

LISTING OF RH BOPHELO ON THE MAIN BOARD OF THE JSE LIMITED ("JSE") AND ABRIDGED PRE-LISTING STATEMENT ("ABRIDGED PRE-LISTING STATEMENT")

This Abridged Pre-listing Statement has been issued in connection with the Private Placement in South Africa only and is addressed only to Invited Investors to whom the Private Placement may lawfully be made. The distribution of this Abridged Pre-listing Statement and the making of an offer by means of the Private Placement may be restricted by law. Persons into whose possession this Abridged Pre-listing Statement comes must inform themselves about and observe any and all such restrictions. This Abridged Pre-listing Statement does not constitute an offer of or invitation to subscribe for and/or purchase any shares in any jurisdiction in which the offer would be unlawful. This Abridged Pre-listing Statement is not an invitation to the public to subscribe for securities, but is issued in compliance with the Listings Requirements, for the purpose of providing information to the public with regard to RH Bophelo.

1. INTRODUCTION

- 1.1 The board of directors of RH Bophelo ("Board") intends to list RH Bophelo on the main board of the JSE ("Listing") as a special purpose acquisition company ("SPAC") as envisaged in the Listings Requirements of the JSE ("Listings Requirements"), being a special purpose vehicle established to facilitate the primary capital raising process to enable the acquisition of assets which meet the investment policy and investment strategy set out in paragraphs 4.3 and 4.4 below, which, if acquired, will enable RH Bophelo to qualify for a listing, other than as a SPAC, pursuant to the main board listing criteria of the JSE ("Viable Asset(s)").
- 1.2 It is the Board's intention to pursue, in compliance with the Listings Requirements pertaining to a SPAC, a strategy of investing in Viable Assets within the private healthcare sector and more specifically:
 - Operating hospitals;
 - Brownfield projects (where licenses are in place);
 - Other healthcare funds; and
 - Related healthcare sub-sectors.
- 1.3 In anticipation of the Listing, RH Bophelo intends to raise a minimum of R500 000 000 by way of an offer to a limited number of specifically selected and invited investors in South Africa ("Private Placement") to whom the Private Placement will be addressed ("Invited Investors") in order to subscribe for 50 000 000 ordinary shares with no par value in the Company ("Private Placement Shares") at a price of R10 per Private Placement Share ("Issue Price").
- 1.4 RH Bophelo has been granted a listing of all its ordinary shares on the main board of the JSE with effect from the commencement of trade on Wednesday, 12 July 2017, subject to the Company raising the minimum amount of R500 000 000 in terms of the Private Placement.

2. DISTRIBUTION OF PRE-LISTING STATEMENT

- 2.1 RH Bophelo will distribute a pre-listing statement to Invited Investors regarding the Listing and Private Placement containing detailed information regarding the Company ("Pre-listing Statement"). The Pre-listing Statement is available on the Company's website at www.rhbophelo.co.za.
- 2.2 Terms appearing in title case in this announcement and that are not otherwise defined herein, shall bear the meanings assigned to them in the Pre-listing Statement.

3. SALIENT DATES AND TIMES RELATING TO THE LISTING AND PRIVATE PLACEMENT

All dates and times referred to in this Abridged Pre-listing Statement are times in South Africa. The dates and times in this Abridged Pre-listing Statement are subject to change and any such changes will be released on SENS.

2017

Abridged Pre-listing Statement announced on SENS on	Wednesday, 5 July
Abridged Pre-listing Statement published in the press on	Thursday, 6 July
Opening Date of the Private Placement at 09:00 on	Thursday, 6 July
Closing Date of the Private Placement at 12:00 on	Friday, 7 July
Results of the Private Placement released on SENS on	Monday, 10 July
Results of the Private Placement published in the press on	Tuesday, 11 July
Listing of RH Bophelo on the JSE from commencement of trade	Wednesday, 12 July
Accounts at CSDP or broker updated and debited	Wednesday, 12 July

- Invited Investors must advise their CSDP or Broker of their acceptance of the Private Placement in the manner and cut-off time stipulated by their CSDP or Broker;
- CSDPs effect payment on a delivery-versus-payment basis.

4. ABRIDGED PRE-LISTING STATEMENT OF RH BOPHELO

4.1 BRIEF OVERVIEW OF RH BOPHELO

The Company was incorporated as a private company on 13 December 2016 under the name "Newshef 1388 Proprietary Limited". On 30 June 2017, the Company was converted into a public company and its name was changed to "RH Bophelo Limited". The intended purpose of RH Bophelo following the Listing will be to pursue acquisitions of healthcare assets in exceptionally managed commercial entities or special situations across the South African market.

The Company has been set up as a SPAC and operates on a model similar to private equity funds in order to offer public investors an opportunity to invest in a liquid vehicle that provides investors access to a portfolio of unlisted assets.

The Company will invest in operating hospitals, brownfield projects (where licenses are in place), other healthcare funds and related healthcare sub-sectors. The Company is value focused, will deliver traditional alternative asset class returns through a portfolio of operating companies that participate in a broad array of healthcare specific sectors whilst providing investors with day-to-day liquidity, access to a world-class management team and greater transparency.

The Company will ensure that profits realised through operations or sales are carefully and well managed and will further ensure that there is an appropriate balance between dividends returned to shareholders and the need for re-investment such that investors can benefit from capital appreciation.

RH Bophelo, upon acquisition of a Viable Asset will become a holding company with a focus on investing in healthcare assets and building a healthcare company. RH Bophelo will operate like an investment fund with very limited direct employees and as a result has entered into a management agreement ("Management Agreement"), whereby RH Bophelo Management Company Proprietary Limited ("Management Company") will provide services to the Company. The Management Company's team consists of individuals who are uniquely qualified to deliver exceptional performance for shareholders and possess direct equity, debt investment, portfolio management, business, regulatory and legal experience across varied asset classes and sectors (in particular healthcare) in the South African market, on the African continent and internationally.

The management and corporate structure has been set up in this way in order to align the Management Company and the Company to the private equity provisions of the BBBEE Act whereby, as a result of the Management Company and the Company meeting the requirements of the BEE Codes, the ownership in the investee companies, in which the Company and its subsidiaries will invest, will be classified as black.

BEE transactions are typically structured in a way that restricts the transfer of BEE ownership. Such a restriction in the BEE secondary market creates a valuation discount, which is to the detriment of those who ought to be empowered.

The structure therefore:

- Leverages the ability of the Company to raise capital from the listed market whilst maintaining black control;
- Facilitates government's initiative to issue licenses to BEE parties (as opposed to the listed hospital groups) which is a major competitive advantage;
- Creates a significant pipeline of opportunities due to its BEE status; and
- Acts as an enabler and plays a critical role in unlocking the BEE in the secondary market.

4.2 INVESTMENT OPPORTUNITY

Invited Investors will benefit from the following:

- Long term partners focused on building sustainable long-term growth and value for investors;
- Experienced management team with extensive healthcare and investment experience;
- Strong relationships and networks with Departments of Health in all of South Africa's provinces;
- Aligned incentive structure as management have "skin in the game" (directors will hold 5% on Listing);
- BEE vehicle with access to an initial R1.0 billion pipeline;
- Powerful BEE credentials are crucial in obtaining licenses;
- Liquid vehicle that provides investors access to a portfolio of highly sought after unlisted healthcare assets;
- Incorporating BEE and environmental, social and governance principles thereby assisting in unlocking South Africa's economic potential;
- Direct real asset exposure to the defensive healthcare sector with reliable cash flow;
- Exposure to the ever-growing private healthcare sector;
- Comparable companies are expensive and trading at very high multiples;
- Opportunity partner with licence holders who struggle to raise the equity required for further asset/project funding;
- Access to a R250m facility from Old Mutual Specialised Finance on Listing;
- Receive interim cash flows via dividend income and benefit from capital appreciation;
- Strong financial returns and duration risk mitigation over the long-term; and
- Benefits of diversification, healthcare has a low correlation with other asset classes and has an inelastic demand.

4.3 INVESTMENT STRATEGY

RH Bophelo's strategy is to create a premier healthcare group by leveraging off its BEE credentials and the Management Company's market position as the go to providers of equity for healthcare projects. The strategy will be implemented in a three pronged approach as follows:

4.3.1 **Consolidation of already operating assets**
The Company will either individually purchase equity or co-invest in healthcare assets that are already operating and have cash flows. The idea of a consolidated group appeals to independent groups as they will benefit from increased economies of scale, have a stronger bargaining position with medical schemes, and thus, allow them to compete with the established operators.

4.3.2 Investment in brownfield projects

The Company will invest in brownfield hospital projects that are not more than a year from cash flow with the opportunity to further develop and consolidate to enhance value and support longer-term income and capital growth. RH Bophelo will insist on the securing of licences and land by the project sponsors to ensure commitment and alignment of interests.

4.3.3 Other healthcare funds and related healthcare sub-sectors

The Company will invest in select healthcare funds and related healthcare sub-sectors which present an attractive opportunity and in which RH Bophelo and the Management Company see value and can generate returns to shareholders.

RH Bophelo will seek investment opportunities from the following sources:

- RH Bophelo and Management Company's project pipeline;
- Sponsors, advisors and investment banks that independently approach the Company;

- Other funds or investment vehicles interested in co-investment arrangements;
- Projects that associates of the Company and Management Company (being RH Managers and the Razorite Healthcare and Rehabilitation Fund) bring to the Company; and
- Cash generative but non-core disposal of healthcare assets from industry players.

The Company will be transparent in its strategy, such that it is clear to all stakeholders how and why each investment is made, and that there is no inappropriate political, ideological, or personal interest in investments made.

4.4 INVESTMENT POLICY

RH Bophelo will aim to meet the following investment criteria:

- 4.4.1 The Company's investment policy is to acquire commercially viable healthcare assets and will only consider investment opportunities in South Africa. Investments may be by way of purchasing quoted and unquoted shares in appropriate companies, outright acquisition or by the acquisition of assets, including the intellectual property, of a relevant business, or by entering into partnerships, joint venture arrangements or co-investments.
- 4.4.2 The Company may co-invest with the Razorite Healthcare and Rehabilitation Fund or other investors and may invest solely if appropriate and meet RH Bophelo's investment criterion.
- 4.4.3 The Company may acquire the whole or part of a company or project (which in the case of an investment in a company may be private or listed) and such investments may constitute a minority or majority stake in the company or project in question. The Company may be either an active or passive investor depending on the nature of the individual investments. The Company will assess each opportunity on its merits and whilst the following are not prescriptive, the Company will apply two guiding principles as part of its decision making process (majority versus minority):
 - Majority stakes will be acquired for turnaround opportunities and/or where the Company believes that they will have to play an active role in the management of the acquired entity. RH Bophelo will seek synergies that reduce cost, drive efficiencies to deliver growth and drive earnings; and
 - Minority stakes will be acquired for opportunities in which the Company is satisfied with the existing management team's competence and ability to drive growth and deliver value and there is a clear path to control.
- 4.4.4 The Company will place no minimum or maximum limit on the length of time that any investment may be held. There will be no limit on the number of investments to be made.
- 4.4.5 The Company may offer new shares by way of consideration as well as cash in making investments. The Company may, in appropriate circumstances, issue debt securities or otherwise borrow money to complete an investment.
- 4.4.6 The Company will actively manage the investment life cycle of investee companies to maximise the financial returns through appropriate exit mechanisms at maturity of investments.
- 4.4.7 It is envisaged, that to the extent that debt investments are used by the Company, these will mostly be self-liquidating through the repayment of capital, whilst equity investments will be realised at full market value through sale.
- 4.4.8 In the case of investee companies with strong positive cash flow, active growth strategies will be pursued, or alternatively high dividend distributions in order to create annuity type income. In exceptional cases equity realisation may be by the way of initial public offerings and listing of shares on the JSE.
- 4.4.9 In addition to the use of its own resources, the Company will employ external financing as a source of capital. The Company will use borrowings to advance cash flows in order to increase overall returns.
- 4.4.10 The Company is not permitted, and will not, obtain any form of debt financing (excluding those of short term trade or accounts payable used in the ordinary course of business to settle any operating expenses pursuant to paragraphs 4.34 (c) and (d)), except to facilitate the acquisition of Viable Assets.
- 4.4.11 The Company has been able to secure a R250 million funding facility with Old Mutual Specialised Finance.

4.5 PURPOSE OF THE PRIVATE PLACEMENT AND THE LISTING

The Company believes that the Listing will have the following benefits:

- Providing investors with access to a highly sought after asset class associated with high growth and cash generative returns;
- Enables the Company to access investment funding in order to acquire its initial pipeline of assets and provides it with the initial and ongoing ability to raise capital in order to pursue and acquire or investment in the desired Viable Assets;
- Enables an attractive environment for risk-tolerant investors to promote the formation of capital;
- Provides the Company with a certain level of credibility at the point when potential vendors are approached. Not only can the vendors independently verify the identity of the Company, they are also able to gain confidence in the ability of the Company to perform financially;
- Increases profile visibility and deal flow opportunities;
- Provides a capital base for the Company and properly positions the Company for the changing nature of the healthcare industry in South Africa;
- Regulatory safeguards that protect investors;
- Incoming investors have the potential to make significant gains;
- To provide potential investors with an opportunity to participate directly in the equity of South African healthcare entities;
- The Company will be able to issue shares giving the Company additional flexibility when evaluating opportunities. Vendors may find it attractive to receive part of their purchase consideration in the form of equity securities in a listed vehicle, giving the Company a competitive advantage over other potential buyers that are unlisted; and
- Allows for the raising of capital from a wider pool of investors who have a mandate and actively seek investment opportunities in the listed environment.

The proceeds of the Private Placement will be used by the Company to fund the acquisition of Viable Assets.

4.6 MANAGEMENT OF RH BOPHELO

The management function of RH Bophelo is outsourced on market related terms to the Management Company. Salient details relating to the Management Company and the Management Agreement are set out in the Pre-listing Statement.

4.7 PRIVATE PLACEMENT

- 4.7.1 Pursuant to the Private Placement, the Company intends to raise a minimum of R500 000 000 by way of an offer for subscription to Invited Investors of a minimum of 50 000 000 Private Placement Shares in the Company at the Issue Price.
- 4.7.2 The Private Placement Shares issued in terms of this Prelisting Statement will be allotted subject to the provisions of the MOI and will rank *pari passu* in all respects including distributions, with all existing issued Shares in the Company.
- 4.7.3 The Private Placement Shares will only be issued in dematerialised form. No certificated Private Placement Shares will be issued.
- 4.7.4 The directors in their sole discretion are entitled to increase the number of Private Placement Shares offered in terms of the Private Placement and the quantum sought to be raised.
- 4.7.5 The directors in their sole discretion are entitled to amend the terms of the Private Placement, provided that any such amendments shall be advised to Invited Investors.
- 4.7.6 Interested parties can contact Dean McHendrie on 082 407 1575 / dean@bsm3.co.za or Fulu Makwetla on 083 488 8987 / fulu@thirdway.co.za.

4.8 CONDITION TO THE LISTING

The Listing is subject to the Company raising a minimum amount of R500 000 000 in terms of the Private Placement.

4.9 COMPOSITION OF THE BOARD

Full name	Age	Designation	Business address
Quinton Zunga	40	Chief executive officer	3rd floor, 18 Melrose Boulevard, Melrose Arch, Johannesburg, 2076, South Africa
Katekani Dion Mhlaba	31	Chief financial officer	3rd floor, 18 Melrose Boulevard, Melrose Arch, Johannesburg, 2076, South Africa
Vuyokazi Phatheka Nomvalo	36	Transaction executive	3rd floor, 18 Melrose Boulevard, Melrose Arch, Johannesburg, 2076, South Africa
Maunatlala Piet Mehlape	51	Chief operating officer	3rd floor, 18 Melrose Boulevard, Melrose Arch, Johannesburg, 2076, South Africa
Dr. Solomon Gabriel Motuba	53	Lead independent non-executive Director	29 Sotogrande Street, Silver Lakes, Pretoria, 0081, South Africa
Dr. Kgaogelo Rachel Ntshwana	40	Independent non-executive Director	Suite G07 North Block, Mediclinic Sandton, Corner Peter place & Main Road, Bryanston, 2196, South Africa
John Rabagadi Oliphant	35	Non-executive chairman	1 st Floor, 11 Crescent Drive, Melrose Arch, Melrose North, Johannesburg, 2076, South Africa
Dr. Phetole David Sekete	63	Non-executive Director	294 Phooko Shopping Centre, Katlehong, 1431, South Africa

5. COPIES OF THE PRE-LISTING STATEMENT

Copies of the Pre-listing Statement are available in English only and may, from Thursday, 6 July 2017 be obtained from the registered offices of the Company and from Third Way Investment Partners and Birkett Stewart McHendrie, addresses which are set out in the Pre-listing Statement, during normal business hours. The Pre-listing Statement is also available on the Company's website at www.rhbophelo.co.za.

Melrose Arch
5 July 2017

Joint Transaction Advisors



Sponsor, Auditors and Independent Reporting Accountants



Legal Advisor



Escrow Agent

Founding partner

