay International for a nominal sum in the event that a full takeover offer was successful.

In May 2014 after a prolonged legal process, Mr and Mrs Hutson's employment agreements with Bay International were terminated. After 8 years of operation until 31 May 2014, Bay International had absorbed an investment of NZ$65 million and continued to make losses.

In April 2016 Abano received an unsolicited non-binding indicative offer to acquire its 50% interest in Bay International for a "consideration in excess of $30 million." Under the pre-emptive rights between Abano and the Hutson interests, Abano was required to offer to sell its 50% share in Bay International to the Hutson interests on the same terms. In June 2016 the Hutson interests settled the purchase of the 50% Abano shareholding for $32 million and accordingly now owns 100% of Bay International.

2. Scope of the Report

2.1 Purpose of the Report

The Independent Directors of Abano have engaged Grant Samuel & Associates Limited (**Grant Samuel**) to prepare an Independent Adviser's Report in respect of the Healthcare Partners Offer to comply with the Takeovers Code. Grant Samuel is independent of Abano and Healthcare Partners and has no involvement with, or interest in, the outcome of the Healthcare Partners Offer.

Rule 21 of the Takeovers Code requires the Independent Adviser to report on the merits of an offer. The term "merits" has no definition either in the Takeovers Code itself or in any statute dealing with securities or commercial law in New Zealand. While the Takeovers Code does not prescribe a meaning of the term "merit", it suggests that "merits" include both positives and negatives in respect of a transaction.

A copy of this report will accompany the Target Company Statement to be sent to all Abano shareholders. This report is for the benefit of the shareholders of Abano. The report should not be used for any purpose other than as an expression of Grant Samuel's opinion as to the merits of the Healthcare Partners Offer. This report should be read in conjunction with the Qualifications, Declarations and Consents outlined in Appendix E.

2.2 Basis of Evaluation

Grant Samuel has evaluated the Healthcare Partners Offer by reviewing the following factors:

- the estimated value range of 100% of Abano and the price of the Healthcare Partners Offer when compared to that estimated value range;
- the likelihood of an alternative offer and alternative transactions that could realise fair value;
- the likely market price and liquidity of Abano shares in the absence of the Healthcare Partners Offer;
- any advantages or disadvantages for Abano shareholders of accepting or rejecting the Healthcare Partners Offer;
- the current trading conditions for Abano;
- the timing and circumstances surrounding the Healthcare Partners Offer; and
- the attractions and risks of Abano's business.

2.3 Approach to Valuation

Grant Samuel has estimated the value range of Abano with reference to its full underlying value. In Grant Samuel's opinion the price to be paid under a partial takeover should reflect the full underlying value of the company. The support for this opinion is two fold:

- the Takeovers Code's compulsory acquisition provisions apply when the threshold of 90% of voting rights has been reached. In this instance, the Takeovers Code seeks to avoid issues of premiums or discounts for minority holdings by providing that a class of shares is to be valued as a whole with each share then being valued on a pro rata basis. In other words, a minority shareholder is to receive its share of the full underlying value. Grant Samuel believes that the appropriate test for fairness under a full or partial takeover offer where the offeror will gain control is the full underlying value, prorated across all shares. The rationale for this opinion is that it would be inconsistent for one group of minority shareholders, those selling under compulsory acquisition, to receive a different price under the same offer from those who accepted the offer earlier; and
- under the Takeovers Code the acquisition of more than 20% of voting rights in a Code Company can only be made under an offer to all shareholders unless the shareholders otherwise give approval. As a result, a controlling shareholding (generally accepted to be no less than 40% of the voting rights) cannot be transferred without the acquirer making an offer on the same terms and conditions to all shareholders (unless shareholders consent). Prior to the introduction of the Takeovers Code some market commentators held the view that where a major shareholder had a controlling shareholding, any control premium attached only to that shareholding. One of the core foundations of the Takeovers Code is that all shareholders be treated equally. In this context, any control premium is now available to all shareholders under a takeover offer (in a scenario where an offeror will

gain control), regardless of the size of their shareholding or the size of the offeror's shareholding at the time the offer is made.

Accordingly, Grant Samuel is of the opinion that not only because shares acquired under a compulsory acquisition scenario will receive a price equivalent to full underlying value, but because the control premium is now available to all shareholders, the share price under either a full or partial takeover offer where the offeror will gain control should be within or exceed the prorated full underlying valuation range of the company.

Abano has been valued at fair market value, which is defined as the estimated price that could be realised in an open market over a reasonable period of time assuming that potential buyers have full information for 100% of the company.

Grant Samuel's opinion is to be considered as a whole. Selecting portions of the analyses or factors considered by it, without considering all the factors and analyses together, could create a misleading view of the process underlying the opinion. The preparation of an opinion is a complex process and is not necessarily susceptible to partial analysis or summary. For the avoidance of doubt, appendices A to E form part of this report.

3. Overview of Abano

3.1 Group Overview

Abano is an investor in and operator of health care businesses in New Zealand and Australia. The business was established in its current form in 1999. The company has invested in a range of businesses in the healthcare and medical sector. Abano's long term strategy is to invest in scalable businesses in the private, fee for service healthcare market where it can add value, build capability and help grow the business. Following the sale of its rehabilitation, orthotics and pathology businesses and the sale of its 50% shareholding in Bay International, Abano is now primarily focused on its Trans-Tasman dental business. Abano also owns a 71% shareholding in Ascot Radiology, an Auckland radiology business. The following table lists Abano's major acquisitions and divestments since 2010:

List of Major Acquisitions and Divestments

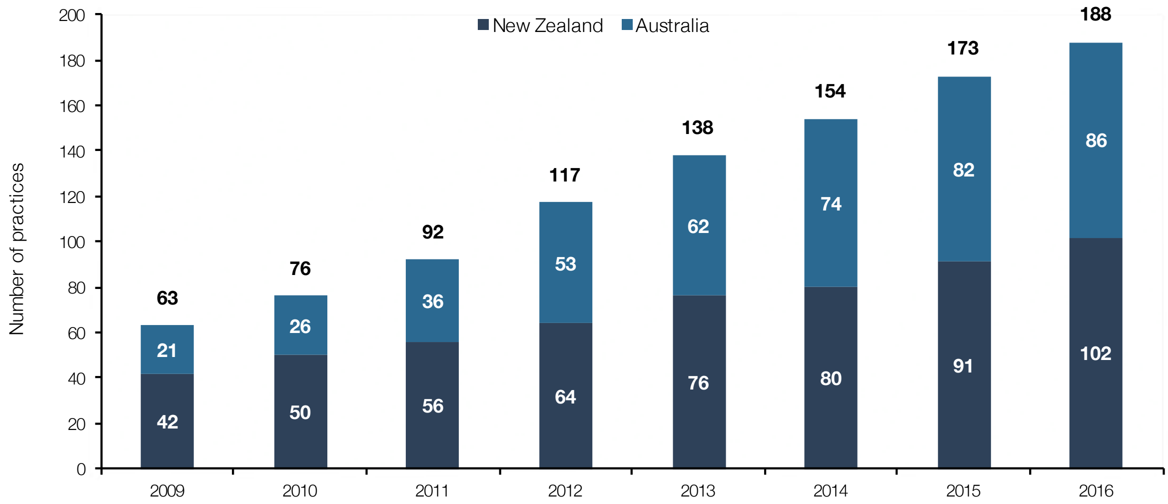
	Acquisitions:	Divestments:
2010	- Acquired shareholding in Australian audiology venture NHC - Acquired 12 dental practices	- Divested New Zealand audiology interests
2011	- Acquired 16 dental practices	- Sale of shareholding in NHC
2012	- Acquired 26 dental practices	
2013	- Acquisition of 30% shareholding in Dental Partners (now Maven) - Acquired 24 dental practices	- Divestment of rehabilitation business (Jan 2012)
2014	- Acquired 19 dental practices	
2015	- Acquired 19 dental practices and established one new practice	- Divestment of Orthotics centre (Jan 2015) - Divestment of Aotea Pathology (May 2015)
2016	- Acquired 18 dental practices and established one new practice	- Sale of 50% shareholding in Bay International

Abano's dental segment now accounts for approximately 95% of overall group gross revenue and EBITDA. An overview of each of Abano's business segments is provided overleaf.

3.2 Overview of Abano's Dental Businesses

Abano operates two businesses in the dental sector – *Lumino - The Dentists* (**Lumino**) in New Zealand and *Maven Dental Group* (**Maven**) in Australia. Lumino is New Zealand's largest corporate owned dental group with a network of 102 practices (as at 31 May 2016). Maven is the second largest corporate owned dental group in Australia with a network of 86 practices (as at 31 May 2016). On a combined basis Lumino and Maven have more than 1,800 staff including approximately 700 clinicians as at 31 May 2016. Lumino and Maven's market shares in New Zealand and Australia are estimated at approximately 13% and 2% (or less) respectively. The historical trend in the number of Abano's dental practices in New Zealand and Australia is depicted below:

Number of Practices in New Zealand and Australia at 31 May



The number of practices acquired by Abano and the gross revenue of these practices in New Zealand and Australia for the financial years ended 31 May 2012 through 2016 (**FY12** to **FY16**) is outlined below:

Summary of Historical Acquisition Activity

Financial Year end 31 May	**2012**	**2013**	**2014**	**2015**	**2016**
Annualised Gross Revenue from acquired practices (NZ$m)					
New Zealand	6.2	8.5	5.6	12.1	16.7
Australia	37.6	14.5	22.4	17.1	11.0
Total	**43.8**	**23.0**	**28.0**	**29.2**	**27.7**
Number of Practices Acquired during period					
New Zealand	9	15	6	11	12
Australia	17	9	13	8	6
Total	**26**	**24**	**19**	**19**	**18**

A key feature of the acquisition of dental practices by Abano is that a part of the purchase price is typically payable on the practice achieving agreed earnings targets over the ensuing 4-6 years from settlement. This structure has been instrumental in delivering a strong commitment from the practitioners whose businesses have been acquired and provides a degree of protection for Abano. Abano's dental businesses in both Australia and New Zealand are now of sufficient scale to be able to achieve, by way of example, purchasing benefits for both consumable dental supplies and capital equipment purchasing. These efficiencies are being co-ordinated by a single purchasing manager.

Further information on Lumino and Maven is provided in sections 3.4 and 3.5 below.

3.3 Overview of the Australasian Dental Services Market

The Australasian dental services market is estimated to be worth approximately NZ$11 billion per annum (as measured by gross revenue). The industry includes sole practitioners, small group practices and corporate groups. The market is highly fragmented with corporate groups owning less than 10% of total practices. Factors affecting the demand for dental services in Australasia include the ageing and growth of the population, the trend for people to retain their natural teeth and increasing demand for private health insurance. There is estimated to be approximately 23,600 registered dentists in Australasia. Abano is the largest corporate consolidator in New Zealand and the second largest in Australia. An overview of the primary corporate dental groups in Australasia is provided below:

Summary Profile of the Primary Australasian Dental Services Corporate Groups[1]

Company	Number of practices	Gross Revenue ($m)	Ownership	Comments
maven dental / Lumino The Dentists	91 (AUS) 104 (NZ)	NZ$260m (FY17F)	NZX listed	Lumino and Maven are both owned by Abano.
Dental Corporation	~205 (AUS) ~23 (NZ)	~A$395m (FY14)	BUPA	Dental Corp is the largest corporate dental group in Australasia. The company was acquired by BUPA in 2013.
Pacific Smiles Group	~60 (AUS)	A$134m (FY16)	ASX listed	Pacific Smiles has a greenfields development model whereby new practices are typically located in high foot-traffic locations such as shopping malls. The company is targeting to open a further 10 practices in the current financial year.
Primary Dental	~57 (AUS)	n/a	Part of ASX listed medical services group	Primary dental is part of ASX listed medical services group Primary Healthcare.
National Dental Care	~60 (AUS)	n/a	Private equity & management	National Dental Care was seeded by private equity firm Crescent Capital Partners in 2013. As the company is privately owned revenue is not disclosed.
1300 Smiles Dentists	~25 (AUS)	A$36m (FY16)	ASX listed	Significant majority of centres based in Queensland. The company has a lean overhead cost structure and has not shown any significant commitment to growth through acquisition.
Ekera Dental	~18 (AUS)	n/a	Privately owned	Ekera Dental is the sister company of Ekera Medical Group, a healthcare group backed by private equity investor, The Growth Fund.
Other corporate groups (combined)	53 (AUS)	n/a	Privately owned	There are approximately 6 other smaller corporate dental groups in Australia with a combined 53 practice locations. The largest of these groups has 13 practices
Total	**~569 (AUS) ~137 (NZ)**			

In the future it is expected that more Australian dental practices will join a group. Group or corporate consolidators offer the advantage of standardising systems and back office services, enabling dentists to focus more on clinical

[1] Abano and Grant Samuel Analysis.

activities and growing the practice. It is also expected that some independent dental practices will move towards practice-type arrangements, which would allow costs, such as administration and advertising, to be spread over a larger revenue base. Key trends impacting the international dentistry market include[2]:

- the expansion of corporate dental practices and increasing purchase prices for practices;
- a need for ongoing investment in expensive equipment and technology;
- new graduates with minimal ability for investment in new practices and looking for a secure income to allow for management of their debt load;
- an increasing number of woman in the profession, often seeking more regular hours and benefits, such as maternity leave;
- a desire for work-life balance, flexible schedules and guaranteed salaries;
- a desire for less interaction with insurance companies;
- established dentists looking to extend their career while decreasing work hours and cashing-out of the value of their practices;
- the increasing presence of practice management companies offering seminars to dentists on how they can become partners, corporate executives and directors in corporate dentistry;
- non-traditional competition in the practice environment, such as independent dental hygiene practices and dental care available in large retail stores; and
- fewer associate opportunities being available.

Australia

The Australian dental services market[3] employs approximately 36,000 people, comprising approximately 21,000 dental practitioners and 15,000 support personnel. A summary of the selected key trends in the Australasian dental industry are shown in the table below:

Australian Dental Services Market Key Statistics

				Growth (% p.a.)	
	2010/11	**2015/16**	**2021/22F**	**11 to 16**	**16 to 22F**
Revenue (A$ billion)	8.1	9.3	10.6	*2.8%*	*2.1%*
Establishments (#000s)	11.7	14.3	16.2	*4.2%*	*2.0%*
Employees (#000s)	30.3	35.3	39.6	*3.8%*	*2.2%*

New Zealand

The New Zealand dental services market employs approximately 2,600 dentists with about 96% of these belonging to the New Zealand Dental Association.[4] The majority of New Zealanders are treated by private dental practitioners, who typically pay for their treatment at their own expense. Free basic dental care is available for all New Zealand children up to 18 years of age.

The dental market in New Zealand is worth approximately $800 million in revenue p.a.[5] Approximately 80% of dentists in New Zealand are self-employed with the majority of these working in a group practice.

[2] Source: Canadian Dental Association.

[3] Information on the Australian dental industry has been sourced from IBIS World, Dental Services in Australia, October 2016 and Dental Practitioner Registrant Data, 30 June 2016.

[4] Source: New Zealand Dental Association.

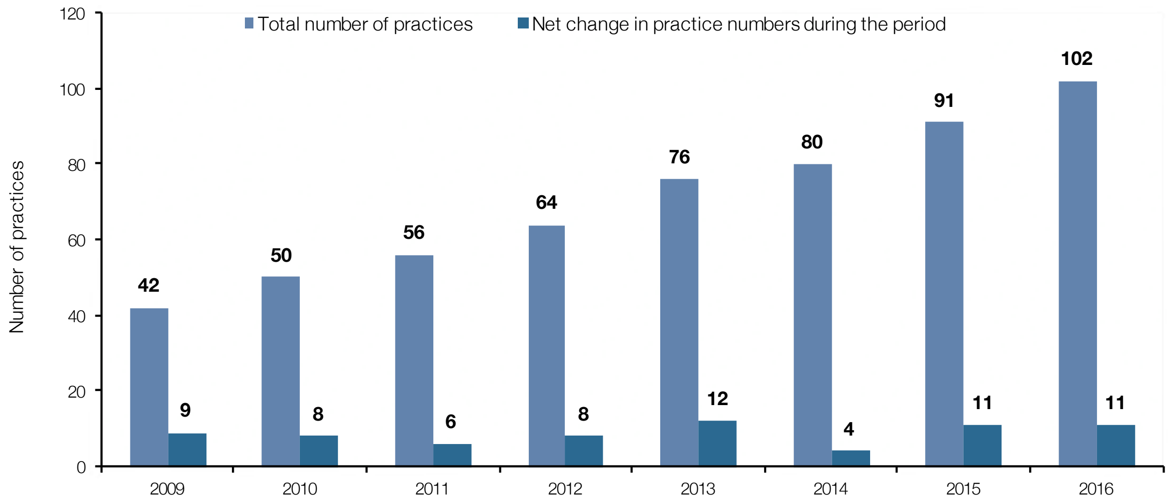
[5] Source: Abano.

3.4 Overview of Lumino

Abano entered the dental market through the acquisition of Geddes Dental in 2002. The brand was relaunched as "*Lumino - The Dentists*" in 2005. Lumino focuses on servicing patients in the private sector, with less than 5% of its revenue coming from Central Government. Lumino has gained a high level of acceptance from the dental sector and is now seen as an attractive alternative to the traditional private ownership model.

On the completion of rebranding in FY12, Lumino embarked on what would become a successful nationwide TV marketing campaign. This campaign has since been repeated regularly with the inclusion of an interest free short-term offer using the Q Card, which has proved to be very successful. Abano has been successful in acquiring individual dental practices at relatively attractive multiples to the valuation multiples applicable to corporate dentistry businesses. The acquisition costs, as a result of International Financial Reporting Standards (**IFRS**), must be written off against current year income, distorting the reported segment results. As there is an immediate value uplift on completion of the acquisitions, in Grant Samuel's opinion, it would be more appropriate that the costs of acquisition be capitalised along with the price paid for the practices. As at 31 May 2016, Lumino comprised 102 dental practices. The historical growth in the Lumino network is illustrated below:

Number of Lumino Practices and Net Number of New Practices added during the year



A breakdown of Lumino's net change in practice numbers from FY09 to FY16 is outlined below:

Lumino – Analysis of Change in Practice Numbers from FY09 to FY16

FY end 31 May	2009	2010	2011	2012	2013	2014	2015	2016	Total change from 09-16
Opening	**33**	**42**	**50**	**56**	**64**	**76**	**80**	**91**	**33**
Acquired	9	8	6	9	15	6	11	12	76
Merged	-	-	-	(1)	(3)	(2)	(1)	(2)	(9)
Greenfields	-	-	-	-	-	-	1	1	2
Net change	**9**	**8**	**6**	**8**	**12**	**4**	**11**	**11**	**69**
Closing	**42**	**50**	**56**	**64**	**76**	**80**	**91**	**102**	**102**

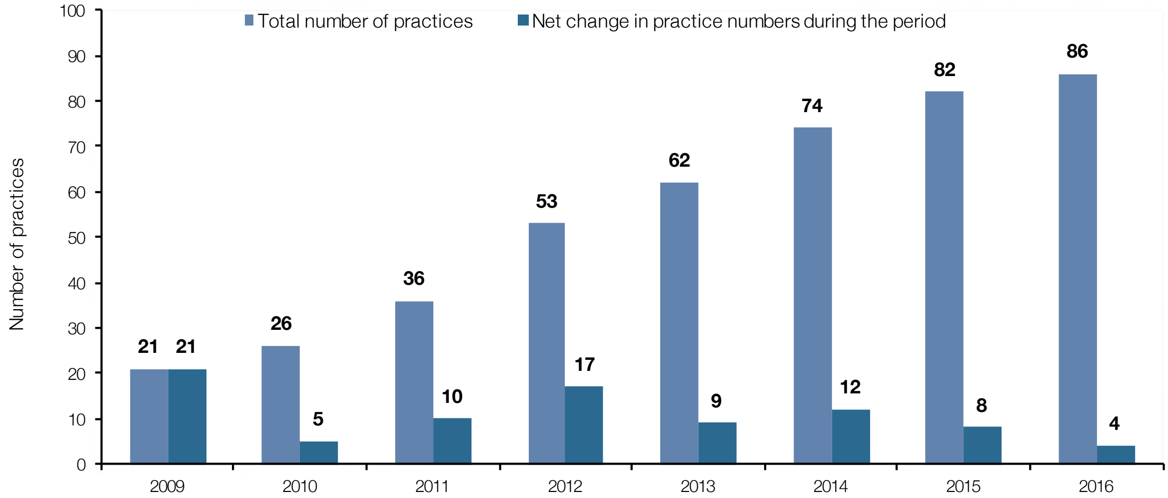
In the current financial year Lumino has acquired six practices with signed term sheets for a further three practices and, based on the current pipeline, a forecast of another nine practices by 31 May 2017, adding approximately NZ$20.8 million in annualised gross revenue. Lumino has invested strongly in its brand resulting in:

- steady gross margin improvement over the last 5 years;
- consistent gross revenue growth above New Zealand Dental Association averages; and
- positive same practice gross revenue over the last 12 quarters.

3.5 Overview of Maven

Maven was founded in 2008 as a joint venture between Dental Investments Holdings and Abano Dental. In July 2012 Abano acquired the 30% of the shareholding in the joint venture it did not already own. Maven Dental has acquired a number of dental practices each year since inception:

Number of Maven Practices and Net Number of New Practices added during the year



A breakdown of Maven's net change in practice numbers from FY09 to FY16 is outlined below:

Maven – Analysis of Change in Practice Numbers from FY09 to FY16

FY end 31 May	2009	2010	2011	2012	2013	2014	2015	2016	Total change from 09-16
Opening	**-**	**21**	**26**	**36**	**53**	**64**	**74**	**82**	**-**
Acquired	21	5	10	17	9	13	8	6	89
Merged	-	-	-	-	-	(1)	-	(2)	(3)
Net change	**21**	**5**	**10**	**17**	**9**	**12**	**8**	**4**	**86**
Closing	**21**	**26**	**36**	**53**	**62**	**74**	**82**	**86**	**86**

In the current financial year Maven has acquired seven practices with signed term sheets for the further three practices and another three practices forecast to be acquired by 31 May 2017, adding approximately A$22.0 million in annualised gross revenue. Despite good increases in total revenue, same store performance has been disappointing in the last three financial years, reflecting difficult trading conditions being experienced in many parts of Australia and an unbranded network. The effects of the downturn in the mining sector have been more pronounced in Queensland and Western Australia where Maven has a combined total of 39 practices, representing approximately 45% of its total practices.

Breakdown of Maven Dental Practices by State

State	# Practices	Total %
Queensland	33	38%
Northern New South Wales	11	13%
Central New South Wales	17	20%
ACT	6	7%
Victoria	4	5%
Tasmania	3	3%
South Australia	7	8%
Western Australia	5	6%
Total	**86**	**100%**

The generalised outlook for the Australian economy is currently for a continuation of the existing sluggish growth, constrained in part by increasing Government debt. At the same time, as the tough economic conditions translate in to fewer visits to dentists, the supply of dentists in Australia is exceeding the rate of growth in the population.

1300SMILES recorded a 3.9% decline in same store sales for the year ended 30 June 2016 having made no acquisitions, which compares with Maven's 3.7% same store sales decline and Pacific Smiles' 4% same store increase (although approximately 40% of stores were less than 3 years old and would therefore expect to exhibit much higher growth rates). Maven plans to continue with the growth through its acquisition strategy despite rival consolidators driving increasing acquisition multiples as the drive for market share intensifies. Current acquisition multiples are within a range of 4 – 5 times EBITDA.

Despite a history of rising revenues as a result of acquisitions, EBITDA in Maven as a percentage of revenue has declined. This is primarily due to small declines in revenue on a same store basis with practice fixed overheads remaining constant. To arrest the decline, Abano has changed management in Australia and is now introducing the "Maven Dental" brand throughout the market while also initiating a focus on reducing costs and growing revenue. Following the New Zealand experience with Lumino, the new brand is expected to result in revenue growth across the network permit marketing synergies and speed up the introduction of interest free financing for patients through Flexi Group. These dental payment plans have proved to be very successful since their introduction into Lumino.

There is considered to be significant growth potential for corporate dentistry in both Australia and New Zealand. In Australia Abano is looking to grow to 10% of the available market which currently comprises approximately 22,000 dentists and 14,000 practices. Corporate dentistry represents only 5% of the total dentistry practices but accounts for approximately 10% of the total dentistry market revenue. In revenue terms Maven is less than 2% of the Australian market. In New Zealand Lumino holds an estimated 12%-15% market share and has an ambition to double this to approximately 25%. Corporate dentistry has been identified as a growth sector as evidenced by the recent acquisition of Oasis Dental Care in the UK by BUPA for £835 million at an EBITDA multiple of greater than 15 times.

Both Lumino and Maven have established management structures that are in the process of being rationalised to avoid duplication between the two businesses. As the businesses grow through acquisition, overheads as a percentage of Gross Revenue are expected to decline as economies of scale are realised. Maven's operating performance in October and November of the current financial year has improved under new management, and has achieved cost reductions and efficiencies in the Head Office since May 2016. Acquisitions of new dental practices in Maven have however fallen well short of expectation and curtailed growth. Abano management believe the factors behind the underperformance have been addressed and growth through to May 2021 is for a doubling of EBITDA from that forecast for FY17.

3.6 Overview of Abano's Radiology Business (Ascot Radiology)

Ascot Radiology is 71% owned by Abano with the balance owned by radiologist partners. It operates from five locations in Auckland, providing breast imaging, bone density scans, interventional radiology, MRI, PET CT, CT, ultrasound, digital breast tomo-synthesis and X-ray services. Abano has invested approximately $13 million in the business over the last six years, establishing new practices and purchasing the latest equipment. The market for radiology services is very competitive.

Revenue is predominantly privately funded although an increasing volume of work is due to a wider range of diagnostic procedures being offered by Ascot. Patients requiring radiology services must be referred by a General Practitioner or specialist. As a consequence, the marketing strategy is focused on establishing and maintaining good relationships with both Specialists and General Practitioners. Abano is confident that as the economy grows and the network of referring doctor and specialists expands the business's earnings will continue to grow.

4. Financial Overview of Abano

4.1 Financial Performance

The financial performance of Abano for the years ended 31 May 2015 (**FY15**) and 2016 (**FY16**) from continuing operations, together with the management forecast for the year ending 31 May 2017 (**FY17**), are shown in the table below:

Abano Financial Performance for continuing operations ($ millions)

Year end 31 May	**2015A**	**2016A**	**2017F[6]**
Net revenue - Dental	173.0	198.7	219.9
Net revenue – Radiology	14.6	15.0	16.3
Total net revenue	**187.6**	**213.7**	**236.2**
Employee expenses	(103.1)	(117.5)	(127.1)
Patient consumables and cost of product sold	(28.1)	(32.3)	(35.0)
Occupancy costs	(14.6)	(16.4)	(17.9)
Other expenses (net of other income)	(19.3)	(20.9)	(24.7)
EBITDA	**22.5**	**26.6**	**31.5**
EBITDA margin %	*12.0%*	*12.4%*	*13.3%*
Depreciation & amortisation	(9.5)	(9.7)	(10.8)
EBIT	**13.0**	**16.9**	**20.7**
Net interest expense	(5.7)	(6.1)	(5.2)
Taxation expense	(2.8)	(3.3)	(4.9)
Profit after tax before one off gains on sale[7]	**4.5**	**7.5**	**10.7**
One off gains on sale & non-controlling interests	(0.9)	21.0	(0.5)
Profit after tax	**3.6**	**28.5**	**10.2**

The following comments are relevant when reviewing the table above:

- in FY16 the company recorded a one-off $20.2 million gain on the sale of the shareholding in Bay Audiology and in FY15 the company recorded one-off losses of $8.1 million on the sale of Aotea Pathology, and $0.9 million on the sale of Orthotic Centre; and
- the forecast for FY17 incorporates Abano's actual results for the five months to October 2016. The principal assumptions for each of Abano's businesses is outlined below.

[6] Management forecasts incorporating actual results through to November 2016.

[7] Before non-controlling interests share of profit.

Lumino Financial Performance

The financial performance of Lumino for FY13 through FY16, together with the forecast for FY17, is outlined below:

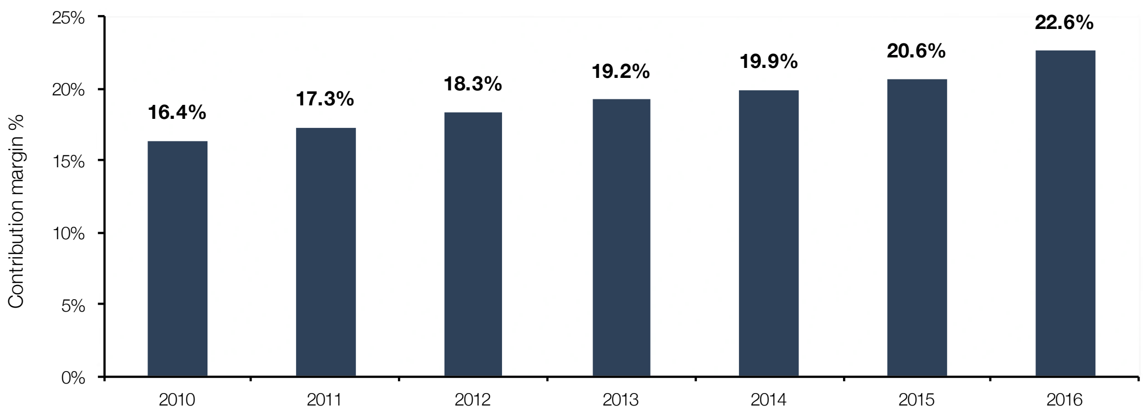
Financial Performance of Lumino (NZ$ millions)

Year end 31 May	2015	2016	2017F
Number of practices			
Opening practice numbers	**80**	**91**	**102**
Net change in practice numbers	11	11	13
Closing practice numbers	**91**	**102**	**115**
Summary Income Statement			
Gross revenue	**88.5**	**105.4**	**122.6**
YoY % change in gross revenue		*20.2%*	*16.3%*
Dentists commissions	(33.7)	(40.0)	(46.3)
Net revenue	**54.8**	**65.4**	**76.3**
Total expenses	(44.2)	(51.8)	(59.3)
EBITDA (before acquisition costs)	**10.6**	**13.6**	**17.0**
EBITDA / gross revenue margin %	*12.1%*	*12.9%*	*13.8%*
Depreciation and amortisation	(3.9)	(4.2)	(4.7)
EBIT (before acquisition costs)	**6.7**	**9.3**	**12.3**
Acquisition costs	(0.1)	(0.1)	(0.2)
EBIT (after acquisition costs)	**6.6**	**9.2**	**12.1**
Net operating assets employed			
Segment operating assets	75.4	96.4	111.4
Segment operating liabilities	(14.2)	(18.0)	(23.3)
Segment net operating assets	**61.1**	**78.4**	**88.1**
EBIT pre acquisition costs / average segment net assets %		*13.3%*	*14.5%*

The following comments are relevant when reviewing the table above:

- Lumino is forecasting to add a further 18 practices to its network in FY17. New practice additions from the current financial year and the full year impact from practices added during the FY16 year are forecast to result in gross revenues increasing by approximately 16.3% in FY17. Five practices are planned to be merged during FY17, resulting in a net change in practice numbers of 13;
- Lumino's EBITDA margins have improved in recent years as the expansion of the practice network has resulted in economies of scale being achieved. As the practice network continues to expand it is expected that EBITDA margins should continue to improve. The historical trend in Lumino's practice contribution margin (before marketing & support costs) as a percentage of gross revenue is depicted below:

Historical Trend in Practice Contribution Margin (before marketing & support costs) – Lumino



- Lumino's return on net assets (as measured by EBIT / average net operating assets employed) has trended upwards highlighting that the investment in new practices is improving the return on capital; and
- Lumino's forecast for FY17 is based on the following assumptions:
  - same practice revenue growth of approximately 2.7% for the remainder of FY17;
  - 18 practices being added to the Lumino network; and
  - overhead cost increases consistent with expected consumer price information (**CPI**).

Maven Financial Performance

The financial performance of Maven for FY15 and FY16 (in Australian dollars), together with the forecast for FY17, is outlined below:

Financial Performance of Maven (A$ millions)

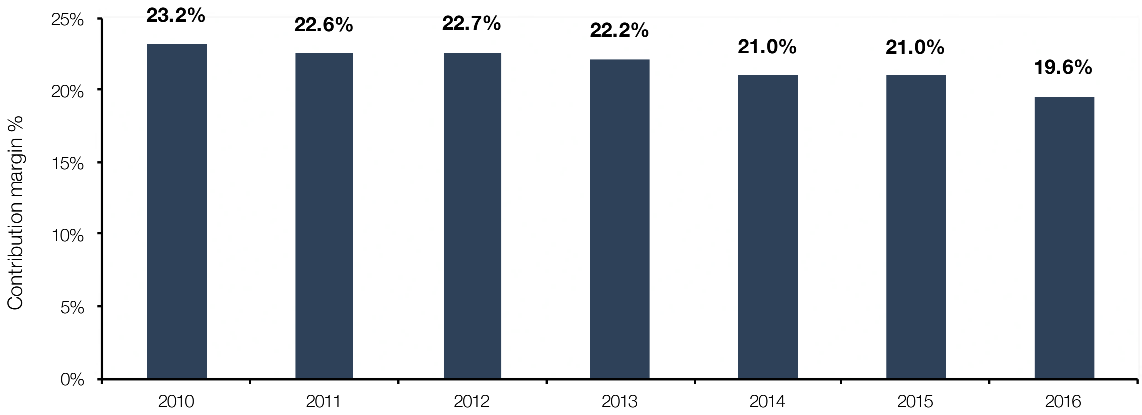
Year end 31 May	**2015A**	**2016A**	**2017F**
Number of practices			
Opening practice numbers	**74**	**82**	**86**
Net change in practice numbers	8	4	11
Closing practice numbers	**82**	**86**	**97**
Summary Income Statement			
Gross revenue	**114.3**	**124.6**	**131.6**
YoY% Change in gross revenue		*9.0%*	*5.6%*
Dentists commissions	(39.9)	(43.3)	(45.9)
Net revenue	**74.4**	**81.3**	**85.7**
Total expenses	(60.5)	(67.8)	(71.7)
EBITDA (before acquisition costs)	**13.9**	**13.5**	**14.0**
EBITDA / gross revenue margin %	*12.2%*	*10.8%*	*10.6%*
Depreciation and amortisation	(3.3)	(3.2)	(3.8)
EBIT (before acquisition costs)	**10.7**	**10.3**	**10.2**
Acquisition costs	(1.0)	(0.5)	(0.6)
EBIT (after acquisition costs)	**9.7**	**9.8**	**9.6**
Net operating assets employed			
Segment operating assets	102.1	113.2	135.0
Segment operating liabilities[8]	(17.2)	(16.9)	(16.3)
Segment net operating assets	**84.9**	**96.3**	**118.7**
EBIT pre acquisition costs / average segment net assets %		*11.4%*	*8.9%*

The following comments are relevant when reviewing the table above:

- Maven is forecasting to add a further 12 practices in FY17 bringing the Australian network to 97. Gross revenue is forecast to increase by 5.6%. The gross revenue contribution from the new practices acquired during FY17 and the full year impact from the practices acquired in FY16 are offsetting a decline in same practice gross revenue for practices owned by Maven at the beginning of FY16. One practice is planned to be merged during FY17, resulting in a net change in practice numbers of 11;
- Maven's underlying EBITDA before acquisition costs is forecast to be approximately A$14.0m in FY17, in line with the A$13.9m achieved in FY15. This is despite new practices being added illustrating the impact of difficult trading conditions on Maven's financial results. As a consequence, Maven's EBITDA to net revenue and EBIT / net assets employed margins have declined. The FY17 result includes A$0.6m of rebranding costs. The lack of common branding across the Australian store network has arguably limited Maven's ability to stimulate demand through special promotions and improve staff utilisation. The historical trend in Maven's practice contribution margin (before marketing & support costs) as a percentage of gross revenue is depicted below:

[8] Excludes bank debt.

Historical Trend in Practice Contribution Margin (before marketing & support costs) – Maven



- in the current financial year Maven commenced the process of right sizing the employee cost base to reflect the current levels of demand and difficult trading conditions. The full year impact of these savings have not been reflected in the FY17 forecast but have been included in the earnings for valuation purposes on an annualised basis; and
- Maven's forecast for FY17 is based on the following assumptions:
  - same practice revenue decline of -6.8% for the remainder of FY17;
  - 12 practices being added to the Maven network;
  - branding expenses of approximately $0.6 million; and
  - overhead cost increases consistent with expected CPI changes.

Ascot Radiology Financial Performance

The financial performance of Ascot Radiology for FY15 and FY16, together with the forecast for FY17, is outlined below:

Financial Performance of Ascot Radiology (A$ millions)

Year end 31 May	2015A	2016A	2017F
Summary Income Statement			
Revenue	**14.6**	**15.0**	**16.3**
Total expenses	(11.9)	(12.4)	(12.7)
EBITDA	**2.7**	**2.7**	**3.6**
EBITDA margin %	*18.7%*	*17.6%*	*22.1%*
Depreciation and amortisation	(2.0)	(2.0)	(2.0)
EBIT	**0.8**	**0.7**	**1.6**
Net operating assets employed			
Segment operating assets[9]	18.7	18.5	17.3
Segment operating liabilities[10]	(1.3)	(1.2)	(1.5)
Segment net operating assets	**17.4**	**17.3**	**15.8**
EBIT pre acquisition costs / average segment net assets %		*4.1%*	*9.7%*

The following comments are relevant when reviewing the table above:

- Ascot Radiology's EBITDA is forecast to increase to approximately $3.6m in FY17 as the volume of activity increases and the benefits of the capital expenditure on new diagnostic equipment are realised; and
- Ascot's forecast for FY17 is based on the following assumptions:

[9] Excludes loan receivables.

[10] Excludes bank debt.

– revenue growth of 8.6%;

– overheads to increase in line with CPI; and

– no investment in new major capital equipment items.

4.2 Financial Position

Abano's financial position as at 31 May 2015 and 2016 and 31 October 2016 is summarised below:

Abano Financial Position ($ millions)

As at	31 May 2015	31 May 2016	31 Oct 2016
Trade and other receivables	8.4	7.9	6.9
Inventories	5.9	6.1	6.4
Payables	(26.3)	(27.8)	(22.6)
Other working capital liabilities	(1.7)	(1.1)	0.7
Net working capital	**(13.7)**	**(14.8)**	**(8.6)**
Goodwill and other intangible assets	147.4	173.9	182.7
Property, plant & equipment	40.6	46.4	47.8
Investment in joint venture	12.0	-	-
Deferred tax asset (net)	2.7	2.9	3.0
Net operating assets	**189.0**	**208.4**	**224.9**
Net borrowings[11]	(86.0)	(113.5)	(97.2)
Deferred acquisition consideration liability	(10.0)	(8.3)	(8.7)
Derivative financial instruments	(2.7)	(3.5)	(3.3)
Receivable from sale of shareholding in Bay	-	32.0	-
Net assets	**90.4**	**115.0**	**115.7**

The following points are relevant when considering the above table:

- intangible assets primarily consist of goodwill relating to the purchase of dental practices in New Zealand and Australia. A breakdown of Abano's intangible assets as at 31 May 2016 and 31 October 2016 are outlined below:

Breakdown of Intangible assets ($ millions)

As at	31 May 2016	31 Oct 2016
Goodwill		
Dental - New Zealand	68.5	71.1
Dental - Australia	96.2	101.9
Radiology	5.9	5.9
Total goodwill	**170.5**	**178.9**
Software	3.4	3.8
Total intangible assets	**173.9**	**182.7**

- net borrowings have increased in recent years due to the continued acquisition of dental practices in Australia and New Zealand as well as funding Bay International. The increase in net borrowings has been partially offset by proceeds from the sale of Abano's 50% shareholding in Bay International which settled in June 2016 for $32 million. Abano has approximately NZ$40 million of available headroom under its current banking arrangements.

[11] Borrowings are net of cash and cash equivalents.

4.3 Cash Flows

The cash flows for Abano for the years ended 31 May 2015 and 2016 are shown in the table below:

Abano Cash Flows ($ millions)

Year end 31 May	**2015**	**2016**
Customer receipts	188.3	216.5
Payments to suppliers and employees	(164.3)	(186.5)
Net interest paid	(6.0)	(6.1)
Income tax paid	(3.4)	(3.9)
Discontinued operations	7.6	-
Net operating cash flows	**22.2**	**20.0**
Net purchases of businesses	(29.4)	(31.0)
Net purchases of property, plant & equipment	(8.4)	(13.5)
Discontinued operations and other investing cash flows	10.0	1.0
Net investing cash flows	**(27.8)**	**(43.5)**
Net proceeds from borrowings	5.4	26.6
Dividends paid	(5.0)	(5.3)
Equity raised	2.8	3.0
Net financing cash flows	**3.2**	**24.3**
Net cash flow	**(2.4)**	**0.8**
Foreign exchange impacts	-	(0.5)
Opening cash	6.3	3.9
Closing cash	**3.9**	**4.3**

The following comments are relevant when reviewing the table above:

- business acquisitions have averaged approximately NZ$29 million p.a. in recent years. These have been funded through a contribution of operating cash flow, sale of non-core businesses and from borrowings;
- Abano's total dividend in FY16 was equivalent to approximately 72% of underlying NPAT;
- Abano has a dividend reinvestment scheme which allows participating shareholders to reinvest their dividends into Abano. Historically, approximately 50% of dividends have been reinvested under the scheme; and
- the numbers for FY15 include 11 months of the Pathology and seven months of the Orthotics businesses which were sold in that financial year.

4.4 Capital Structure and Ownership

As of 2 December 2016, Abano had approximately 21.4 million shares on issue held by approximately 2,160 shareholders. The company's top 10 shareholders are shown in the table below:

Abano Top 10 Shareholders as at 2 December 2016

Shareholder	Shares (000s)	%
Healthcare Partners Holdings Limited	4,084	19.1%
TEA Custodians, via NZCSD	2,372	11.1%
Forsyth Barr Custodians Limited	2,043	9.5%
National Nominees Limited – Auckland branch, via NZCSD	1,078	5.0%
BNP Paribas Nominees (NZ) Limited	920	4.3%
Custodial Services Limited – Account 3	749	3.5%
Accident Compensation Corporation, via NZCSD	714	3.3%
Sok Eng Boey & Yeow Ann Chiam & Kay Hong Chiam & Shen Mei Chiam	361	1.7%
Custodial Services Limited – Account 2	315	1.5%
Custodial Services Limited – Account 18	258	1.2%
Top 10 Shareholders	**12,894**	**60.2%**
Other Shareholders	**8,525**	**39.8%**
Total	**21,419**	**100.0%**

Healthcare Partners is the largest shareholder in Abano with a shareholding of 19.1%. The remaining shares are widely held by individuals through nominee companies and individual shareholdings. The top 10 shareholders hold approximately 60% of the shares on issue.

The following table shows the volume of Abano shares traded, the price ranges and the volume weighted average price (**VWAP**) for the 12-month period prior to the announcement of the Healthcare Partners Offer on 3 November 2016 and the period post the announcement of the Offer.

Abano Share Trading Summary

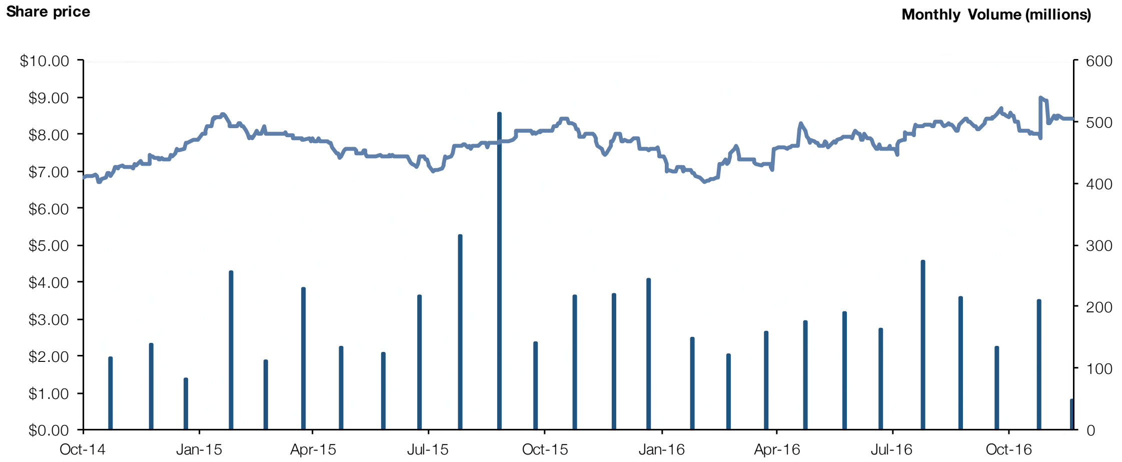
Time period	Low	High	VWAP	Volume (000s)
Post announcement	$8.00	$9.00	$8.45	58.3
Pre announcement				
1 months	$7.84	$8.70	$8.24[12]	209.9
3 months	$7.84	$8.70	$8.27	559.5
6 months	$7.44	$8.70	$8.07	1,184.1
12 months	$6.69	$8.70	$7.83	2,226.2

[12] The VWAP has been calculated over the calendar month prior to the announcement of the Offer. The VWAP therefore differs from the 30 day VWAP which is based on the number of trading days prior to the Offer announcement.

4.5 Share Price Performance

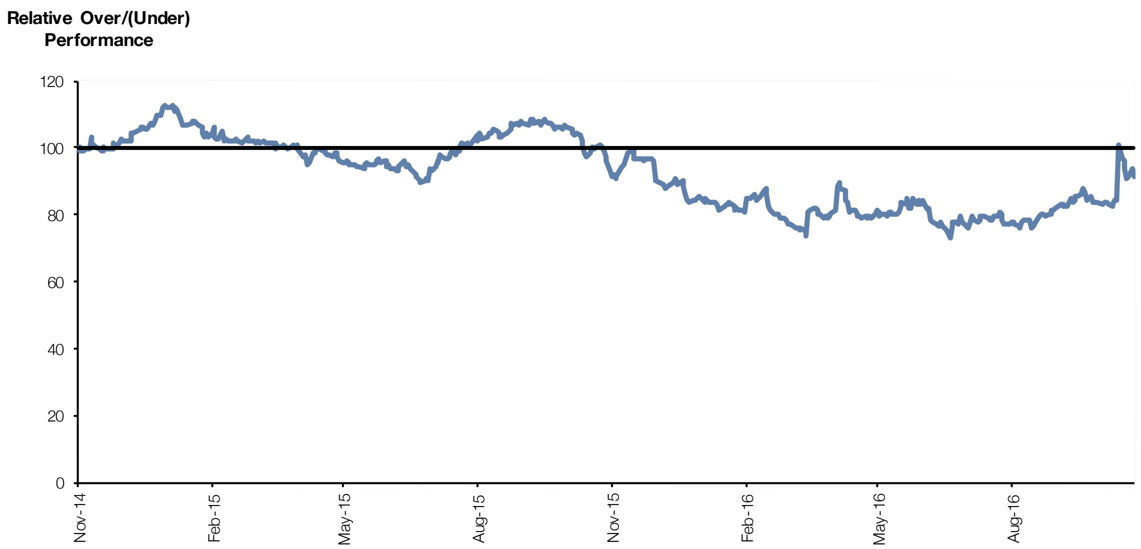
The share price and trading volume history of Abano shares over the last 2 years is depicted below:

Abano Share price performance over the last two years



Abano's share price against the NZX50 gross index over the last 2 years is shown below:

Abano Share Price Performance relative to the NZX50 Gross Index



5. Valuation of Abano

5.1 Summary

Grant Samuel's valuation of the equity in Abano is $213.1 million - $256.2 million, which equates to a share price of $9.95 to $11.96 per share. Grant Samuel's valuation is summarised below:

Abano – Valuation Summary

$ million except where otherwise stated	Low	High
Dental[13]	356.7	394.1
Radiology (excluding minority interests)	12.5	15.0
Corporate Overhead	(33.7)	(30.5)
Enterprise value	**335.5**	**378.6**
Net debt for valuation purposes	(122.4)	(122.4)
Equity value	**213.1**	**256.2**
Fully diluted shares on issue (million)	21.4	21.4
Value per share ($/share)	**$9.95**	**$11.96**

An enterprise value range of $335.5 - $378.6 million has been attributed to Abano's business operations. This valuation range is an overall judgement having regard to:

- the earnings multiples implied by recent transactions involving corporate dental groups and radiology businesses and the share market ratings of listed dental groups and radiology groups;
- the attributes and earnings outlook of the business units of Abano; and
- the attractiveness of the healthcare sector, in particular the dental sector, to potential investors.

The valuation represents the estimated full underlying value of Abano assuming 100% of the company was available to be acquired and includes a premium for control. The value exceeds the price at which, based on current market conditions, Grant Samuel would expect Abano shares to trade on the NZX. Grant Samuel makes the following comments regarding its valuation:

- for the purposes of valuing the dental business, Grant Samuel has assumed that all of the dental practices already acquired and those to be acquired during the course of the financial year were acquired at the beginning of the financial year. Net debt has been increased by $23.1 million to reflect the purchase price of dental practices that Abano expects to purchase over the balance of the financial year. The reason for this treatment is that 31 dental practice equivalents are planned to be acquired during the course of the year ending 31 May 2017, which will only produce a contribution to earnings from the month in which they are acquired resulting in the forecast EBITDA understating the maintainable earnings of the dental business;
- corporate overheads have been capitalised at the same multiple applied to the operating businesses because the head office/ corporate function will continue if the Healthcare Partners Offer is successful; and
- the earnings for Abano have been adversely impacted by the NZ$/AU$ exchange rate which over the last 4½ years has seen the AU$ weaken relative to the NZ$ by nearly 24%.

[13] Australian earnings for valuation purpose have been translated to New Zealand dollars with a rate of A$0.96 per NZD.

Net debt for valuation purposes

Net debt for valuation purposes has been calculated as follows:

Abano Net Debt for valuation purposes

	$ millions
Bank debt as at 30 November 2016	(97.3)
Cash as at 30 November 2016	4.3
Deferred consideration payable	(5.2)
Purchase price of dental practices to be acquired in the balance of the current financial year	(23.1)
Minority share of bank debt and finance leases in Radiology	3.2
Interim dividend to be paid in January 2017	(3.4)
Acquisition costs, redundancy and rebranding costs for balance of financial year	(0.9)
Net Debt	**(122.4)**

5.2 Valuation Methodology

Overview

Grant Samuel's valuation of Abano has been estimated on the basis of fair market value as a going concern, defined as the estimated price that could be realised in an open market over a reasonable period of time assuming that potential buyers have full information. The valuation of Abano is appropriate for the acquisition of the company as a whole and accordingly incorporates a premium for control. The value is in excess of the level at which, under current market conditions, shares in Abano could be expected to trade on the share market. Shares in a listed company normally trade at a discount of 15% - 25% to the underlying value of the company as a whole, but the extent of the discount (if any) depends on the specific circumstances of each company.

The most reliable evidence as to the value of a business is the price at which the business or a comparable business has been bought and sold in an arm's length transaction. In the absence of direct market evidence of value, estimates of value are made using methodologies that infer value from other available evidence. There are four primary valuation methodologies commonly used for valuing businesses:

- capitalisation of earnings or cash flows;
- discounting of projected cash flows;
- industry rules of thumb; and
- estimation of the aggregate proceeds from an orderly realisation of assets.

Each of these valuation methodologies has application in different circumstances. The primary criterion for determining which methodology is appropriate is the actual practice adopted by purchasers of the type of business involved. A detailed description of each of these methodologies is outlined in Appendix C.

Preferred Approach

Grant Samuel has adopted a capitalisation of earnings methodology on the basis that the business units of Abano have consistent earnings and predictable cash flows. In Grant Samuel's experience these businesses are transacted using earnings multiples for which there is good available evidence.

5.3 Earnings Multiple Analysis

Implied Multiples

Grant Samuel estimates the enterprise value of Abano on an un-geared basis to be in the range of $335.5 – $378.6 million. This range implies the following multiples:

Abano - Implied Multiples

	Amount ($ millions)	Valuation Range Low	Valuation Range High
Multiple of EBITDA – year ended 31 May 2016 (historic)	25.8	13.0	14.7
Multiple of EBITDA – year ending 31 May 2017 (forecast)	30.5	11.0	12.4
Multiple of EBITDA – valuation (forecast)	36.6	9.2	10.3
Multiple of EBIT – year ended 31 May 2016 (historic)	17.3	19.4	21.9
Multiple of EBIT – year ending 31 May 2017 (forecast)	21.3	15.7	17.8
Multiple of EBIT – valuation (forecast)	26.2	12.8	14.5

The earnings used to calculate the above multiples include only Abano's share of the earnings for Radiology. The forecast EBITDA for Abano for the year ending 31 May 2017 is lower than the EBITDA for valuation purposes, resulting in higher implied forecast multiples.

Comparable Transactions

The valuation of Abano has been considered having regard to the earnings multiples implied by the price at which broadly comparable companies and businesses have changed hands. A selection of recent transactions involving corporate dentist groups is outlined below:

Recent Transactions in the Dental Sector

Closed Date	Target	Acquirer	Implied Enterprise Value (millions)	EBITDA multiple (times) Historical	EBITDA multiple (times) Forecast
Australasia					
Nov 2014	Pacific Smiles	Initial Public Offering	A$186	12.8	10.7
May 2013	Dental Corporation	BUPA	A$374	n/a	9.1
Jul 2012	Dental Partners	Abano	NZ$60	n/a	11.1
Jul 2012	Pacific Smiles	TDM Asset Mgmt'	A$65	8.8	n/a
Feb 2011	Dental Corporation	Fortis	A$333	8.0	n/a
Average				**9.9**	**10.3**
Median				**8.8**	**10.7**
North America					
Dec 2012	Heartland Dental	Teachers' Capital	£800	10.6	n/a
Feb 2012	American Dental Partners	JLL Partners	US$390	8.0	8.3
Oct 2010	Aspen Dental Management	Ares Management	US$548	11.0	n/a
Sep 2006	FORBA	Carlyle Group	US$435	10.0	n/a
May 2006	Western Dental	Citigroup V.C.	US$380	8.2	n/a
May 2005	Bright Now!	Freeman Spogli	US$340	9.2	n/a
Average				**9.5**	**8.3**
Median				**9.6**	**8.3**
United Kingdom					
Nov 2016	Oasis Healthcare	BUPA	£835	n/a	>15.0
Mar 2013	Oasis Healthcare	Bridgepoint	£185	10.4	n/a
Jul 2011	Integrated Dental	Carlyle Group	£600	10.4	n/a
Sep 2007	Oasis Healthcare	Duke Street Capital	£112	11.9	n/a
Average				**10.9**	**>15.0**
Median				**10.4**	**>15.0**
Average (all transactions)				**9.9**	**9.4**
Median (all transactions)				**9.8**	**9.3**

Source: Media reports, company announcements, annual reports and presentations.

The following comments are relevant when considering the table above:

- Pacific Smiles is an Australian dental group that listed on the ASX in November 2014 at a share price of A$1.30 per share. Pacific Smiles' shares have performed strongly since listing and are currently trading at A$2.18 per share (as at 11 November 2016). Pacific Smiles' trading multiples have also increased since listing with the company currently trading at 14.3 times forecast EBITDA, up from an implied multiple of listing of 10.7 times forecast EBITDA.
- Dental Corporation Pty Limited (**Dental Corp**) is the largest dental services group in Australasia with approximately 220 practices. The purchase price for the remaining shares was based on a multiple of 9.1 times forecast EBITDA. Under BUPA's ownership Dental Corp's practice network and revenues have continued to grow. BUPA also recently announced that it had agreed to acquire the leading private dental group in the UK, Oasis Dental, from private equity firms Bridgepoint and Duke Street, for £835 million It has been reported that the purchase price implied a multiple of over 15 times estimated forecast EBITDA.[14] The relatively high multiple paid for Oasis Dental relative to other transactions in the dental services sector globally may be due to strong forecast growth in earnings beyond the year one forecast as a result of the rapid expansion of the practice network under Bridgepoint's ownership with practice numbers doubling from approximately 190 to 380, synergies, and also the strategic value for BUPA is becoming the largest dental provider in the UK as a result of the transaction;
- other corporate dentistry groups operating in Australasia include National Dental Care which was established in 2013 with financial backing from Crescent Capital Partners, Primary Dental, which is part of ASX listed healthcare services group Primary Health Care Limited and 1300SMILES Limited (**1300SMILES**).
- further information and commentary regarding Pacific Smiles and 1300SMILES is provided in the sharemarket evidence overleaf and in Appendix B of this report.
- the transactors involving dental businesses in North America and the UK are mostly larger than the recent transactions in the Australasian market. The EBITDA multiples implied by these transactions is broadly consistent with the multiples implied by the transactions involving Australasian dental businesses, with the notable exception of the recently announced acquisition of Oasis Dental by BUPA at 15.0 times EBITDA.

Radiology

A selection of relevant transactions in the radiology sector in Australia are set out below:

Recent Transaction Evidence in the Radiology Sector

Closed	Target	Acquirer	Implied Enterprise Value (millions)	EBITDA multiple (times)	
				Historical	Forecast
May 2016	Western Radiology	Integral Diagnostics	A$5	4.2	n.a.
Oct 2015	Integral Diagnostics	Initial Public Offering	A$325	9.4	8.7
Aug 2015	Liverpool Diagnostics	Capitol Health	A$40	4.0	n.a.
Apr 2015	Eastern Radiology Services and Sydney Radiology	Capitol Health	A$30	8.0	n.a.
Dec 2014	Southern Radiology Group	Capitol Health	A$64.6	9.0	n.a.
Mar 2013	MDI Radiology	Capitol Health	A$8	6.2	n.a.
Average				**6.8**	**8.7**
Median				**7.1**	**8.7**

Source: Media reports, company announcements, annual reports and presentations. n.a. means not available.

The following comments are relevant when considering the table above:

- the size of recent transactions in the Australasian radiology sector have varied substantially with enterprise values ranging from A$5 million to A$325 million. In general, the implied EBITDA multiples for single or smaller radiology businesses have been lower. The acquisitions of Eastern Radiology Services and Sydney Radiology were strategic for Capitol Health Limited (**Capitol**) as it allowed the company to gain a foothold in the NSW market while the acquisition of Southern Radiology significantly increased Capitol's presence in the Victorian Market.

[14] Based on article contained in Healthcare Business International.

Integral Diagnostics is now trading at an implied multiple of 6.3 times forecast EBITDA after listing at a multiple of 8.7 times forecast EBITDA.

Brief descriptions of the transactions included above are provided in Appendix A. Each transaction has its own unique set of circumstances. As such it is often very difficult to identify trends or draw any meaningful conclusions.

Share Market Evidence

The valuation of Abano has been considered in the context of the share market ratings of listed Australasian and international healthcare services companies. While none of these companies is precisely comparable to Abano, the share market data provides some framework within which to assess the valuation of Abano.

Share Market Ratings of Selected Listed Companies[15]

Company	Market Capitalisation (millions)	EBITDA Multiple[16] (times)		EBIT Multiple[17] (times)	
		Historic	Forecast	Historic	Forecast
Dental Services					
Pacific Smiles Group Limited	A$319	15.9	13.6	21.4	18.2
1300SMILES Limited	A$184	13.5	12.3	16.2	14.9
Birner Dental Management Services Inc.	US$23	8.9	n.a.	n.m.	n.a.
Q & M Dental Group (Singapore) Limited	SG$574	26.6	22.1	32.0	26.3
Radiology					
Capitol Health Limited	A$63	6.8	6.3	9.9	9.0
Integral Diagnostics Limited	A$181	6.5	6.6	8.6	8.9

Source: Grant Samuel analysis[18]*n.a. means not available. n.m. means not meaningful*

A description of each of the companies above is set out in Appendix B. When observing the table above the following points should be noted:

- Pacific Smiles and 1300SMILES are both Australian corporate dental groups. However, both businesses are different to Abano's dental business in the following respects:
  - Pacific Smiles primarily operates a greenfield development model for new practices. Due to the rapid expansion of its practice network in recent years the network is relatively immature with approximately 40% of practices being less than three years old resulting in higher same store sales growth. Pacific Smiles is trading at relatively high multiples of forecast EBITDA as a result of the earnings growth expected as the practice network matures. Pacific Smiles also has a very strong weighting towards New South Wales and Victoria which have been less adversely impacted by the downturn in resource prices; and
  - 1300 SMILES is predominantly based in Northern Queensland with approximately 90% of its practices located in this state. The company has demonstrated an ability to operate through challenging economic conditions for more than a decade as a listed company and has delivered consistent shareholder returns. 1300SMILES has historically traded at lower implied multiples of EBITDA than Pacific Smiles due to the relative maturity and limited growth of its practice network;
- Birner Dental Management Services Inc. (**Birner**) is a US dental group with approximately 68 practices. Birner's operating earnings have been declining in recent years due to increasing competition and a low market growth. Accordingly Birner's implied multiple of historical EBITDA is relatively low. The company is not followed by any brokers and therefore forecast multiples were not able to be calculated.

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[15] The companies selected have a variety of year ends. The financial information presented in the Historic column corresponds to the most recent actual annual result. The forecast column corresponds to the forecast for the subsequent year.

[16] Represents gross capitalisation (that is, the sum of the market capitalisation adjusted for minorities, plus borrowings less cash as at the latest balance date) divided by EBIT.

[17] Represents gross capitalisation (that is, the sum of the market capitalisation adjusted for minorities, plus borrowings less cash as at the latest balance date) divided by EBITDA.

[18] Grant Samuel analysis based on company announcements and, in the absence of company published financial forecasts, brokers' reports. Where company financial forecasts are not available, the median of the financial forecasts prepared by a range of brokers has generally been used to derive relevant forecast value parameters. The source, date and number of broker reports utilised for each company depends on analyst coverage, availability and recent corporate activity.

- Q & M Dental Group (Singapore) Limited (**Q&M**) has 85 dental practices in Asia, with approximately three quarters located in Singapore and other practices located in Malaysia and China. Q&M is expected to achieve continued strong growth in earnings beyond the year one forecast period due to continued expansion of the practice network in Asia. Q&M's implied multiples of historical and forecast year one EBITDA and EBIT therefore appear very high. The high trading multiples may also reflect strong demand for Asian based stocks. Grant Samuel has therefore placed limited reliance on Q&M's implied trading multiples when assessing the value of Abano's dental business;
- Capitol and Integral Diagnostics are Australian radiologist groups with approximately 63 and 44 practice locations respectively. Integral Diagnostics listed in December 2015 following the merger of three radiology groups, while Capitol listed in June 2006 and has pursued a strategy of expanding its practice network throughout Australia via acquisition. Capitol and Integral Diagnostics are trading at multiples of 6.3 and 6.6 times forecast EBITDA respectively;
- the multiples are based on closing share prices as at 28 November 2016. The share prices, and therefore the multiples, do not include a premium for control. Shares in a listed company normally trade at a discount to the underlying value of the company as a whole;
- the companies selected have varying financial year ends. The data presented above is the most recent annual historical result plus the subsequent forecast year; and
- there are considerable differences between the operations and scale of the comparable companies when compared with Abano. In addition, care needs to be exercised when comparing multiples of New Zealand companies with internationally listed companies. Differences in regulatory environments, share market and broader economic conditions, taxation systems and accounting standards hinder comparisons.

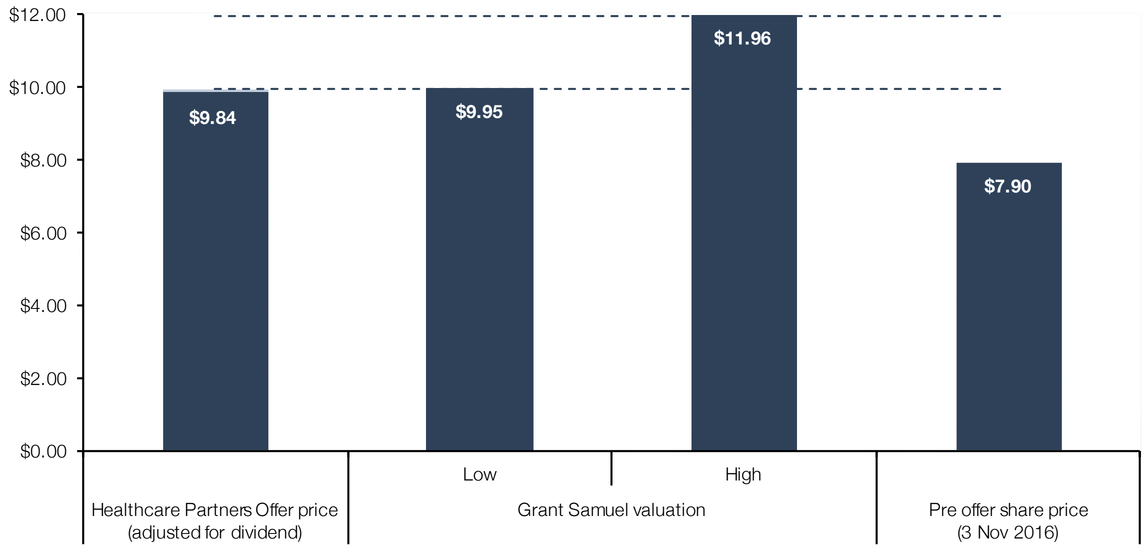
6. Merits of the Healthcare Partners Offer

6.1 The Value of the Healthcare Partners Offer

The value of the Healthcare Partners Offer can be benchmarked against a range of parameters:

- ***Grant Samuel's assessment of the value of Abano.*** In Grant Samuel's opinion the full underlying value of Abano shares is in the range of NZ$9.95 to NZ$11.96 per share as set out in Section 5. The full underlying value is the price a person or entity would be expected to pay to acquire the company as a whole and accordingly includes a premium for control. In Grant Samuel's opinion the price offered by Healthcare Partners should be compared with the full underlying value of Abano given that, if the Offer is successful, Healthcare Partners will own 50.01% of Abano and will have effective control over the business. The adjusted Offer price of $9.84 per share is below Grant Samuel's assessed value range for Abano shares. The diagram below compares the Healthcare Partners Offer price (adjusted for the proposed dividend[19]) with Grant Samuel's assessed value range and the Abano share price immediately prior to the filing of Healthcare Partners' first notice of intention to submit a partial takeover offer.

Abano Valuation versus Healthcare Partners Offer price (after dividend) and pre Offer share price (NZ$ per share)



- ***the premium implied by the Healthcare Partners Offer***. The Healthcare Partners Offer represents a premium of 27% relative to the closing price of $7.90 per share on 3 November 2016, being the day prior to the first announcement of the Healthcare Partners Offer and a premium of approximately 21% over the volume weighted average share price over the month prior to the first announcement. The implied premium for control is consistent with the premiums for control generally observed in successful full takeovers of other listed companies. As this is a partial takeover Offer only, the premium cannot fairly be compared with that offered in a full offer. Since the announcement of the Offer, Abano shares have traded in the range of NZ$8.00 to NZ$9.00 per share. The VWAP for the same period is $8.45 which is significantly below the offer price reflecting in part the fact that the Offer is only a partial offer and that scaling is likely to apply if the Offer is successful. The volumes traded have also been very small.

6.2 Rationale for the Healthcare Partners Offer

The corporate dental model being applied increasingly in the US, UK, Australia and New Zealand is to grow market share and revenue and to gain critical mass through acquisition of existing practices, developing new practices or a combination of both. The earnings multiples being paid for existing dental practices is low relative to the trading multiple of listed corporate dentists. The high listed multiples reflect a combination of the attractive acquisition prices and the perceived ability to grow the model given the relatively low penetration of corporate dentists in the market. Abano has been very successful in growing its New Zealand dental business, particularly since the introduction of the

[19] The Board has resolved to pay an interim dividend of $0.16 per share.

Lumino brand across all practices in New Zealand. The Australian business has been less successful, particularly over the last three years, reflecting in part its different stage of development and lower economies of scale. Maven is now adopting the New Zealand Lumino model under a common management structure.

Healthcare Partners is an investment entity owned by Peter Hutson, Anya Hutson and James Reeves. Peter Hutson has a long history with Abano and entities associated with him have made previous overtures to Abano. Healthcare Partners has stated the following plans for the Abano business:

- cease further acquisitions for the medium term and focus on improving the performance of the existing dental practices;
- once cash flow generation has improved, continue Abano's acquisition led growth;
- reduce Abano's reliance on asset sales, significant debt expansion or equity raisings to find growth;
- continue Abano's dividend policy that, subject to relevant factors at the time the annual dividend paid will be between 50-70% of underlying net profit after tax; and
- create and protect a rewarding team environment.

Healthcare Partners have given no guidance as to how the performance of the existing dental practices will be improved. Grant Samuel notes that Abano management is currently focussing on reducing operating costs, particularly in Australia, and has already made significant inroads of circa A$1.3 million p.a. savings since May 2016.

6.3 Framework and Outcomes of the Healthcare Partners Offer

The Healthcare Partners Offer is a partial takeover offer to acquire shares in Abano with the objective to take the total shareholding controlled by Healthcare Partners to 50.01%. The offer is conditional on Healthcare Partners receiving acceptances to the offer which will result in Healthcare Partners becoming the holder or controller of 50.01% of the shares in Abano. A range of outcomes and the implications for Abano shareholders is summarised below:

Healthcare Partners does not receive any other acceptances to the Offer

In these circumstances Healthcare Partners' shareholding in Abano will remain at 19.02%. Liquidity would remain unchanged as the same free float in the shares would exist before and after the Offer.

Healthcare Partners achieves acceptances that would increase its shareholding to above 19.02% but less than 50.01%

In these circumstances the offer would not reach the minimum acceptance condition of 50.01% and the Offer would lapse. No shares would be acquired by Healthcare Partners.

Healthcare Partners receives acceptances greater than 50.01% of the shares in Abano

In these circumstances Healthcare Partners is not permitted to acquire more than 50.01% of the issued shares in Abano under the construct of the Takeovers Code. In the case of excess acceptances, then Healthcare Partners is required under Rule 12 of the Takeovers Code to firstly take up from each offeree the lesser of:

- 38.27% of a shareholders shares accepted into the Offer; and
- all of the shares in respect of which the shareholder has accepted into the Offer.

If the number of shares acquired under this mechanism is less than the total percentage sought (30.99% in this case) being 38.27% of the shares that Healthcare Partners does not already own, then Healthcare Partners will acquire further shares from accepting shareholders pro rata to the total shares accepted into the Offer by accepting shareholders.

If Healthcare Partners receives acceptances in respect of more than 30.99% of the ordinary Abano shares, then accepting shareholders who accept for more than 38.27% of their shares will have their acceptances scaled such that at the completion of the proposed transaction Healthcare Partners will own 50.01% of the issue shares in Abano. Therefore, if the Healthcare Partners Offer is successful at any level over the 30.99% threshold (recognising that it is highly unlikely that acceptances representing exactly 30.99% will be received), Abano shareholders who accept the Healthcare Partners Offer for more than 38.27% will not be able to sell all of the accepted shares into the Healthcare Partners Offer as excess acceptances will be scaled back. The table below show examples of various levels of total acceptances to the Healthcare Partners Offer, and the implications for accepting shareholders:

Number and % of shares accepted into the Healthcare Partners Offer that would be acquired by Healthcare Partners

Acceptances to Offer	% of total shares owned by Healthcare Partners at Offer close	**Example**: Number of shares that will be acquired by Healthcare Partners under the Offer, assuming a shareholder has 1,000 Abano shares and tenders 500	**Example**: Number of shares acquired by Healthcare Partners
	19.02%	-	n.a.
10.00%	19.02%	-	-
20.00%	19.02%	-	-
30.00%	19.02%	-	-
30.99%	50.01%	100.00%	500
40.00%	50.01%	77.48%	387
50.00%	50.01%	61.98%	310
60.00%	50.01%	51.65%	258
70.00%	50.01%	44.27%	221
80.98%	50.01%	38.27%	191

The table above shows that if acceptances in respect of greater than 30.99% of Abano's shares then a shareholder who accepts shares into the Healthcare Partners Offer will only have certainty that 38.27% of their shares would be acquired under the Healthcare Partners Offer. The level of scaling beyond that point increases as the overall acceptance level increases e.g. if all Abano shareholders accept the Healthcare Partners Offer for all of their shares, Healthcare Partners will only acquire 38.27% of each shareholder's shares. Accordingly, there is no certainty what proportion of shares an accepting shareholder will be able to sell if the Healthcare Partners Offer is successful. In that circumstance accepting shareholders would end up with small and potentially uneconomic parcels of shares.

As the Healthcare Partners Offer is a partial offer there is no certainty what proportion of each accepting shareholder's shares in Abano will be bought if the Healthcare Partners Offer is successful. All that is certain is that shareholders will be able to sell 38.27% of the shares they currently own if these are accepted into the Healthcare Partners Offer. Given that excess acceptances will be scaled down it is almost certain that if the Healthcare Partners Offer is successful, accepting shareholders who accept for more than 38.27% of their holdings will not be able to sell all their shares into the Healthcare Partners Offer. This lack of certainty is problematic for communications with shareholders but is in line with the rules of the Takeovers Code.

6.4 Implications for Abano Shareholders if the Healthcare Partners Offer is Successful

If the Healthcare Partners Offer is successful, then:

- Abano will remain a listed company with Healthcare Partners controlling a cornerstone shareholding;
- under the creep provision of the Takeovers Code Healthcare Partners may acquire up to a further 5% per annum of Abano after 12 months following the completion of the Offer;
- the attraction of Abano as a takeover target could be impacted both positively and negatively if the Healthcare Partners Offer is successful. The presence of a single controlling shareholder is likely to dissuade any other party from making a competing offer. For any subsequent takeover offer for 100% of the company from another party to be successful, it would require Healthcare Partners to sell its current, or any increased shareholding, in Abano to the new offeror. If that controlling shareholding were able to be acquired, control of Abano would pass to the new acquirer;
- it is reasonable to assume that Abano would then be likely to sell its 71% interest in Ascot Radiology and as a consequence become a dedicated corporate dental business. In Australia, corporate dentistry is estimated by

Abano management to represent only approximately 5% of the total market by number of practices, suggesting there is a significant growth opportunity. This opportunity exists regardless of which entity controls Abano;

- the acquisition of 50.01% of Abano by Healthcare Partners could curtail growth if a less aggressive consolidation strategy is adopted. Lumino in New Zealand would be an attractive acquisition to another corporate dentistry business. It has a nationwide footprint, a strong brand and is exposed to only limited competition from other corporate dentists;
- the dental market is regarded as being relatively complex. Depending on the aspirations of Peter Hutson personally and Healthcare Partners, a change within management or management style of Abano, could be disruptive to the business. Grant Samuel understands the relationship between Abano and the Hutsons was tested whilst the Hutsons were managing Bay International. It eventually became necessary to seek the Employment Relations Authority to rule on the Hutson's employment agreements with Bay International. These employment agreements were subsequently terminated in May 2014;
- Healthcare Partners will be able to determine the composition of the Board, the strategy and direction of the company, the dividend policy, and the capital structure (subject to shareholder approval for certain shares). Only a small number of changes such as amendments to the constitution and major transactions will require a 75% majority of those voting to be implemented;
- it is likely that some long standing Directors of Abano will be removed by Healthcare Partners and some remaining Directors will resign as they may not agree with the new direction of the business. The loss of experience at the Governance level is likely to be negative in the short term. Similarly, there is the potential for loss of some senior management and dentists. On the other hand, Healthcare Partners would be expected to bring new perspectives to the business in the form of new strategies, Directors and potentially management. It is beyond the scope of this report to assess which management and governance structure is best for Abano shareholders;
- partial offers are significantly less attractive than offers for 100%, which provide shareholders with the option to sell all of their shares into the offer. This is particularly so for larger shareholders such as institutions which typically invest where there is a reasonable degree of liquidity and they can, over time, increase or reduce their shareholding. Under a partial offer there is no certainty as to how many shares will be accepted. The $10 offer price is substantially higher than the earlier price indicated by the Hutson/Archer Capital consortium in 2013 of $6.97 - $7.14 and is also below Grant Samuel's value range for Abano. The "premium for control" will only be available to 38.27% of all the shares in Abano not already owned by Healthcare Partners; and
- if the acceptance threshold is met in the last 7 days of the Offer, the offer period is automatically increased by 14 days so all shareholders will have a further chance to accept.

If the Offer is successful Healthcare Partners will have control over Abano.

6.5 Other Merits of the Healthcare Partners Offer

In assessing the other merits of the Healthcare Partners Offer Grant Samuel considered the following factors:

- approximately 26% of the issued shares in Abano are owned by institutional shareholders. The decisions of the institutional shareholders on whether or not to accept the Healthcare Partners Offer could be influential in determining whether the Offer is successful or not;
- the Healthcare Partners Offer is subject to a number of conditions, which may be waived at Healthcare Partners' discretion. These discretionary conditions are standard for takeover offers and principally relate to material changes to the Abano business and capital structure and are set out in the Healthcare Partners offer document;
- if the Healthcare Partners Offer is successful twelve months after the Offer closes it may utilise the creep provisions to acquire up to a further 5% per annum of Abano. It would not have to wait 12 months to make another partial or full offer on the same or different terms;
- if Healthcare Partners is not successful in achieving the 50.01% threshold at its current offer price it may or may not choose to increase the Offer price. If Healthcare Partners chooses to increase its current Offer price while

the Offer is still open the increased value will be available to all shareholders even if they have already accepted the current Offer;

- Abano has a reasonable level of gearing, with total net debt of approximately $92.9 million as at 30 November 2016. Abano has headroom under its current facilities to borrow approximately a further $40 million. The headroom will be able to be increased as it purchases additional dental practices which are earnings positive from the date of acquisition;
- the Abano share price has traded within a range of NZ$8.00 to NZ$9.00 since the Healthcare Partners Offer was announced;
- for those shareholders wishing to have an equity investment in the dental services sector there are other similar public-market investment opportunities in Australia (Pacific Smiles and 1300SMILES), but limited opportunities outside of Australia; and
- stopping acquisitions in the medium term, as proposed by Healthcare Partners, will arguably lessen the attractiveness of Abano as a growth investment and, in Australia in particular, may allow competitors to gain market share. Abano has the financial capacity to continue acquiring 20-25 dental practices a year.

As with any equity investment there are risks associated with the market in which the company operates. The risks and opportunities associated with an investment in Abano include:

- the dental services markets in New Zealand and Australia remain highly fragmented which represents an opportunity for corporate groups to acquire or roll-up dental practices over time. Dental practices are currently being acquired for multiples of circa 3-5 times EBITDA which is well below the current trading multiples of listed corporate dentistry group and the multiples implied by transactions involving larger corporate groups. Whilst competition may increase over time due to increased competition from buyers there remains a large pool of practices that would suit corporate ownership; and
- the dental services market is affected by economic conditions as highlighted by the difficult trading environment faced by Maven in Australia. A prolonged downturn in resource prices would likely impact the performance of Maven given the high weighting of practice located in Queensland. Once the store rebranding in Australian is completed, Maven's practices will have a common look and feel which will allow Abano to run promotions and advertising more effectively.

Since the announcement of the Healthcare Partners Offer there have been no other offers forthcoming for any or all of Abano. An alternative offer is highly unlikely but would require Healthcare Partners to sell its shareholding into that offer, unless the alternative offer is also a partial offer, in which case Healthcare Partners may not elect to sell their shares into the offer.

6.6 Summary

Healthcare Partners has made a partial offer of NZ$10.00 per share for a further 30.99% of Abano shares on issue to take its shareholding to 50.01%. The Board of Abano has resolved to pay an interim dividend of $0.16 per share. Under the Offer the dividend amount will be treated as an adjustment to the price. Accordingly, the adjusted Offer price will be $9.84 per share.

Grant Samuel's assessment of the value of Abano of NZ$9.95 to NZ$11.96 per share assumes an interim dividend payment of $0.16 per share. The Healthcare Partners adjusted Offer price is below Grant Samuel's valuation range.

There are multiple outcomes for Abano shareholders. As the Healthcare Partners Offer is a partial offer there is no certainty as to what proportion of each accepting shareholder's shares in Abano will be bought if the Healthcare Partners Offer is successful for acceptances over 50.01%. Given that any excess acceptances will be scaled, then if Healthcare Partners Offer achieves the 50.01% acceptance threshold accepting shareholders will not be able to sell all of their shares into the Healthcare Partners Offer. This lack of clarity is problematic for communications with shareholders but is consistent with the rules of the Takeovers Code.

Shareholders, in deciding how to treat the Healthcare Partners Offer, need to consider the following:

- the offerors have indicated a new direction for Abano;
- both Lumino and Maven are forecasting good growth in earnings from a renewed push to acquire new dental practices and overhead expenses are contained;
- the share price following the offer closing will be likely to fall below the current share market price of $8.00;
- if a shareholder elects to only partially accept the Offer there is a risk that a shareholder will not maximise the number of shares for which he/she will receive the $9.84 per share price (after deducting the interim dividend to be paid by Abano). If all shareholders accept for all of their shareholding, only 38.27% of shares will be accepted into the Offer;
- the Healthcare Partners Offer of $10 per share was at a 26.6% premium to the share price prevailing on the day before the first notice of intention to make an offer. As the offer is only a partial offer this metric is overstating the premiums received for all of a shareholders shareholding as it would only apply if the majority of the minority shareholders did not accept the Offer and those than did were sufficient to enable Healthcare Partners to get to 50.01%. That is the accepting shareholders would receive $9.84 per share. The table below illustrates the effective premium at the pre-Offer price of $7.90 and the 30 day VWAP prior to the Offer of $8.27. It assumes that a shareholder has either 38.27% or 50.0% of their shares accepted into the Offer and the balance of the shares are sold on market.

Examples of Effective Control Premium under the Offer

Percentage Offered into the Offer	38.27%		50.0%	
Share Price after Offer	$7.90	$8.27	$7.90	$8.27
Weighted Average Share Price	$8.70	$8.93	$8.95	$9.14
Premium over closing price before Offer	10.2%	13.1%	13.3%	15.6%

- the decision of institutional shareholders will be influential but not determinative in the success or failure of the Healthcare Partners Offer.

6.7 Acceptance or Rejection of the Healthcare Partners Offer

Acceptance or rejection of the Healthcare Partners Offer is a matter for individual shareholders based on their own views as to value and future market conditions, risk profile, liquidity preference, portfolio strategy, tax position and other factors. In particular, taxation consequences will vary widely across shareholders. Shareholders will need to consider these consequences and, if appropriate, consult their own professional adviser. Acceptance or rejection of the Healthcare Partners Offer is a separate decision from voting whether to approve or object to Healthcare Partners making the Offer. If sufficient shareholders do not accept the Healthcare Partners Offer, then Healthcare Partners will not be able to increase its shareholding in Abano.

GRANT SAMUEL & ASSOCIATES LIMITED

12 December 2016

Grant Samuel + Associates

Appendix A - Recent Transaction Evidence

A brief description of each of the transactions listed in Section 6 is outlined below:

Dental (Australasia)

Pacific Smiles Group Limited / Initial Public Offering

Pacific Smiles listed on the ASX on 21 November 2014. The company listed at a share price of A$1.30 implying an enterprise value of approximately A$186.3 million. The listing price implied a multiple of 10.7 times pro forma forecast FY2015 EBITDA of A$17.4 million. Forecast FY15 EBIT was A$12.9 million which implied an EBIT multiple of approximately 14.4 times. Pacific Smiles exceeded the prospective forecast delivering EBITDA of A$18.2 million. If the actual EBITDA amount were adopted the offer price at listing implied a multiple of 10.2 times. A detailed analysis of Pacific Smiles is contained in Appendix B of this report.

Dental Corporation / BUPA Australia

In May 2013, BUPA Australia agreed to acquire Dental Corporation from Fortis Global Healthcare, management, dentists and other shareholders for approximately A$350 million. An additional earn out payment was provided for based on the achievement of EBITDA targets. Dental Corp provides dental services in Australia and New Zealand. The company offers dental services, such as general dentistry, cosmetic dentistry and sedation. The company had approximately 180 practices at the time of the acquisition and for the year ended 30 June 2012 generated revenues of A$339 million.

Dental Partners / Abano

In July 2012, Abano acquired the remaining 30% stake in Dental Partners from Mike Timoney, David Garofalo and a number of founding dentists for A$14.4 million. The purchase price for the remaining stake implied a multiple of approximately 11.1 times annualised forecast EBITDA.

Pacific Smiles / TDM Asset Management

In July 2012, Sydney based private equity firm TDM Asset Management acquired a 19.99% shareholding in dental centre owner Pacific Smiles, valuing the company at A$65 million. TDM purchased its shareholding for A$13 million. Pacific Smiles subsequently listed in November 2011 following further expansion of the practice network under TDM's ownership.

Dental Corporation / Fortis Healthcare

In January 2011, private equity firm Fortis Global Healthcare Holdings, acquired a 30% shareholding in Dental Corporation from Alfred Street Nominees for A$65.5 million.

Dental (North America)

Heartland Dental / Teachers' Private Capital

In December 2012, Teachers' Private Capital acquired an unknown majority stake in Heartland Dental Care from CHS Capital and others sellers for approximately £800 million. As part of the transaction, Heartland Dental Care founder and Chief Executive Officer, Rick Workman retained a significant minority position alongside management and employees. Heartland Dental operates as a dental practice management organisation in the United States with approximately 370 practices at the time of the acquisition.

American Dental Partners / JLL Partners

In February 2012, private equity firm JLL Partners acquired American Dental Partners from Stadium Capital Partners and other investors for approximately US$300 million in cash. American Dental Partners provides business services, dental facilities, and support staff to multidisciplinary dental group practices in the United States. It acquires selected assets of the dental practices with which it affiliates and enters into service agreements with professional corporations, professional associations, or service corporations. As of December

31, 2010, it was affiliated with 26 dental group practices comprising 576 dentists practicing in 278 dental facilities in 21 states.

Aspen Dental Management / Ares Management

In October 2010, private equity firm Leonard Green & Partners along with management of Aspen Dental Management and Ares Management agreed to acquire Aspen Dental Management for approximately US$550 million. Aspen Dental Management provides dental and denture services in the United States. For the 12 months ended June 30 2010, Aspen Dental had revenue of approximately US$350 million and EBITDA of approximately US$50 million.

FORBA / The Carlyle Group

In September 2006, a consortium including Arcapita Corporate Investments, The Carlyle Group and existing senior management of the business signed an asset purchase agreement to acquire substantially all the assets of FORBA and certain other related entities for US$435 million. Under the terms of the agreement, Bruno DeRose and other members of his family agreed to sell the assets for a price equal to 10 times EBITDA. FORBA operates a network of centres that provide dental health services for low-income families and their children in the United States.

Western Dental / Citigroup Venture Capital

In June 2006, Citigroup Venture Capital agreed to acquire Western Dental Services for approximately US$380 million. The implied EBITDA multiple for the transaction was reported at 8.8 times. Western Dental Services is a dental and oral health maintenance company in the United States.

Bright Now! / Freeman Spogli & Co

In May 2005, Freeman Spogli & Co and California State Teachers Employees' Retirement System acquired a majority interest in Bright Now! from Gryphon Investors for US$340 million. Gryphon will retain minority interest in the company. Bright Now! had EBITDA of about US$37 million and annual sales of between US$360 million to US$385 million. Bright Now! provides support services to general and multi-specialty dental groups in the United States. The company primarily focuses on the provision of oral health care accessible to families and individuals.

Dental (United Kingdom)

Oasis Dental Care / The British United Provident Association Limited

On 18 November 2016, The British United Provident Association Limited (**BUPA**) announced that it had agreed to acquire the UK's leading private dental provider, Oasis Dental Care (**Oasis**), from private equity firms Bridgepoint and Duke Street, in a transaction valuing Oasis at £835 million. Oasis is the largest branded dental group in the UK market with 380 practices and more than 1,800 dentists. Oasis' revenue for the 2016 financial year was £277 million. Following Bridgepoint's acquisition of the business in 2013 Oasis completed the purchase of 191 dental practices and entered the Irish market. During its ownership tenure Oasis' EBITDA increased threefold. It was reported in industry publication Healthcare Business International that the purchase price represented a multiple of greater than 15.0 times estimated forecast EBITDA. This is also consistent with Grant Samuel's estimate which is based on the statement that EBITDA during the period tripled. The high multiple relative to other transactions in the dental services industry globally likely reflects the future benefits from the significant expansion of the practice network under Bridgepoint's ownership and also Oasis' position as the largest branded dental group in the UK, which will make BUPA the largest dental provider in the UK. The transaction is subject to customary regulatory approvals.

Oasis Healthcare / Bridgepoint Advisers and Duke Street

In March 2013, Bridgepoint Advisers Limited acquired Oasis Healthcare Limited from Duke Street and management for approximately £190 million. Duke Street will roll over a portion of the proceeds from the sale to retain a minority stake in Oasis. Oasis provides NHS and private dental care services in the UK, and are the second largest dentist chain in the UK.

Integrated Dental / The Carlyle Group

In July 2011, Carlyle Group completed the merger of Integrated Dental Holdings, which it acquired from Bank of America Merrill Lynch for £450m, and Associated Dental Practices, which was owned by Palamon Capital Partners. The merged entity had almost 450 dental practices. The deal valued the two companies at £600m. The deal values the two companies at 10 to 10.9 times their combined EBITDA of £55-60m. The combined market share of the two companies is approximately 6%.

Oasis Healthcare / Duke Street Capital

In September 2007, Duke Street Capital acquired Oasis Healthcare from Foresight PLC and other investors for approximately £78 million. Oasis Healthcare provides NHS and private dental care services in the UK, and is the second largest dentist chain in the UK.

Diagnostics:

Western District MRI / Integral Diagnostics

On 12 May 2016 Integral Diagnostics Limited (**IDX**) announced that it had agreed to acquire Western District Radiology and a 50% interest in South West MRI (trading as Western District MRI) from its radiologist owners for A$5.0 million. On an annualised basis the acquired interest in the two businesses generate revenue of A$4.3 million and ABITDA of A$1.2 million. The purchase price implies a multiple of approximately 4.2 times.

Integral Diagnostics / IPO

In October 2015 IDX undertook an initial public offering on the ASX. IDX is a provider of diagnostic imaging services in Australia with a network of 44 sites. IDX operates brands in three states: Lake Imaging in Victoria, South Coast Radiology in Queensland and Global Diagnostics in Western Australia. IDX listed at a share price of A$1.91, implying a market capitalisation of A$275.3 million and an enterprise value of A$325.5 million based on pro forma net debt of A$50.2 million. The listing price implied multiples of 8.7 times forecast pro forma EBITDA and 11.5 times forecast pro forma EBIT.

Liverpool Diagnostics / Capitol Health

On 31 August 2015 Capitol Health Limited (**Capitol**) announced that it had expanded its radiology business in NSW with the acquisition of Liverpool Diagnostics (**Liverpool**). The acquisition compares an up front payment of A$4.5 million plus an A$1.5 million earnout subject to revenue growth being achieved during 2016. Liverpool generated EBITDA of A$1.5 million on revenues of A$7.2 million during its 2014 financial year. The purchase price including the earnout implies a multiple of 4.0 times historical EBITDA.

Eastern Radiology Services and Sydney Radiology / Capitol Health

On 27 April 2015 Capitol announced that it had expanded its NSW radiology presence via the acquisition of Eastern Radiology Services (**Eastern**) and Sydney Radiology. The acquisitions have a combined enterprise value of A$30 million. The combined FY14 revenue and EBITDA of A$13 million and A$3.75 million. The purchase price implied a multiple of 8.0 times historical EBITDA.

Southern Radiology Group / Capitol Health

On 10 December 2014 Capitol announced that it had agreed to acquire Sydney based radiology group Southern Radiology Group (**Southern**) for A$64.6 million. Southern operates 14 practices across Sydney. In FY14 Southern generate normalised EBITDA of A$7.2 million on revenues of A$37 million. The acquisition provided Capitol with a foothold in the NSW market. The purchase price implied a multiple of 9.0 times historical normalised EBITDA.

MDI Radiology / Capitol Health

On 6 March 2013 Capitol announced that it had agreed to acquire the largest diagnostic imaging provider in Victoria, MDI Group Pty Limited (**MDI Radiology**) for A$8 million. MDI has 11 practices primarily located in the South-Eastern regions of Melbourne metropolitan area in Victoria. The purchase price represented a multiple of 6.25 times NPBT.

Appendix B - Comparable Listed Companies

A brief description of each of the companies listed in Section 6 is outlined below:

Dental:

Pacific Smiles Group Limited

Pacific Smiles Group Limited (**Pacific Smiles**) owns and operates dental centres in Australia under the Pacific Smiles Dental and nib Dental Care brands. As at the date of this report Pacific Smiles had approximately 60 centres throughout Australia with over 300 dentists and 240 active chairs. Just over a half of Pacific Smiles' practices are located in New South Wales with the other practices spread across Victoria, Queensland and ACT (refer pie chart below). The company operates a greenfield development model whereby new practices are typically located in high foot traffic areas such as shopping malls. Pacific Smiles has disclosed that new practices typically operate at an EBITDA loss during the first year of operation, generate an EBITDA margin of approximately 15% in year two with margins increasing to approximately 25% thereafter. During periods of strong practice expansion earnings margins can therefore be supressed until those practices reach a "mature" stage. As at 30 June 2016 approximately 40% of Pacific Smiles' Practice were less than 3 years old. Pacific Smiles has indicated that it plans to open a further 10 practices during FY2017. Pacific Smiles listed on the ASX in November 2014 following an investment by Sydney based private equity firm TDM Asset Management in July 2012. The table below outlines the trend in Pacific Smiles' historical financial performance from FY12 to FY16 and the consensus broker forecasts for FY17 and FY18:

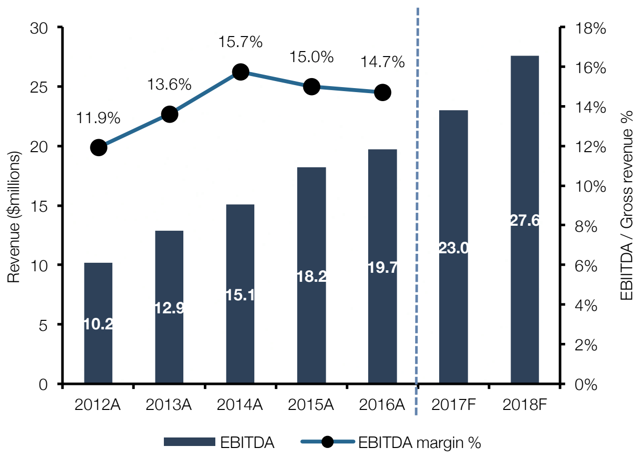
Pacific Smiles - Historical and Forecast Financial Performance (A$ millions unless otherwise specified)[20]

Year end 30 June	**2012A**	**2013A**	**2014A**	**2015A**	**2016A**	**2017F**	**2018F**
Number of centers at year end	31	34	41	49	58	68	
Gross patient fees	85.6	94.8	95.9	121.4	133.8		
Underlying revenue	55.6	60.1	59.1	74.9	83.3	97.1	114.0
Underlying EBITDA	**10.2**	**12.9**	**15.1**	**18.2**	**19.7**	**23.0**	**27.6**
On gross revenue EBITDA margin %	*11.9%*	*13.6%*	*15.7%*	*15.0%*	*14.7%*		
Underlying EBIT	**6.9**	**9.1**	**11.3**	**13.9**	**14.6**	**17.2**	**21.0**
EBIT margin %	*12.4%*	*15.1%*	*19.1%*	*18.6%*	*17.6%*	*17.7%*	*18.4%*
Same center patient fee growth	*15.5%*	*7.4%*	*(3.0%)*	*4.3%*	*5.0%*		

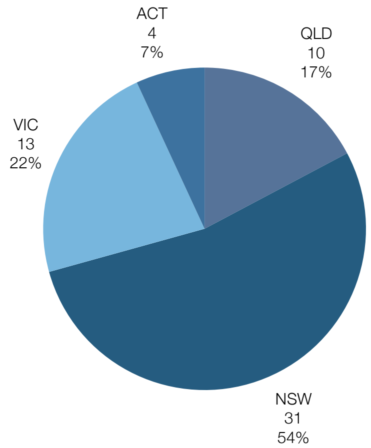
Pacific Smiles is currently trading at a share price of $2.18 (as at 11 November 2016), implying a market capitalisation of approximately A$331 million and an enterprise valued of approximately A$325 million based on a net cash position of A$6.0 million as at 30 June 2016. The company is currently trading at multiples of 14.3 times forecast FY17 EBITDA and 11.9 times forecast FY18 EBITDA. The reduction in the implied EBITDA multiple from year one to year two is a function of the forecast uplift in EBITDA resulting from the continuing expansion and maturation of the practice network. The higher implied multiples relative to 1300 may also reflect that Pacific Smiles is a growth company with approximately three quarters of its centres are located in NSW and Victoria which have been less severely impacted by the economic downturn in Australia. The company's historical trading multiples are not meaningful for comparison purposes due to the high level of forecast growth in earnings.

[20] Public disclosures made by Pacific Smiles. The forecast number of centres at 30 June 2017 is based on the company opening a further ten centres during FY2017.

Historical and Forecast EBITDA and EBITDA / Gross revenue



Practices by State as at 30 June 2016



1300SMILES Limited

1300SMILES Limited (**1300SMILES**) provides dental and practice management services in Australia. The company enables the delivery of dental services to patients by providing the use of surgeries, practice management, and other services to self-employed dentists who carry on their own dental practices. It also offers services in the areas of marketing, administration, billing and collections, and facilities certification and licensing to participating dentists and provides support staff, equipment, and facilities, as well as sources various consumable goods. The company serves dentists ranging from new graduates to experienced dental professionals. 1300SMILES currently has 25 practices, 21 of which are located in Queensland. The table below outlines the trend in 1300SMILES' historical financial performance from FY2012 to FY2016 and the consensus broker forecasts for FY2017 and FY2018:

1300SMILES - Historical and Forecast Financial Performance (A$ millions unless otherwise specified)[21]

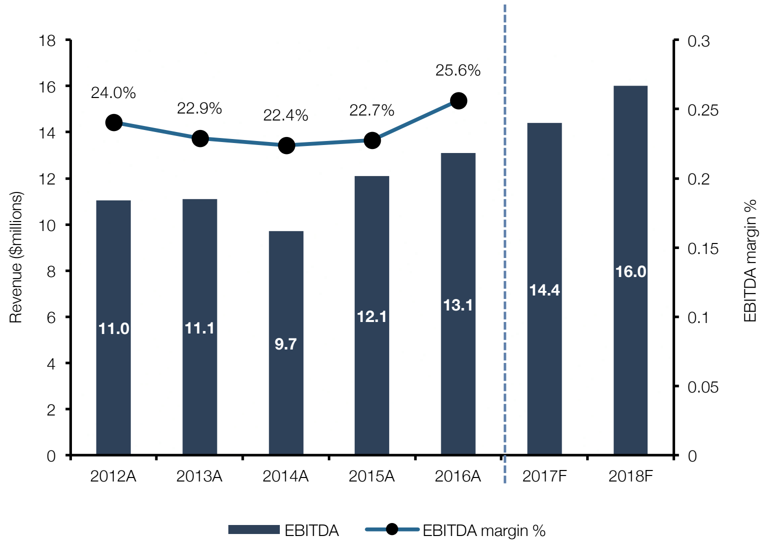
Year end 30 June	2012A	2013A	2014A	2015A	2016A	2017F	2018F
Gross Revenue	45.9	48.5	43.3	53.2	51.1		
Net Revenue	36.7	36.2	31.8	36.5	36.4	40.0	45.4
EBITDA	**11.0**	**11.1**	**9.7**	**12.1**	**13.1**	**14.4**	**16.0**
EBITDA margin %	*24.0%*	*22.9%*	*22.4%*	*22.7%*	*25.6%*		
EBIT	**9.3**	**9.0**	**7.4**	**9.4**	**10.9**	**11.9**	**13.4**
EBIT margin %	*25.2%*	*24.8%*	*23.3%*	*25.8%*	*29.9%*	*29.7%*	*29.5%*

1300SMILES is currently trading at a share price of $7.55 (as at 11 November 2016), implying a market capitalisation of approximately A$178.8 million and an enterprise valued of approximately A$171.2 million based on net cash position of A$7.5 million as at 30 June 2016.

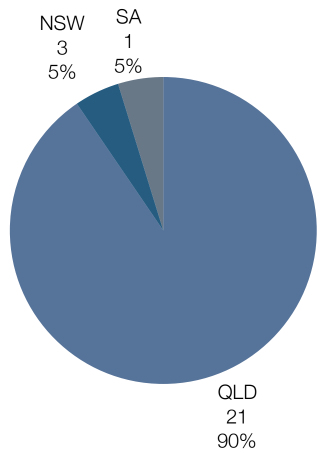
As 1300SMILES is owned 71% by the Chief Executive Officer and has a very lean overhead cost structure the company enjoys comparatively high EBITDA / Gross revenue margins (circa 26%) compared to Pacific Smiles (circa 15%) and Maven.

[21] Public disclosures made by 1300SMILES.

Historical and Forecast EBITDA and EBITDA / Gross Revenue



Practices by State as at 30 June 2016



Q & M Dental Group (Singapore) Limited

Q&M Dental Group Singapore Limited (**Q&M**) is the largest private dental services group in Singapore with a network of 65 practices. The company also has 12 practices in China and 8 practices in Malaysia. The company has a team of more than 200 dentists and a support team of 380 clinical and administrative staff. Q&M serves more than 600,000 patients. The company is listed on the Singapore Stock Exchange with a market capitalisation of approximately S$580 million (equivalent to approximately NZ$580 million). The table below outlines the trend in Q&M's historical financial performance from FY2012 to FY2016 and the consensus broker forecasts for FY2017 and FY2018.

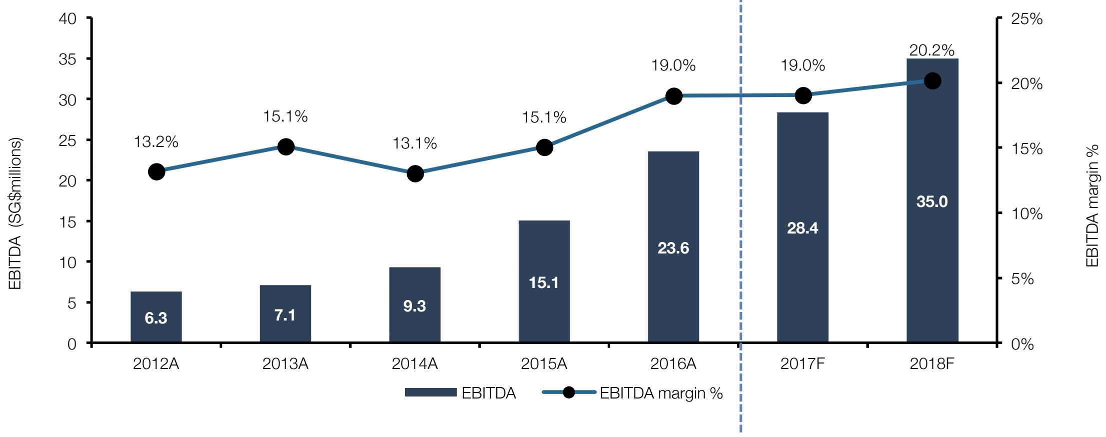
Q & M - Historical and Forecast Financial Performance (S$ millions unless otherwise specified)[22]

Year end 31 May	2013A	2014A	2015A	2016A	2017F	2018F
Revenue	57.0	71.2	100.3	124.0	149.2	173.4
EBITDA	**7.1**	**9.3**	**15.1**	**23.6**	**28.4**	**35.0**
EBITDA margin %	*12.5%*	*13.1%*	*15.1%*	*19.0%*	*19.0%*	*20.2%*
EBIT	**5.6**	**7.3**	**12.3**	**19.6**	**23.8**	**29.2**
EBIT margin %	*9.8%*	*10.2%*	*12.3%*	*15.8%*	*16.0%*	*16.8%*

Q&M's share price implies an enterprise value of approximately S$552 million. The company is trading at multiples of 19.4 times forecast FY16 EBITDA and 15.8 times forecast year 2 EBITDA. The company's historical trading multiples are very high reflecting Q&M's strong forecast growth in earnings. Q&M's high trading multiples generally may reflect the substantial opportunity for further growth in other Asian markets (including China and Malaysia where it already has presence) as well as strong demand for companies exposed to emerging Asian economies generally. Grant Samuel has therefore placed limited emphasis on Q&M's trading multiples to infer an appropriate capitalisation multiple range for Abano's dental businesses.

[22] Public disclosures made by Q & M.

Trend in Historical and Forecast EBITDA and EBITDA margins



Birner Dental Management Services

Birner Dental Management Services, Inc. (**Birner**) provides business services to dental group practices in the USA. It offers general dentistry services, including crowns and bridges, fillings and aesthetic procedures. The company also provides cleanings and periodontal services and specialty dental services. As at 31 December 2015 Birner had 68 dental practices operating under the *PERFECT TEETH* name. 57 of the practices are located in Colorado and 11 are located in New Mexico. Approximately half of the practices are greenfield developments while the other half have been acquired as existing practices. Outlined below is a summary of Birner's historical financial performance for the years ended 31 December 2011 to 2015. Birner is not covered by any brokers and therefore forecasts are not available for the company:

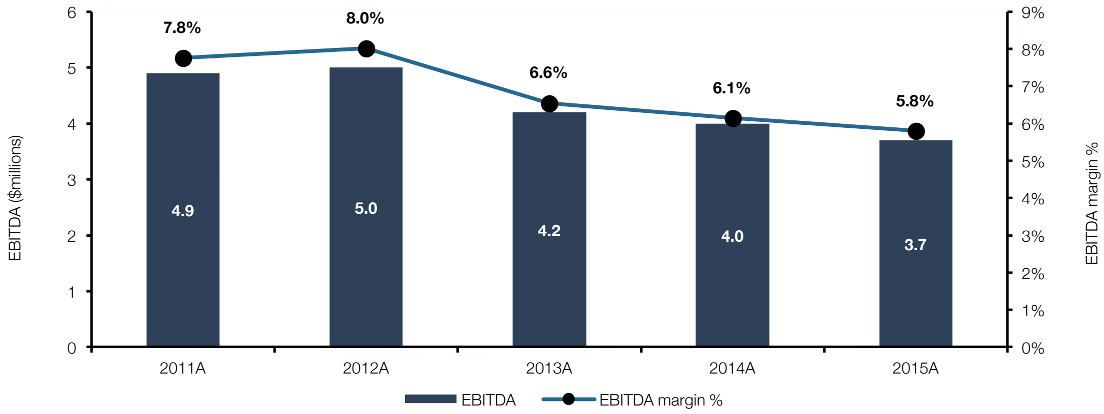
Birner - Historical Financial Performance (US$ millions unless otherwise specified)[23]

Year end 31 May	2011A	2012A	2013A	2014A	2015A
Number of centers at year end	64	65	66	67	68
Revenue	63.1	62.4	64.1	65.1	63.8
Adjusted EBITDA	**4.9**	**5.0**	**4.2**	**4.0**	**3.7**
EBITDA margin %	*7.8%*	*8.0%*	*6.6%*	*6.1%*	*5.8%*
Adjusted EBIT	**2.3**	**2.0**	**0.6**	**(0.4)**	**(0.8)**
EBIT margin %	*3.7%*	*3.2%*	*0.9%*	*(0.6%)*	*(1.2%)*

Birner's revenue has remained relatively flat despite the number of practices increasing by one a year from FY2011 to FY2015. The decline in EBITDA margins has been attributed to increasing competition and sluggish growth in demand.

[23] Public disclosures made by Birner.

Historical Trend in EBITDA and EBITDA margin %



Birner currently has a market capitalisation of US$34.6 million and an implied enterprise value of US$44.3 million based on net debt of approximately US$9.7 million as at 30 September 2016. Birner is trading at a multiple of approximately 12.0 times adjusted historical EBITDA.

Diagnostics:

Capitol Health

Capitol Health Limited (**Capitol**) provides medical diagnostic imaging services in Australia. The company's services include general x-ray, magnetic resonance imaging, ultrasound, mammography, orthopantomogram, doppler, echocardiography, computer tomography (**CT**), CT angiography, cone beam CT, nuclear medicine, bone densitometry, and fluoroscopy. As at 30 June 2016 Capitol had a network of 48 facilities in Victoria.

Integral Diagnostics

Integral Diagnostics Limited (**IDX**) provides diagnostic imaging services to general practitioners, medical specialists and allied health professionals and their patients in Australia. The company listed to the ASX in December 2015 following the merger of Global Diagnostics, Lake Imaging and South Coast Radiology. The company has approximately 45 sites in Queensland, Victoria and Western Australia. IDX is currently trading at a multiple of approximately 6.3 times forecast EBITDA.

Appendix C - Valuation Methodology Descriptions

1. Capitalisation of Earnings

Capitalisation of earnings or cash flows is most appropriate for businesses with a substantial operating history and a consistent earnings trend that is sufficiently stable to be indicative of ongoing earnings potential. This methodology is not particularly suitable for start-up businesses, businesses with an erratic earnings pattern or businesses that have unusual expenditure requirements. This methodology involves capitalising the earnings or cash flows of a business at a multiple that reflects the risks of the business and the stream of income that it generates. These multiples can be applied to a number of different earnings or cash flow measures including EBITDA, EBITA, EBIT or net profit after tax. These are referred to respectively as EBITDA multiples, EBITA multiples, EBIT multiples and price earnings multiples. Price earnings multiples are commonly used in the context of the share market. EBITDA, EBITA and EBIT multiples are more commonly used in valuing whole businesses for acquisition purposes where gearing is in the control of the acquirer.

Where an ongoing business with relatively stable and predictable earnings is being valued Grant Samuel uses capitalised earnings or operating cash flows as a primary reference point. Application of this valuation methodology involves:

- estimation of earnings or cash flow levels that a purchaser would utilise for valuation purposes having regard to historical and forecast operating results, non-recurring items of income and expenditure and known factors likely to impact on operating performance; and
- consideration of an appropriate capitalisation multiple having regard to the market rating of comparable businesses, the extent and nature of competition, the time period of earnings used, the quality of earnings, growth prospects and relative business risk.

The choice between the parameters is usually not critical and should give a similar result. All are commonly used in the valuation of industrial businesses. EBITDA can be preferable if depreciation or non-cash charges distort earnings or make comparisons between companies difficult but care needs to be exercised to ensure that proper account is taken of factors such as the level of capital expenditure needed for the business and whether or not any amortisation costs also relate to ongoing cash costs. EBITA avoids the distortions of goodwill amortisation. EBIT can better adjust for differences in relative capital intensity.

Determination of the appropriate earnings multiple is usually the most judgemental element of a valuation. Definitive or even indicative offers for a particular asset or business can provide the most reliable support for selection of an appropriate earnings multiple. In the absence of meaningful offers, it is necessary to infer the appropriate multiple from other evidence.

The usual approach is to determine the multiple that other buyers have been prepared to pay for similar businesses in the recent past. However, each transaction will be the product of a unique combination of factors. A pattern may emerge from transactions involving similar businesses with sales typically taking place at prices corresponding to earnings multiples within a particular range. This range will generally reflect the growth prospects and risks of those businesses. Mature, low growth businesses will, in the absence of other factors, attract lower multiples than those businesses with potential for significant growth in earnings.

An alternative approach used in valuing businesses is to review the multiples at which shares in listed companies in the same industry sector trade on the share market. This gives an indication of the price levels at which portfolio investors are prepared to invest in these businesses. Share prices reflect trades in small parcels of shares (portfolio interests) rather than whole companies and it is necessary to adjust for this factor.

The analysis of comparable transactions and share market prices for comparable companies will not always lead to an obvious conclusion as to which multiple or range of multiples will apply. There will often be a wide spread of multiples and the application of judgement becomes critical. Moreover, it is necessary to consider the particular attributes of the business being valued and decide whether it warrants a higher or lower multiple than the comparable companies. This assessment is essentially a judgement.

2. Discounted Cash Flow

Discounting of projected cash flows (**DCF**) has a strong theoretical basis. It is the most commonly used method for valuation in a number of industries, and for the valuation of start-up projects where earnings during the first few years can be negative. DCF valuations involve calculating the net present value of projected cash flows. This methodology is able to explicitly capture the effect of a turnaround in the business, the ramp up to maturity or significant changes expected in capital expenditure patterns. The cash flows are discounted using a discount rate, which reflects the risk associated with the cash flow stream. Considerable judgement is required in estimating future cash flows and it is generally necessary to place great reliance on medium to long-term projections prepared by management. The discount rate is also not an observable number and must be inferred from other data (usually only historical). None of this data is particularly reliable so estimates of the discount rate necessity involve a substantial element of judgment. In addition, even where cash flow forecasts are available the terminal or continuing value is usually a high proportion of value. Accordingly, the multiple used in assessing this terminal value becomes the critical determinant in the valuation (i.e. it is a “de facto” cash flow capitalisation valuation). The net present value is typically extremely sensitive to relatively small changes in underlying assumptions, few of which are capable of being predicted with accuracy, particularly beyond the first two or three years. The arbitrary assumptions that need to be made and the width of any value range mean the results are often not meaningful or reliable. Notwithstanding these limitations, DCF valuations are commonly used and can at least play a role in providing a check on alternative methodologies, not least because explicit and relatively detailed assumptions need to be made as to the expected future performance of the business operations.

3. Realisation of Assets

Valuations based on an estimate of the aggregate proceeds from an orderly realisation of assets are commonly applied to businesses that are not going concerns. They effectively reflect liquidation values and typically attribute no value to any goodwill associated with ongoing trading. Such an approach is not appropriate in Abano’s case.

4. Industry Rules of Thumb

Industry rules of thumb are commonly used in some industries. These are generally used by a valuer as a “cross check” of the result determined by a capitalised earnings valuation or by discounting cash flows, but in some industries rules of thumb can be the primary basis on which buyers determine prices. In any event, it should be recognised that rules of thumb are usually relatively crude and prone to misinterpretation. Grant Samuel is not aware of any industry rules of thumb that would be appropriate to value Abano’s dental or radiology business.

Appendix D - Interpretation of Multiples

Earnings multiples are normally benchmarked against two primary sets of reference points:

- the multiples implied by the share prices of listed peer group companies; and
- the multiples implied by the prices paid in acquisitions of other companies in the same industry.

In interpreting and evaluating such data it is necessary to recognise that:

- multiples based on listed company share prices do not include a premium for control and are therefore often (but not always) less than multiples that would apply to acquisitions of controlling interests in similar companies. However, while the premium paid to obtain control in takeovers is observable (typically in the range 20-35%) it is inappropriate to simply add a premium to listed multiples. The premium for control is an outcome of the valuation process, not a determinant of value. Premiums are paid for reasons that vary from case to case and may be substantial due to synergy or other benefits available to the acquirer. In other situations, premiums may be minimal or even zero. There are transactions where no corporate buyer is prepared to pay a price in excess of the prices paid by share market investors;
- acquisition multiples from comparable transactions are therefore usually seen as a better guide when valuing 100% of a business but the data tends to be less transparent and information on forecast earnings is often unavailable;
- the analysis will give a range of outcomes from which averages or medians can be determined but it is not appropriate to simply apply such measures to the company being valued. The most important part of valuation is to evaluate the attributes of the specific company being valued and to distinguish it from its peers so as to form a judgement as to where on the spectrum it belongs;
- acquisition multiples are a product of the economic and other circumstances at the time of the transaction. However, each transaction will be the product of a unique combination of factors, including:
  - economic factors (e.g. economic growth, inflation, interest rates) affecting the markets in which the company operates;
  - strategic attractions of the business – its particular strengths and weaknesses, market position of the business, strength of competition and barriers to entry;
  - the company's own performance and growth trajectory;
  - rationalisation or synergy benefits available to the acquirer;
  - the structural and regulatory framework;
  - investment and share market conditions at the time, and
  - the number of competing buyers for a business;
- acquisitions and listed companies in different countries can be analysed for comparative purposes, but it is necessary to give consideration to differences in overall share market levels and rating between countries, economic factors (economic growth, inflation, interest rates), market structure (competition etc.) and the regulatory framework. It is not appropriate to adjust multiples in a mechanistic way for differences in interest rates or share market levels;
- acquisition multiples are based on the target's earnings but the price paid normally reflects the fact that there were cost reduction opportunities or synergies available to the acquirer (at least if the acquirer is a "trade buyer" with existing businesses in the same or a related industry). If the target's earnings were adjusted for these cost reductions and/or synergies the effective multiple paid by the acquirer would be lower than that calculated on the target's earnings;
- while EBITDA multiples are commonly used benchmarks they are an incomplete measure of cash flow. The appropriate multiple is affected by, among other things, the level of capital expenditure (and working capital investment) relative to EBITDA. In this respect:

- EBIT multiples can in some circumstances be a better guide because (assuming depreciation is a reasonable proxy for capital expenditure) they effectively adjust for relative capital intensity and present a better approximation of free cash flow. However, capital expenditure is lumpy and depreciation expense may not be a reliable guide. In addition, there can be differences between companies in the basis of calculation of depreciation; and
- businesses that generate higher EBITDA margins than their peer group companies will, all other things being equal, warrant higher EBITDA multiples because free cash flow will, in relative terms, be higher (as capital expenditure is a smaller proportion of earnings).

Appendix E – Qualifications, Declarations and Consents

1. Qualifications

The Grant Samuel group of companies provides corporate advisory services in relation to mergers and acquisitions, capital raisings, corporate restructuring and financial matters generally. One of the primary activities of Grant Samuel is the preparation of corporate and business valuations and the provision of independent advice and expert's reports in connection with mergers and acquisitions, takeovers and capital reconstructions. Since inception in 1988, Grant Samuel and its related companies have prepared more than 400 public expert and appraisal reports.

The persons responsible for preparing this report on behalf of Grant Samuel are Michael Lorimer, BCA, Simon Cotter, BCom, MAppFin, F Fin, and Jake Sheehan, BCom (Hons). Each has a significant number of years of experience in relevant corporate advisory matters.

2. Limitations and Reliance on Information

Grant Samuel's opinion is based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time. The report is based upon financial and other information provided by the directors, management and advisers of Abano. Grant Samuel has considered and relied upon this information. Grant Samuel believes that the information provided was reliable, complete and not misleading and has no reason to believe that any material facts have been withheld.

The information provided has been evaluated through analysis, enquiry, and review for the purposes of forming an opinion as to the underlying value of Abano. However, in such assignments time is limited and Grant Samuel does not warrant that these inquiries have identified or verified all of the matters which an audit, extensive examination or "due diligence" investigation might disclose.

Grant Samuel has not undertaken a due diligence investigation of Abano. In addition, preparation of this report does not imply that Grant Samuel has audited in any way the management accounts or other records of Abano. It is understood that, where appropriate, the accounting information provided to Grant Samuel was prepared in accordance with generally accepted accounting practice and in a manner consistent with methods of accounting used in previous years.

An important part of the information base used in forming an opinion of the kind expressed in this report is the opinions and judgement of the management of the relevant enterprise. That information was also evaluated through analysis, enquiry and review to the extent practicable. However, it must be recognised that such information is not always capable of external verification or validation.

The information provided to Grant Samuel included projections of future revenues, expenditures, profits and cash flows of Abano prepared by the management of Abano. Grant Samuel has used these projections for the purpose of its analysis. Grant Samuel has assumed that these projections were prepared accurately, fairly and honestly based on information available to management at the time and within the practical constraints and limitations of such projections. It is assumed that the projections do not reflect any material bias, either positive or negative. Grant Samuel has no reason to believe otherwise.

However, Grant Samuel in no way guarantees or otherwise warrants the achievability of the projections of future profits and cash flows for Abano. Projections are inherently uncertain. Projections are predictions of future events that cannot be assured and are necessarily based on assumptions, many of which are beyond the control of management. The actual future results may be significantly more or less favourable.

To the extent that there are legal issues relating to assets, properties, or business interests or issues relating to compliance with applicable laws, regulations, and policies, Grant Samuel assumes no responsibility and offers no legal opinion or interpretation on any issue. In forming its opinion, Grant Samuel has assumed, except as specifically advised to it, that:

- the title to all such assets, properties, or business interests purportedly owned by Abano is good and marketable in all material respects, and there are no material adverse interests, encumbrances, engineering, environmental, zoning, planning or related issues associated with these interests, and that the subject assets, properties, or business interests are free and clear of any and all material liens, encumbrances or encroachments;
- there is compliance in all material respects with all applicable national and local regulations and laws, as well as the policies of all applicable regulators other than as publicly disclosed, and that all required licences, rights, consents, or legislative or administrative authorities from any government, private entity, regulatory agency or organisation have been or can be obtained or renewed for the operation of the business of Abano, other than as publicly disclosed;
- various contracts in place and their respective contractual terms will continue and will not be materially and adversely influenced by potential changes in control; and
- there are no material legal proceedings regarding the business, assets or affairs of Abano, other than as publicly disclosed.

3. Disclaimers

It is not intended that this report should be used or relied upon for any purpose other than as an expression of Grant Samuel's opinion as to the valuation of Abano. Grant Samuel expressly disclaims any liability to any Abano security holder who relies or purports to rely on the report for any other purpose and to any other party who relies or purports to rely on the report for any purpose whatsoever.

This report has been prepared by Grant Samuel with care and diligence and the statements and opinions given by Grant Samuel in this report are given in good faith and in the belief on reasonable grounds that such statements and opinions are correct and not misleading. However, no responsibility is accepted by Grant Samuel or any of its officers or employees for errors or omissions however arising in the preparation of this report, provided that this shall not absolve Grant Samuel from liability arising from an opinion expressed recklessly or in bad faith.

4. Independence

Grant Samuel and its related entities do not have any shareholding in or other relationship or conflict of interest with Abano or HIL that could affect its ability to provide an unbiased opinion. Grant Samuel will receive a fixed fee for the preparation of this report. Grant Samuel will receive no other benefit for the preparation of this report.

5. Information

Grant Samuel has obtained all the information that it believes is desirable for the purposes of preparing this report, including all relevant information which is or should have been known to any Director of Abano and made available to the Directors.

5.1 Publicly Available Information

- Abano's Annual Reports for the years ending 31 May 2014 – 2016;
- Various broker's reports on Abano and its competitors;
- IBIS World Industry Report on Dental Services in Australia, published in October 2016;
- Annual accounts for competitors; and
- Accounts and data from Capital IQ.

5.2 Non Public Information

- Abano's Group and business unit forecasts for the financial year ending 31 May 2017;
- Abano's Budgets and Business Plans for the year ending 31 May 2017;
- Abano's Board Papers and Minutes for the last 12 months; and
- Various Confidential Reports and Papers.

6. Declarations

Abano has agreed that it will indemnify Grant Samuel and its employees and officers in respect of any liability suffered or incurred as a result of or in connection with the preparation of the report. This indemnity will not apply in respect of the proportion of any liability found by a Court to be primarily caused by any conduct involving gross negligence or wilful misconduct by Grant Samuel. Abano has also agreed to indemnify Grant Samuel and its employees and officers for time spent and reasonable legal costs and expenses incurred in relation to any inquiry or proceeding initiated by any person. Where Grant Samuel or its employees and officers are found to have been grossly negligent or engaged in wilful misconduct Grant Samuel shall bear the proportion of such costs caused by its action. Any claims by Abano are limited to an amount equal to the fees paid to Grant Samuel.

Advance drafts of this report were provided to the directors and executive management of Abano. Certain changes were made to the drafting of the report as a result of the circulation of the draft report. There was no alteration to the methodology, evaluation or conclusions as a result of issuing the drafts.

7. Consents

Grant Samuel consents to the issuing of this report in the form to be sent to security holders of Abano. Neither the whole nor any part of this report nor any reference thereto may be included in any other document without the prior written consent of Grant Samuel as to the form and context in which it appears.

GLOSSARY

TERM	DEFINITION
Abano	Abano Healthcare Group Limited
Abano Share or Share	A fully paid ordinary share in Abano
First Takeover Notice	Healthcare Partners' notice of intention to make a partial takeover offer for Abano, dated 4 November 2016
Healthcare Partners	Healthcare Partners Holdings Limited
Offer	Healthcare Partners' partial takeover offer for 30.99% of the Shares in Abano
Offer Document	The offer document setting out the terms of Healthcare Partners' Offer, dated 6 December 2016
Second Takeover Notice	Healthcare Partners' notice of intention to make a partial takeover offer for Abano, dated 7 November 2016
Third Takeover Notice	Healthcare Partners' notice of intention to make the Offer, dated 24 November 2016

DIRECTORY

Board of Directors	Trevor David Janes (Chairman, Independent Director) Philippa Jane Dunphy (Deputy Chair, Independent Director) Danny Chan (Independent Director) Murray Raymond Boyte (Independent Director) Eduard Koert van Arkel (Independent Director) Dr Ginni Mansberg (Independent Director)
Takeovers Code Independent Adviser	Grant Samuel & Associates Limited
Financial Adviser	Forsyth Barr Limited
Legal Adviser	Harmos Horton Lusk Limited
Share Registry	Computershare Investor Services Limited
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