

ASX ANNOUNCEMENT

11 November 2016

CAPITOL HEALTH ANNOUNCES APPOINTMENT OF MANAGING DIRECTOR

Following a comprehensive executive search conducted by Oppeus International, involving the shortlisting of a number of high-calibre, proven leaders with relevant industry and health experience, the Board of Capitol Health Limited (“Capitol Health” or the “Company”) is pleased to announce the permanent appointment of Mr Andrew Harrison as Managing Director of the Company.

Chairman Andrew Demetriou said: “Andrew Harrison’s comprehensive knowledge of the business and his depth of experience in the radiology sector have been highly evident during his time in the interim role, as has his significant insight into the Company’s operational and financial performance. The Board is confident he is the right person to re-engage with key stakeholders including radiologists, shareholders, lenders, staff, government and commercial partners.

Andrew brings a clear capacity to identify, develop and implement sound and realistic strategies tailored for the particular challenges and opportunities of the diagnostic imaging sector. His extensive experience in strategic restructuring and turnaround, his engaging leadership style and his transparent, commercial and professional approach will be key to restoring shareholder value and confidence.”

Mr Harrison’s key employment terms are set out below. In determining Mr Harrison’s target remuneration, the Board had input from external consultants, information on Australian peer company benchmarks and the feedback on remuneration expectations from the candidate market during the search process.

The Board has aimed to develop an effective remuneration framework that increases shareholder value by rewarding Mr Harrison for strong business performance. Consistent with this strategy, his remuneration package includes STI and LTI components that are specifically designed to ensure that Mr Harrison’s interests and those of shareholders are closely aligned.

For further information, please contact:

Andrew Harrison

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ABOUT CAPITOL

Capitol Health is a leading provider of diagnostic imaging and related services to the Australian healthcare market. Headquartered in Melbourne, Victoria the Company owns and operates throughout Victoria and New South Wales. The Company’s operational focus is on delivering a community-based infrastructure for radiologists and related medical practitioners to deliver optimal, efficient, accurate healthcare service outcomes for patients.

ABOUT ANDREW HARRISON

Mr Harrison is an experienced CEO and Non-Executive Director of both publicly listed and proprietary companies, across a range of sectors including healthcare (radiology and dental), resources, and the commercialisation of proprietary intellectual property. He has extensive experience in capital market transactions, including IPO activities, both local and international mergers and acquisitions, strategic restructuring and turnaround, and the management of distributed branch network organisations.

He has held senior executive roles with Brambles Australia, been a consultant to Chubb Australasia, was Managing Director and a Non-Executive Director of ASX listed Neptune Marine Services Limited and a Non-Executive & Executive Director of Draig Resources Limited. Mr Harrison holds a Bachelor of Commerce degree with honours from Curtin University Business School (WA).

KEY TERMS OF MANAGING DIRECTOR'S EMPLOYMENT AGREEMENT

The key terms of Mr Harrison's employment arrangements are summarized below.

- Mr Harrison's fixed remuneration is \$550,000 per annum, plus statutory superannuation.
- His short term incentive is up to 50% of his fixed remuneration based on the achievement of key performance indicators aligned with shareholder interests or payable in the event of a Change of Control.
- Mr Harrison is to be issued 5,000,000 employee options vesting on the Grant Date and a further 5,000,000 options vesting 12 months from the Grant Date or vesting immediately in the event of a Change of Control. The options have an exercise price that is based on a 50% premium to the Volume Weighted Average Price (VWAP) for the five trading days prior to the Grant Date, such that they only commence to have financial benefit to Mr Harrison in the event that the share price increases by 50% and the extent of any such benefit increases as the share price rises further, ensuring that his interests and those of shareholders are closely aligned.
- In accordance with ASX Listing Rules 10.15B and 10.12, exception 4A, shares acquired on the exercise of the options are required to be purchased on market, such that the exercise of the options does not dilute existing shareholders.
- The agreement provides for reasonable temporary accommodation and flight expenses, for a period of up to 12 months.
- Mr Harrison's employment may be terminated by either party on 6 months' notice.