

22 April 2022

Dear Shareholder

### **Update**

#### **Proposals from CapVest (\$8.15 per share by way of scheme of arrangement and \$8.10 per share by way of takeover bid) and BGH Capital (\$8.00 per share by way of takeover bid)**

This is a busy time for Virtus Health and there is a lot for shareholders to absorb.

Since I wrote to you 3 weeks ago, there have been further developments in relation to the competing proposals to acquire Virtus Health Limited ("Virtus", ASX: VRT) from CapVest Partners LLP ("CapVest"), which is currently the superior proposal recommended by the Virtus Board, and BGH Capital Pty Limited ("BGH").

#### **BGH Takeover Bid at \$8.00 cash per Virtus share is not the superior proposal**

On 6 April 2022, entities wholly owned by BGH announced their intention to make a joint off-market takeover offer to acquire all of the fully paid ordinary shares in Virtus for \$8.00 cash per share, subject only to no "prescribed occurrences" occurring ("BGH Takeover Bid"). BGH has now despatched its original bidder's statement dated 6 April 2022 to shareholders and if you haven't already received it, you will do so shortly.

You should be aware that some of the information contained in BGH's original bidder's statement has not been updated for recent developments, most notably in its reference to a previous version of CapVest's proposal that was improved by CapVest on 11 April 2022 after the BGH Takeover Bid was announced and before BGH dispatched its original bidder's statement to Virtus shareholders.

BGH's original bidder's statement does not provide you with all the information you need to make an informed decision. Shareholders should not make any decision in relation to the BGH Takeover Bid until you have received and read the target's statement from Virtus. Virtus' target's statement will set out your Board's views and will provide you with all material information on which to make an informed decision in relation to the BGH Takeover Bid, including an independent expert's report.

***Your Board unanimously recommends that you take no action in relation to the BGH Takeover Bid until you have received and considered Virtus' target's statement. The BGH Takeover Bid is offering less value to Virtus shareholders than will be available under the latest CapVest proposal dated 11 April 2022 which is described below.***

Virtus shareholders will receive the target's statement in early May 2022 and will have sufficient time to consider their alternatives and make a decision in relation to the BGH Takeover Bid prior to the close of the BGH Takeover Bid, which is currently scheduled for 20 May 2022, unless that date is extended by BGH.

### **The latest CapVest Proposal at up to \$8.15 cash per Virtus share is currently the superior proposal**

On 11 April 2022, CapVest amended its proposal to acquire Virtus by undertaking to offer total value of:

- \$8.15 cash per Virtus share to acquire 100% of Virtus by way of scheme of arrangement ("CapVest Scheme"); and
- \$8.10 cash per Virtus share to acquire Virtus under a simultaneous off-market takeover ("CapVest Takeover"), ("CapVest Proposal").

Virtus has agreed with CapVest that it may declare a special dividend of up to \$0.44 per Virtus share<sup>1</sup>. While payment of that special dividend will reduce the amount payable under the CapVest Proposal by that same amount (on the basis the special dividend will have been received by Virtus shareholders on the relevant record date and not by CapVest), such a special dividend could have up to approximately \$0.19 per Virtus share in franking credits attached and eligible Virtus Shareholders may receive the benefit from any such franking credits, subject to their marginal tax rate.

Both the BGH Takeover Bid and the CapVest Proposal will deduct the amount of any dividends or distributions declared or paid, other than the \$0.12 per share interim dividend already paid by Virtus to shareholders on 14 April 2022.

### **Virtus Board unanimously recommends the CapVest Proposal**

As a result of the superior value inherent in the CapVest Proposal and taking all relevant considerations into account in the interests of Virtus and its shareholders, the Virtus Board has determined that the CapVest Proposal is superior to the BGH Takeover Bid on the basis that:

- the CapVest Scheme price represents a \$0.15 per Virtus share premium to the amount available under the BGH Takeover Bid and a c.60% premium to the dividend adjusted undisturbed Virtus share price of \$5.09<sup>2</sup> as at 13 December 2021<sup>3</sup>; and

<sup>1</sup> The payment and the amount of any special dividend remain at the discretion of the Virtus Board and will be subject to tax advice.

<sup>2</sup> The closing price on 13 December 2021 was \$5.21, but this amount has been reduced by the amount of the \$0.12 Interim Dividend to allow a like for like comparison against the Scheme consideration of \$8.15 per Virtus Share.

<sup>3</sup> Being the last closing price before the first announcement that Virtus had received an unsolicited indication of interest from BGH Capital to acquire 100% of the shares in Virtus pursuant to a scheme of arrangement for \$7.10 (less the \$0.12 Interim Dividend) per Virtus share.

- the CapVest Takeover offer price represents a \$0.10 per Virtus share premium to the amount available under the BGH Takeover Bid and a c. 59% premium to the dividend adjusted undisturbed Virtus share price of \$5.09 as at 13 December 2021.

***Your Board unanimously recommends the CapVest Proposal in the absence of a superior proposal and subject to an independent expert concluding that the CapVest Scheme is in the best interests of Virtus shareholders and that the CapVest Takeover is fair and reasonable.***

All directors intend to vote in favour of, or accept into, the CapVest Proposal, in respect of shares that they or a related entity own, subject to these same qualifications.

Additional information and full details in relation to the CapVest Proposal will be set out in a booklet that we expect to send to you in early May.

The booklet will have all the information that Virtus shareholders need to understand their options under the CapVest Proposal and what actions to take and shareholders should not take any action in relation to their shareholding in Virtus until they have received and read this booklet.

#### **Next steps**

We have established a dedicated microsite on the Investor page of the Virtus Website with further information relating to this transaction. I encourage you to spend time on this site to keep up to date on progress. We will, from time to time, post updates and answer frequently asked questions via this site (as well as via the ASX). Please access the transaction site here: [www.virtushealth.com.au/virtus-health-transaction](http://www.virtushealth.com.au/virtus-health-transaction).

***At this stage, your Board recommends you:***

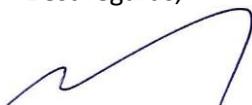
- ***take no action in relation to the BGH Takeover Bid;***
- ***take no action until you receive the booklet in relation to the CapVest Proposal, at which time your Board will explain how you can follow its recommendation in relation to the CapVest Proposal; and***
- ***consult your licensed financial adviser or other suitable professional adviser if you are in any doubt as to what you should do.***

By taking no action now, it preserves the options that are available to you.

If you have any questions, these can be lodged by visiting the dedicated microsite referred to above.

Thank you for your support and your interest in Virtus.

Best regards,

A handwritten signature in black ink, appearing to read "Sonia Petering".

**Sonia Petering  
Chair**