



Healthscope

Healthscope Limited
ACN 144 840 639
Level 1, 312 St Kilda Road
Melbourne Victoria 3004
Tel: (03) 9926 7500
Fax: (03) 9926 7533
www.healthscope.com.au

HEALTHSCOPE ANNOUNCES PROPOSAL FROM BROOKFIELD HEATHSCOPE GRANTS BROOKFIELD EXCLUSIVE DUE DILIGENCE

12 November 2018

Healthscope Limited ("Healthscope") today announced that it has received a proposal from Brookfield Capital Partners Ltd, together with its affiliates and their managed funds (together "Brookfield") to acquire 100% of Healthscope by way of an off-market takeover offer ("Takeover Offer") representing total value of \$2.455 per share, and a simultaneous scheme of arrangement ("Scheme of Arrangement") representing total value of \$2.585 per share (together, the "Brookfield Proposal").

Healthscope also announced that it has decided not to provide due diligence access to a consortium of financial investors including AustralianSuper (the "BGH – AustralianSuper Consortium") on the basis that its proposal is significantly less attractive than the Brookfield Proposal.

Healthscope Chairman, Paula Dwyer, said, "The Board, together with our advisers, has fully and carefully considered the BGH-AustralianSuper proposal and the Brookfield Proposal.

"In assessing the merits of both proposals, the Directors have at all times been guided by our overarching responsibility to consider the long-term interests of the Company and its shareholders.

"In evaluating the change of control proposals, the Board has taken into account the significant progress made by the Healthscope team over the past twelve months, and the improving outlook for the Company.

"To recap, Healthscope has returned to growth and is on track to deliver double digit earnings growth in FY19. We have significantly strengthened our leadership capability. We have opened our flagship Northern Beaches Hospital, on time and on budget. We have reviewed and optimised our hospital network. We have divested Asian Pathology for an attractive price. We have extended key contracts underpinning our New Zealand pathology business. We have received strong interest in our hospital property portfolio. Our balance sheet is in good shape, and our investments in future growth are already delivering. In short, the outlook for Healthscope is positive.

"We consider the Brookfield Proposal to be attractive for shareholders. It is superior to the BGH-AustralianSuper proposal and provides enhanced certainty. It also offers more options for Healthscope shareholders, including an option to retain an equity exposure to an unlisted Healthscope. As such, we will grant Brookfield the opportunity to conduct exclusive due diligence to facilitate a binding offer for Healthscope," Ms Dwyer said.

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Healthscope has entered into a Process Deed with Brookfield under which Brookfield will be provided with exclusive access to due diligence for a limited period to facilitate a binding offer. A copy of the Process Deed is attached to this announcement.

Healthscope will also continue the process that is currently underway in respect of the proposed establishment of a new unlisted property trust. As announced by Healthscope on 21 August 2018, the unlisted property trust would hold the majority of Healthscope's freehold hospital property assets and lease them back to Healthscope and a new co-investor would be introduced to hold an interest of 49%, (the "Proposed Property Transaction").

The Brookfield Proposal

On 14 May 2018, Healthscope announced that it had received an unsolicited, non-binding, indicative proposal from Brookfield to acquire all of the shares in Healthscope via a scheme of arrangement for a cash price of \$2.50 per share.

Brookfield's revised proposal is for an acquisition of all of the shares in Healthscope by way of an off-market takeover offer of \$2.42 in cash per share and a simultaneous scheme of arrangement of \$2.55 per share.

Under the Brookfield Proposal, Healthscope would be entitled to pay an interim dividend of up to 3.5 cents per share. As such, the total value represented by the Takeover Offer is \$2.455 per share and the total value represented by the Scheme of Arrangement is \$2.585 per share.

Under the Scheme of Arrangement, shareholders would have the option to receive all cash or to receive some of the consideration as shares in an unlisted company controlled by Brookfield that would own 100% of Healthscope.

The Takeover Offer would be conditional upon Brookfield achieving acceptances from shareholders representing 50.1% of Healthscope's total issued capital and the Brookfield Scheme of Arrangement being unsuccessful.

The Takeover Offer would remain open for a period of at least two weeks after the date of the scheme meeting, which will not be held before 1 April 2019. As such, Healthscope shareholders would have the opportunity to consider the Takeover Offer after they have voted on the proposed Scheme of Arrangement and the outcome of that vote is known.

The Brookfield Proposal is subject to various conditions including:

- Due diligence, on an exclusive basis (which will be subject to a fiduciary out after an initial period);
- Arranging committed debt financing for the acquisition;
- Investment committee approval to submit a binding proposal;
- Receipt of all necessary regulatory approvals, including Foreign Investment Review Board and Overseas Investment Office approvals;



- A requirement that Healthscope does not enter into a binding agreement to give effect to the Proposed Property Transaction or divest other material assets. However, Brookfield has agreed that Healthscope can continue to conduct the process already underway in relation to the Proposed Property Transaction.

In addition, Healthscope will pay a work fee of \$30 million to Brookfield in certain circumstances including in the event Brookfield provides a fully documented, financed and binding offer reflecting the terms of the Brookfield Proposal by an agreed date and Healthscope elects not to proceed with that offer.

Conclusion and Next Steps

After careful analysis, the Board of Healthscope considered the terms of the Brookfield Proposal to be attractive for shareholders. The Board has therefore decided to grant Brookfield exclusive due diligence for a limited period to facilitate a binding offer.

There is no certainty that the Brookfield Proposal will result in a transaction. This announcement does not constitute a proposal to make a takeover bid for the purpose of section 631 of the Corporations Act – a takeover offer will only be made when, and if, a binding agreement is entered into.

Healthscope shareholders do not need to take any action in relation to the Brookfield Proposal at this stage.

The Healthscope Board will keep the market informed of any material developments in accordance with its continuous disclosure requirements.

UBS is acting as financial adviser and Herbert Smith Freehills as legal adviser to Healthscope.

Further enquiries:

For investors:

David Shirer
General Manager Investor Relations
Phone: +61 3 9926 7766 / +61 407 512 521

Natalie Rachele
Manager Investor Relations
Phone: +61 3 9926 7522 / +61 413 685 164

For media:

Lisa Keenan
Nightingale Communications
Telephone: 0409 150 771

About Healthscope

Healthscope (ticker: HSO) is a leading private healthcare provider with 43 private hospitals in Australia and pathology operations across New Zealand.



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In FY18 Healthscope employed over 18,000 people who, together with our 17,500 doctors, provided approximately 12 million episodes of care to patients, ranging from pathology tests to complex surgery.

We place the highest priority on quality clinical outcomes, transparency of reporting and elevating the overall patient experience. Healthscope was the first private hospital operator in Australia to report performance against quality and clinical outcome metrics publicly, just one part of our program to maintain and continually improve our high standards.

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Party details

Healthscope Limited (ACN 144 840 639)
of Level 1, 312 St Kilda Road, Melbourne Vic 3004,
Australia (**Healthscope**)

and Brookfield Capital Partners Ltd of 181 Bay Street,
Brookfield Place, Suite 300, Toronto, ON M5J 2T3,
Canada (**Brookfield**)

Attention: Ingrid Player
Email: Ingrid.Player@healthscope.com.au

Attention: Len Chersky
Email: len.chersky@brookfield.com

On or before the date of this document, Brookfield provided to Healthscope a non-binding indicative offer letter in respect of a potential transaction. In connection with that potential transaction, each party has agreed to progress the potential transaction on the terms of this document.

Date of document: 12 November 2018

General terms

1 Definitions and interpretation

- (a) A term or expression starting with a capital letter has the meaning given in clause 8.
- (b) The interpretation clause in clause 9 sets out rules of interpretation for this document.

2 Access and support to be provided by Healthscope to facilitate the Transaction

- (a) **(Provision of due diligence materials)** Subject to clause 2(f) and Brookfield complying with its confidentiality obligations under the Confidentiality Deed, Healthscope agrees that, during the Exclusivity Period, it will promptly provide or make available (as applicable) to Brookfield, its Representatives and any other Specified Person all Requested Due Diligence Materials and all other due diligence materials reasonably requested by Brookfield, its Representatives or any other Specified Person for the purposes of discussing, assessing, negotiating or implementing the Transaction.
- (b) **(Provision of access to premises, officers and employees)** Subject to clause 2(f), Healthscope agrees that, during the Exclusivity Period, it will promptly:
 - (i) organise and facilitate arranged visits by Representatives of Brookfield and any other Specified Person to the premises used, leased, licenced or owned by the Healthscope Group, as nominated by Brookfield, where such visits are for the purposes of assessing the Transaction; and
 - (ii) provide Representatives of Brookfield and any other Specified Person with reasonable access to senior management of the Healthscope Group on reasonable notice, where such access (as applicable) is for the purposes of discussing, assessing and/or negotiating the Transaction (as applicable),
provided that such access or meetings are at all times in the presence of representatives of Healthscope.
- (c) **(Provision of management presentations)** Healthscope agrees that, during the Exclusivity Period, it will promptly organise and facilitate presentations by senior management of the Healthscope Group on reasonable notice where such presentations are for the purposes of assessing the Transaction.
- (d) **(Data room establishment and timing for provision of Requested Due Diligence Materials)** Healthscope must procure that, as soon as reasonably practicable, a virtual data room is made available to the Representatives of Brookfield nominated by Brookfield, which virtual data room must:
 - (i) within 5 Business Days of the date of this document, be substantially populated with the Tranche 1 Materials and Healthscope must provide Brookfield with written notice once this has occurred;
 - (ii) within 10 Business Days of the date of this document, be substantially populated with the Tranche 2 Materials;
 - (iii) provide for a facility for Brookfield to request further information from Healthscope during the Exclusivity Period and track the progress of responses to those requests; and
 - (iv) be populated with any information reasonably requested under sub-clause (iii) within a reasonable period.

- (e) **(Reasonable ad hoc requests)** Subject to clause 2(f), after the Exclusivity Period until the end of the Diligence Period, Healthscope will:
- (i) provide Brookfield with access to the virtual data room described in clause 2(d); and
 - (ii) respond in good faith and in a timely manner to reasonable ad hoc requests for information from Brookfield where such information is necessary for Brookfield to obtain debt financing in relation to the Transaction.

Healthscope and Brookfield agree that any requests in paragraph (ii) may include the provision of information by Healthscope and senior management participating in discussions via telephone, but will not include access to Healthscope Group premises or the provision of any management presentation.

- (f) **(Limitations on materials and access)** Healthscope has no obligation to provide Brookfield with access to materials, premises or personnel if that access would result in unreasonable disruptions to Healthscope's business, would breach an existing confidentiality obligation owed to a third party or any applicable law, require Healthscope to make any disclosure that would compromise legal privilege or relates to the Healthscope Board's consideration of the Transaction, any Competing Proposal or the Property Trust Proposal. Healthscope must endeavour to obtain from the relevant third parties consent in sufficient time to allow Brookfield to undertake due diligence on this information during the Exclusivity Period.
- (g) Notwithstanding any other provision in this document, during the period from and including 22 December 2018 until and including 2 January 2019:
- (i) Brookfield must not request from Healthscope access to any materials, premises or personnel; and
 - (ii) Healthscope has no obligation to respond to any request from Brookfield for any materials, premises or personnel (including any requests submitted by Brookfield prior to 22 December 2018).

3 Negotiation of Implementation Agreement and commitment of resources

- (a) **(Good faith negotiation of the Implementation Agreement)** Healthscope and Brookfield agree during the Exclusivity Period to negotiate in good faith an Implementation Agreement and any other transaction documentation required to implement the Transaction.
- (b) **(First draft)** Healthscope must provide a first draft of the Implementation Agreement as soon as practicable and in any event within 10 Business Days of the date of this document.
- (c) **(Commitment of necessary resources)** Healthscope and Brookfield agree during the Exclusivity Period to commit all reasonably necessary resources (including management and financial, legal and other professional advisory resources) to enable:
- (i) Brookfield to complete its due diligence investigations in relation to the Healthscope Group; and
 - (ii) an Implementation Agreement and any other transaction documentation required to implement the Transaction to be prepared, negotiated and finalised before the expiry of the Diligence Period.
- (d) **(Regular progress update)** During the Exclusivity Period, Brookfield and Healthscope agree to procure that a meeting is held between a senior representative of Brookfield and Healthscope to discuss Brookfield's progress in respect of the Transaction on a weekly basis commencing on the date that is 7 days after the date of this document. Brookfield must confirm in writing to Healthscope at each meeting:
- (i) whether Brookfield is continuing to progress the Transaction in good faith;
 - (ii) the outstanding due diligence materials that are required to enable Brookfield to complete to its satisfaction its due diligence investigations to enable it to proceed with the Transaction;
 - (iii) the estimated timeframe Brookfield requires to complete its review of the due diligence materials referred to in paragraph (ii); and
 - (iv) based on the information available to Brookfield at the time the confirmation is provided, that there is no reason to believe that Brookfield would not be willing to proceed with the Transaction on such terms agreed by the parties as at the date of this document.
- (e) **(Ceasing to progress Transaction)** If during the Diligence Period, Brookfield decides to no longer progress the Transaction, it must immediately notify Healthscope.

4 Exclusivity

- (a) **(No current discussions regarding a Competing Proposal)** Healthscope represents and warrants that, other than the discussions with Brookfield and its Representatives in respect of the Transaction, as at the date of this document neither Healthscope nor any Representative of Healthscope is in negotiations or discussions in respect of any Competing Proposal with any person.
- (b) **(Enforcement of existing confidentiality agreements)** Unless otherwise agreed by Brookfield, Healthscope must:
- (i) promptly enforce the terms of any confidentiality agreement, deed or undertaking (or similar document) entered into with a person other than Brookfield in the 12 months prior to the date of this document in relation to any Competing Proposal;

- (ii) as soon as reasonably practicable (and in any event within 3 Business Days of the date of this document) request the return or destruction of all confidential information of the Healthscope Group in accordance with the terms of that confidentiality agreement, deed or undertaking (or similar document), and terminate their access to the Healthscope Group's confidential information under that confidentiality agreement, deed or undertaking (or similar document); and
- (iii) not waive, and must promptly enforce, any standstill obligations of any such person.
- (c) **(No shop)** During the Exclusivity Period Healthscope must ensure that neither it nor any of its Representatives directly or indirectly:
- (i) solicits, invites, encourages or initiates any enquiries, expressions of interest, offers, proposals, negotiations or discussions; or
- (ii) communicates any intention to do any of these things,
- with a view to, or that may be reasonably expected to encourage or lead to, obtaining any offer, proposal or expression of interest from any person in relation to a Competing Proposal.
- (d) **(No talk)** Subject to clause 4(f), during the Exclusivity Period Healthscope must ensure that neither it nor any of its Representatives:
- (i) negotiates or enters into; or
- (ii) participates in negotiations or discussions with any other person regarding,
- a Competing Proposal or any agreement, understanding or arrangement that may be reasonably expected to lead to a Competing Proposal, even if that person's Competing Proposal was not directly or indirectly solicited, invited, encouraged or initiated by Healthscope or any of its Representatives or the person has publicly announced the Competing Proposal.
- (e) **(No due diligence)** Subject to clause 4(f), during the Exclusivity Period Healthscope must ensure that neither it nor any of its Representatives in relation to a Competing Proposal:
- (i) enables any other person other than Brookfield and any other person nominated by Brookfield to undertake due diligence investigations on any member of the Healthscope Group, any of the operations or assets of the Business or any part thereof;
- (ii) makes available to any other person, or permits any other person to receive, other than Brookfield and any other person nominated by Brookfield (in the course of due diligence investigations or otherwise) any non-public information relating to any member of the Healthscope Group, any of the operations or assets of the Business or any part thereof;
- (iii) makes available to any other person, or permits any other person to have access to, other than Brookfield and any other person nominated by Brookfield (in the course of due diligence investigations or otherwise) any premises used, leased, licenced or owned by the Healthscope Group; or
- (iv) makes available to any other person, or permits any other person to have access to, other than Brookfield and any other person nominated by Brookfield (in the course of due diligence investigations or otherwise) any officers or employees of the Healthscope Group.
- (f) **(Fiduciary carve out to the no talk and no diligence requirements)** From the date which is 18 Business Days after the Tranche 1 Completion Date, clauses 4(d) and (e) do not apply to the extent that it restricts Healthscope or the Healthscope Board from taking or refusing to take any action with respect to a genuine Competing Proposal (which was not solicited, invited, encouraged or initiated in contravention of clause 4(c)) provided that the Healthscope Board has determined, in good faith and acting reasonably that:
- (i) after consultation with its financial advisors, such a genuine Competing Proposal is, or could reasonably be considered to become, a Superior Proposal; and
- (ii) after receiving written legal advice from its external legal advisers (who must be reputable advisers experienced in transactions of this nature) failing to respond to such a genuine Competing Proposal would be reasonably likely to constitute a breach of the Healthscope Board's fiduciary or statutory obligations.
- (g) **(Non-public information)** If any non-public information about the business or affairs of the Healthscope Group is provided or made available to any person in connection with an actual, proposed or potential Competing Proposal which has not previously been provided or made available to Brookfield, Healthscope must promptly, and in any event within 2 Business Days, provide to Brookfield:
- (i) in the case of written materials, a copy of; and
- (ii) in any other case, a written statement of,
- that non-public information.
- (h) **(Matching right)** Before any member of the Healthscope Group, during the Exclusivity Period, enters into any legally binding agreement to give effect to any Competing Proposal, each of the following conditions must be satisfied:

- (i) Healthscope must provide Brookfield with the material terms and conditions of the Competing Proposal, including price and the identity of the third party making the Competing Proposal; and
- (ii) Healthscope must give Brookfield until the Cut Off Date to provide a matching or superior proposal to the terms of the Competing Proposal.

Healthscope agrees that each successive modification of any Competing Proposal will constitute a new Competing Proposal for the purposes of the requirements under clause 4(h).

- (i) **(Matching or superior Brookfield proposal)** If, in accordance with clause 4(h)(ii), Brookfield provides to Healthscope a proposal ("**Brookfield Counterproposal**"), Healthscope must procure that the Healthscope Board considers the Brookfield Counterproposal and determines whether, acting reasonably and in good faith, the Brookfield Counterproposal would provide an equivalent or superior outcome to Healthscope shareholders as a whole compared with the Competing Proposal. Following that determination, Healthscope must:
 - (i) procure that the Healthscope Board promptly, and in any event within 2 Business Days, notifies Brookfield of the determination in writing, stating reasons for that determination;
 - (ii) if the determination is that the Brookfield Counterproposal would provide an equivalent or superior outcome to Healthscope shareholders as a whole compared with the Competing Proposal, then for a period of 2 Business Days after Healthscope delivers to Brookfield the notice referred to in sub-clause (i), Healthscope and Brookfield must use their best endeavours to agree the transaction documentation required to implement the Brookfield Counterproposal as soon as reasonably practicable; and
 - (iii) if the determination is that the Brookfield Counterproposal would not provide an equivalent or superior outcome to Healthscope shareholders as a whole compared with the Competing Proposal, then Brookfield may take steps to amend the Brookfield Counterproposal to address the reasons given within a further period of 2 Business Days. If Brookfield does so to Healthscope's satisfaction, then the process in sub-clause (ii) applies to that amended Brookfield Counterproposal.
- (j) **(Exceptions to the exclusivity arrangement)** Nothing in this clause 4 prevents Healthscope from:
 - (i) communicating to any person that the Healthscope Board has unanimously resolved to reject the unsolicited proposal made by the BGH - AustralianSuper Consortium as announced to ASX by Healthscope on 23 October 2018;
 - (ii) engaging with its shareholders (in their capacity as a shareholder of Healthscope) in relation to the Healthscope Group, provided that such engagement does not relate to Healthscope soliciting, inviting, encouraging or initiating an actual, proposed or potential Competing Proposal;
 - (iii) continuing to make presentations to, and to respond to enquiries from, brokers, portfolio investors, analysts and institutional lenders in the ordinary course in relation to its business generally; or
 - (iv) fulfilling its continuous disclosure requirements.
- (k) **(Notification obligation)** During the Exclusivity Period, Healthscope must promptly, and in any event within 2 Business Days, inform Brookfield in writing if it or any of its Representatives receives any approach with respect to any Competing Proposal and must disclose to Brookfield all material details of the Competing Proposal, including details of the person making the approach (and if different, details of the proposed bidder or acquirer), the material terms of the Competing Proposal and any material updates to the proposal.
- (l) **(Property Trust Proposal - continuation)** The parties agree that subject to clause 4(m), Healthscope may continue to conduct the process that is currently underway in respect of the proposed establishment of a new unlisted property trust which will hold the majority of Healthscope's freehold hospital property assets and lease them back to Healthscope, with a new co-investor to hold an interest of up to 49% in the trust, as announced by Healthscope to ASX on 21 August 2018 (**Property Trust Proposal**), provided that unless otherwise consented to by Brookfield, during the Exclusivity Period Healthscope must procure that no member of the Healthscope Group enters into any legally binding agreement to give effect to the Property Trust Proposal.
- (m) **(Property Trust Proposal - BGH - AustralianSuper Consortium not to participate)** Healthscope agrees that during the Exclusivity Period no party to the Co-operation and Process Agreement dated 28 April 2018 between BGH Capital Pty Ltd (ACN 617 386 982), AustralianSuper Pty Ltd (ACN 006 457 987), Canada Pension Plan Investment Board, Carob Investment Private Limited (Company Registration Number 200107073W) and Ontario Teachers' Pension Plan Board (as amended from time to time) may participate in the Property Trust Proposal including for the purposes of submitting a proposal or offer to be a co-investor, undertaking a due diligence investigation or providing advice or services to any member of the Healthscope Group or any of their respective Representatives.
- (n) **(Healthscope legal advice)** Healthscope acknowledges that it has received legal advice on this document and the operation of this clause 4 and clause 5.

5 Work Fee

- (a) **(Payment of Work Fee)** Healthscope must, on the Work Fee Payment Date, pay to Brookfield the Work Fee in cleared funds (without withholding or set off) into a bank account notified in writing to Healthscope by Brookfield if any of the following occurs:

- (i) Brookfield has, before the end of the Diligence Period, given to Healthscope an Implementation Agreement executed by Brookfield and open for Healthscope to execute within 4 Business Days and Healthscope does not, within 4 Business Days of receiving the executed agreement, execute and return the agreement to Brookfield;
- (ii) on or before the Work Fee Payment Date Healthscope has materially breached any provision of this document;
- (iii) on or before the Work Fee Payment Date a member of the Healthscope Group has entered into any legally binding agreement to give effect to a Superior Proposal;
- (iv) on or before the Work Fee Payment Date a person (either alone or with other persons) has made, or has publicly announced their proposal to make, a takeover bid under Chapter 6 of the Corporations Act for ordinary shares in Healthscope and such a takeover bid has been recommended by the Healthscope Board on or before the Work Fee Payment Date;
- (v) on or after the date of this document but on or before the Work Fee Payment Date, a matter which existed at the date of this document but was not public, becomes public or otherwise known to Brookfield or its Representatives, that Brookfield (acting reasonably) has reason to believe has had, or is reasonably likely to have, a material negative impact on Healthscope; or
- (vi) on or before the Work Fee Payment Date Healthscope has taken an action which would make any of the conditions agreed between the parties as at the date of this document unable to be satisfied or any of the assumptions agreed between the parties as at the date of this document are found to be incorrect.
- (b) **(Acknowledgement)** The parties agree that the Work Fee is an amount to compensate Brookfield for:
- (i) advisory costs;
 - (ii) costs of management and directors' time;
 - (iii) out-of-pocket expenses;
 - (iv) the distraction of Brookfield's management from conducting Brookfield's business as usual caused by pursuing the Transaction;
 - (v) reasonable opportunity costs incurred by Brookfield in pursuing the Transaction or in not pursuing alternative acquisitions or strategic initiatives which Brookfield could have developed to further its business and objectives; and
 - (vi) damage to Brookfield's reputation associated with a failed transaction and the implications of that damage to Brookfield's business.

The parties agree that the costs incurred are of a nature that they cannot be accurately quantified and that a genuine pre-estimate of the costs would equal or exceed the Work Fee.

- (c) **(Other claims)** The maximum aggregate amount which Healthscope is required to pay in relation to this document (including any breach of this document by Healthscope) is the Work Fee and in no event will the aggregate liability of Healthscope under or in connection with this document exceed the Work Fee.
- (d) **(Exclusive remedy)** Notwithstanding any other provision under this document, where the Work Fee is paid to Brookfield under this document, Brookfield cannot make any claim against Healthscope, its Affiliates or their respective directors, officers and employees under or in connection with document.

6 Term and termination

This document, and the parties' obligations under it, will terminate on the earliest of the following to occur:

- (a) the expiry of the Diligence Period;
- (b) Healthscope giving Brookfield written notice of termination with immediate effect following a "Material Breach" (as that term is defined in the Confidentiality Deed) by Brookfield or any of its Affiliates; and
- (c) Healthscope giving Brookfield written notice of termination with immediate effect following any notification by Brookfield to Healthscope pursuant to clause 3(e).

No party may terminate or rescind this document except as permitted under this clause 6.

7 General

- (a) Each party acknowledges entering into this document and incurring obligations and giving rights under this document for valuable consideration received from each other party.
- (b) Each party agrees that:
 - (i) this document is not intended to constitute, and does not constitute, an offer capable of acceptance or to otherwise give rise to a binding contract to proceed with the Transaction;
 - (ii) there is no certainty that the Transaction will proceed; and

- (iii) this document does not constitute a proposal to make a takeover bid for the purposes of section 631 of the Corporations Act.
- (c) Each party agrees that, to the extent practicable and permitted by law or the rules of any stock exchange, it will consult with the other party as to the form of any public announcement about this document, the Transaction or the content or existence of negotiations between the parties prior to making any such announcement.
- (d) Unless expressly stated otherwise in this document, all amounts payable or consideration to be provided under this document are exclusive of GST. If GST is payable on any supply made under this document, for which the consideration is not expressly stated to include GST, then subject to receiving a valid tax invoice Healthscope agrees to pay to Brookfield an additional amount equal to the GST payable at the same time that the consideration for the supply is to be provided.
- (e) This document contains the entire agreement between the parties in respect of its subject matter and takes the place of all previous agreements, understandings, representations and warranties about that subject matter.
- (f) If any provision of this agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the terms and provisions of this agreement shall remain in full force and effect and shall not be affected, impaired or invalidated.
- (g) A notice to a party under this agreement:
- (i) must be delivered personally to the addressee, sent by pre-paid ordinary mail (by airmail if sent to or from a place outside Australia) to the addressee's address or emailed to the addressee's email as set out in this document; and
 - (ii) is regarded as being given by the sender and received by the addressee:
 - (A) if sent by post, on the 3rd Business Day after the date of postage, or if to or from a place outside Australia, on the 7th Business Day after the date of postage; or
 - (B) when delivered or transmitted by email (and the sender does not receive an email delivery failure notification),but if the delivery is on a day which is not a Business Day or is after 5.00pm (addressee's time), it is regarded as received at 9.00am on the next Business Day.
- (h) This document may be varied only if both parties agree in writing. If a party does not exercise a right, power or remedy in connection with this document fully or at a given time they may still exercise it later. A party may give its approval or consent under this document conditionally or unconditionally or withhold its approval or consent in its absolute discretion unless this document expressly provides otherwise.
- (i) This document may consist of a number of copies each signed by one or more parties to it. If so, the signed copies are treated as making up a single document and the date on which the last counterpart is executed is the date of the document.
- (j) The law in force in Victoria, Australia governs this document. The parties submit to the exclusive jurisdiction of the courts of that place.

8 Definitions

Unless the contrary intention appears, these meanings apply:

Affiliate means, in respect of a person (**Primary Person**), a person:

- (a) Controlled directly or indirectly by the Primary Person;
- (b) Controlling directly or indirectly the Primary Person;
- (c) who is Controlled, directly or indirectly, by a person or persons who Control the Primary Person; or
- (d) directly or indirectly under the common Control of the Primary Person and another person or persons.

Associate has the meaning set out in section 12 of the Corporations Act, as if section 12(1) of the Corporations Act included a reference to this document.

Business means the business currently conducted by the Healthscope Group.

Business Day means a day on which banks are open for general banking business in Sydney, New South Wales and Melbourne, Victoria (not being a Saturday, Sunday or public holiday in either of those places and excluding any days that fall between 22 December 2018 and 2 January 2019 (inclusive)).

Competing Proposal means any offer, proposal, agreement, arrangement or transaction, whether existing before, on or after the date of this document, which, if entered into or completed, could mean that a person other than Brookfield or its Affiliates (either alone or with any Associate thereof) would:

- (a) directly or indirectly acquire Voting Power in, or have a right to acquire a legal, beneficial or economic interest in, or control of, 20% or more of the securities in any member of the Healthscope Group;
- (b) acquire Control of any member of the Healthscope Group;

- (c) directly or indirectly acquire or become the holder of, or otherwise acquire or have a right to acquire a legal, beneficial or economic interest in, or control of, all or substantially all or a material part of the business or assets of any member of the Healthscope Group;
- (d) otherwise directly or indirectly acquire, be stapled with or merge with Healthscope; or
- (e) require Brookfield to abandon, or otherwise fail to proceed with, the Transaction,

whether by way of a takeover bid, scheme of arrangement, shareholder approved acquisition, capital reduction, buy back, sale, lease or purchase of shares, other securities or assets, assignment of assets or liabilities, joint venture, dual listed company (or other synthetic merger), deed of company arrangements, any debt for equity arrangement or other transaction or arrangement, except that the Property Trust Proposal is not a Competing Proposal.

Confidentiality Deed means any confidentiality deed between Healthscope and Brookfield or any Affiliate of Brookfield.

Control means with respect to any person (other than an individual) the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such person whether through the ownership of voting securities, by agreement or otherwise, and for the avoidance of doubt, a general partner is deemed to Control a limited partnership of which it is the general partner and, solely for the purposes of this document, a fund advised or managed directly or indirectly by a person will also be deemed to be Controlled by such person, and, in respect of Brookfield, will also include any fund, account, client, limited partnership or other collective investment vehicle or other person which is managed or advised by Brookfield or an Affiliate of Brookfield.

Corporations Act means the *Corporations Act 2001* (Cth).

Cut Off Date means the date that is 5 Business Days after the date of the provision of the information referred to in clause 4(h)(i).

Diligence Period means the period from and including the date of this document to 31 January 2019, unless this document is terminated earlier in accordance with its terms.

Exclusivity Period means the period from and including the date of this document to the date that is 25 Business Days after the Tranche 1 Completion Date, unless this document is terminated earlier in accordance with its terms.

Government Agency means any governmental, semi-governmental, administrative, fiscal, judicial or quasi-judicial body, department, commission, authority, tribunal, agency or entity, including the Australian Competition and Consumer Commission and the Foreign Investment Review Board.

GST means a tax imposed under the *A New Tax System (Goods and Services Tax) Act 1999* (Cth) or any related legislation.

Healthscope Board means the board of directors of Healthscope.

Healthscope Group means Healthscope and its Subsidiaries.

Implementation Agreement means an implementation agreement to be entered into by Healthscope and Brookfield or its nominee for the purposes of the Transaction, which agreement will reflect any agreed terms and assumptions as at the date of this document.

Property Trust Proposal has the meaning it is given in clause 4(l).

Representative, in relation to a person, means:

- (a) an Affiliate of the person;
- (b) any entity that is a collective investment vehicle or an investor in an account that is managed by the person or an Affiliate of the person, including, in the case of Brookfield, Brookfield Business Partners and Brookfield Capital Partners Fund V;
- (c) officers, employees, agents and contractors of the person, an Affiliate of the person or any entity specified in paragraph (b) above;
- (d) in the case of Brookfield, any person that falls within paragraphs 3 and 4 of the definition of Specified Persons in the Confidentiality Deed; and
- (e) financial, tax, accounting, legal or other professional adviser or other adviser to the person or an Affiliate of the person or any entity specified in paragraph (b) above.

Requested Due Diligence Materials means the due diligence materials reflected in the request list provided by Brookfield to Healthscope on or before the date of this document and agreed by email between the parties or their Representatives.

Specified Person has the meaning given in the Confidentiality Deed and includes any approved "Property Investors" under clause 8 of the Confidentiality Deed.

Superior Proposal means a bona fide Competing Proposal which the Healthscope Board, acting in good faith in the interests of Healthscope and its shareholders, and after taking advice from its legal and financial advisers, determines:

- (a) is reasonably capable of being completed taking into account all aspects of the Competing Proposal, including its conditions, the identity, reputation and financial condition of the person making such proposal, and all relevant legal, regulatory and financial matters; and
- (b) would be more favourable to Healthscope shareholders than the latest proposal provided by Brookfield to Healthscope, taking into account all aspects of the Competing Proposal and the latest proposal provided by Brookfield to Healthscope, including the identity, reputation and financial condition of the person making such proposal, legal, regulatory and financial matters, certainty and any other matters affecting the probability of the relevant proposal being completed in accordance with its terms.

Subsidiary of an entity means another entity which is a subsidiary of the first entity within the meaning of the Corporations Act.

Scheme means a members' scheme of arrangement under Part 5.1 of the Corporations Act to effect the Transaction.

Takeover means a takeover bid made by Brookfield or its nominee under Chapter 6 of the Corporations Act to effect the Transaction.

Tranche 1 Completion Date means the date on which the Tranche 1 Materials have been provided or made available to Brookfield.

Tranche 1 Materials means the due diligence materials identified as 'Tranche 1' in the Requested Due Diligence Materials.

Tranche 2 Materials means the due diligence materials identified as 'Tranche 2' in the Requested Due Diligence Materials.

Transaction means a potential transaction whereby Brookfield or any one or more Affiliates of Brookfield (either alone or together with any "Equity Investor" (as that term is defined in the Confidentiality Deed)) would acquire between 50% and 100% of the ordinary shares in Healthscope.

Voting Power has the meaning it is given in section 610 of the Corporations Act.

Work Fee means an amount equal to \$30,000,000.

Work Fee Payment Date means the date that is 10 Business Days after the expiry of the Diligence Period.

9 General interpretation

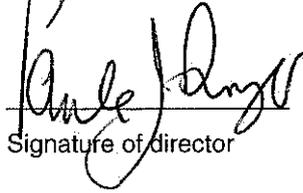
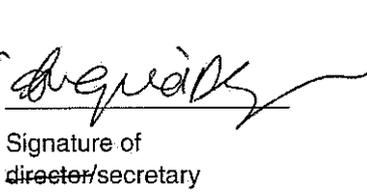
Headings and labels used for definitions are for convenience only and do not affect interpretation. Unless the contrary intention appears, in this document

- (a) the singular includes the plural and vice versa;
- (b) where a word or phrase is given a particular meaning, other parts of speech and grammatical forms of that word or phrase have corresponding meanings;
- (c) the meaning of general words is not limited by specific examples introduced by "including", "for example", "such as" or similar expressions;
- (d) a reference to:
- (i) dollars, \$ or A\$ is a reference to the currency of Australia;
 - (ii) a person includes a natural person, partnership, joint venture, Government Agency, association, corporation or other body corporate;
 - (iii) a party includes their successors and permitted assigns;
 - (iv) a document includes all amendments or supplements to that document; and
 - (v) a clause, term, party, schedule or attachment is a reference to a clause or term of, or party, schedule or attachment to this document;
- (e) a period of time starting from a given day or the day of an act or event, is to be calculated exclusive of that day;
- (f) when the day on which something must be done is not a Business Day, that thing must be done on the following Business Day; and
- (g) no rule of construction applies to the disadvantage of a party because that party was responsible for the preparation of this document or any part of it.

Dated:

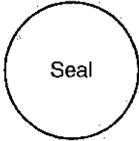
Executed as a deed

EXECUTED by **HEALTHSCOPE LIMITED** in accordance with section 127 of the *Corporations Act 2001* (Cth) by authority of its directors:

	
Signature of director	Signature of director /secretary

PAULA J. DWYER	INGRID PLAYER
Name of director (print)	Name of director /secretary (print)

SIGNED, SEALED AND DELIVERED by **BROOKFIELD CAPITAL PARTNERS LTD** in the presence of:



Signature of witness	Signature of authorised signatory
Name of witness (print)	Name of authorised signatory

For personal use only

Dated:

Executed as a deed

EXECUTED by HEALTHSCOPE LIMITED in accordance with section 127 of the Corporations Act 2001 (Cth) by authority of its directors:

Signature of director Signature of director/secretary

Name of director (print) Name of director/secretary (print)

SIGNED, SEALED AND DELIVERED
by **BROOKFIELD CAPITAL PARTNERS LTD** in the presence of:



[Handwritten signature] *[Handwritten signature]*

Signature of witness Signature of authorised signatory

Corinne Bruce *Ryan Szainwald*

Name of witness (print) Name of authorised signatory

For personal use only