TANARRA POSITION ON ACL OFFER FOR HEALIUS

The Tanarra Long Term Value Fund owns 8.5% of Healius.

It considers both the exchange rate offered by ACL for Healius shares, and the offer conditions, to be very unattractive. It therefore has no intention to accept ACL's offer.

ACL's offer has a 90% minimum acceptance condition, which it needs to achieve to compulsorily acquire Healius and deliver the synergies and shareholder value it argues will be created in combining the two businesses. It cannot do that with less than full ownership of Healius. Tanarra's position therefore effectively guarantees ACL cannot achieve 90% ownership and deliver on its promised synergies.

ACL has made clear from its own statements that it intends to have management control, and in all likelihood Board control, of a combined Healius/ACL. Yet it is offering no control premium. To the contrary, ACL is seeking control at a discount to the pre-offer price for Healius, and a substantial discount to recent stock trading prices.

ACL's offer conditions are also unreasonable, unattractive, and have the potential to inflict commercial damage on Healius as one of its main industry competitors irrespective of the outcome of the offer. There are 30 conditions alone relating to the company's finances and operating performance, surely some sort of record in Australian takeovers. Many of these conditions leave little room for adverse developments. They have been imposed by ACL knowing that, by its offer, it has placed Healius in a position where it faces an extended period of business uncertainty due to ACL's need to obtain ACCC approval, a process that will take many months. This means Healius shareholders have little idea of what the real value of the ACL offer may be ultimately, if it ever becomes capable of acceptance. Other conditions attempt to restrict the continued effective operation of Healius' business during the (likely prolonged) offer period, such as restrictions on hiring and retaining staff. It is in Healius' shareholders' interests that it continues to operate its business in the normal course, including hiring and retaining key staff and fully competing with ACL during a time when important industry contracts will be up for grabs.

Tanarra notes that certain ACL lease accounting practices, while not inconsistent with accounting standards, are inconsistent with listed industry peers including Healius. Tanarra considers that those accounting treatments flatter ACL's headline EBIT margins, its reported post AASB16 debt levels, and its market valuation multiples.

Tanarra owns a substantial stake in Healius as it believes the company has substantial upside it should be capable of delivering itself, without transferring that value to third parties. Tanarra expects to work closely with Healius' board and management with the goal of that upside being delivered in the time ahead.

Tanarra does not purport to give financial advice to third parties. Healius shareholders should seek their own advice.