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RAMSAY HEALTH CARE SELLS RESIDENTIAL AGED CARE BUSINESS

Australia's largest private hospital operator Ramsay Health Care advises that it has entered into an agreement to sell its residential aged care business to Domain Aged Care Group for gross sale proceeds of approximately \$67 million.

Ramsay announced in November 2005 that it was investigating the sale of its aged care business after a strategic review of its portfolio following the acquisition of Affinity hospitals in April 2005.

Together with the proceeds from the sale in February of the home care business, Silver Circle, Ramsay has realised gross proceeds of approximately \$75 million for its aged care business, which will be used to reduce debt. Settlement on the sale of the residential aged care business is expected mid-May. Ramsay is pleased with the proceeds it has realised for its aged care business.

This divestment completes the strategic review of the Ramsay portfolio.

Ramsay Managing Director Pat Grier said that while the company still believed investment in aged care was likely to provide long-term attractive returns, the small size of Ramsay's aged care business relative to its hospital portfolio meant the best return on capital was more likely to be achieved through investing further in hospitals.

"After the acquisition of Affinity, which doubled the size of our hospital portfolio, we decided we were unlikely to invest further in aged care while there were such attractive opportunities remaining through investing in our portfolio of hospitals.

"Now that we have completed the strategic review of our portfolio, and realized strong proceeds from the divestments, we will announce details soon of our plans to invest in capacity expansion and enhancements at a number of our high quality hospitals," Mr Grier said.

Ramsay was advised by Oaktower Partnership and Blake Dawson Waldron on its divestment program.

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