

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

The definitions and interpretations commencing on page 6 of this Circular apply, *mutatis mutandis*, to this cover.

**ACTION REQUIRED BY SHAREHOLDERS**

- This entire Circular is important and should be read with particular attention to the section titled "Action required by Shareholders" on page 2. If you are in any doubt as to what action you should take, you should consult your CSDP, Broker, banker, legal adviser, accountant or other professional adviser immediately.
- If you have disposed of all of your A Ordinary Shares, please forward this Circular together with the attached form of proxy (*yellow*), to the purchaser to whom, or the CSDP, Broker or other agent through whom, the disposal was effected.
- RH Bophelo does not accept responsibility and will not be held liable for any failure on the part of the CSDP or Broker of any holder of Dematerialised Shares to notify such Shareholder of the transactions and actions set out in this Circular.



**RH BOPHELO LIMITED**

**(Previously Newshelf 1388 Proprietary Limited)**

(Incorporated in the Republic of South Africa)

(Registration number: 2016/533398/06)

(JSE share code: RHB ISIN: ZAE000244737)

("RH Bophelo" or "the Company")

**CIRCULAR TO SHAREHOLDERS**

relating to:

- **the approval of the Acquisitions by RH Bophelo;**
- **the use and retention of Residual Capital;**
- **the placing of authorised but unissued A Ordinary Shares under the control of the Directors in order to implement the share component of the AHC Acquisition (excluding the agterskot arrangement);**
- **the adoption of the Revised MOI;**
- **the approval of the Investment Policy; and**
- **the approval of the granting of financial assistance by RH Bophelo,**

and incorporating:

- **a Notice of General Meeting of Shareholders; and**
- **a form of proxy (*yellow*), only for use by Certificated Shareholders and Dematerialised Shareholders with "own-name" registration.**

**Transaction Advisors**



**Sponsor, Auditors and  
Independent Reporting  
Accountant**



**Independent Reporting  
Accountant**



BDO South Africa Inc.

**Legal Advisor on the AHC  
Acquisition**



**Legal Advisor on the VPH  
Acquisition**



Date of issue Friday, 23 February 2018

Copies of this Circular are available in English only and may, from Friday, 23 February 2018 be obtained from the registered office of the Company and from Third Way Investment Partners and BSM, during normal business hours at the addresses set out in the "Corporate Information" section of this Circular. A copy of this Circular will also be available on the Company's website ([www.rhbophelo.co.za](http://www.rhbophelo.co.za)).

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## CORPORATE INFORMATION AND ADVISORS

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### Registered Office

3rd Floor, 18 Melrose Boulevard  
Melrose Arch, Melrose North  
Johannesburg, 2076  
South Africa

### Directors

Q Zunga (*Chief executive officer*)  
KD Mhlaba (*Chief financial officer*)  
VP Nomvalo (*Executive director*)  
MP Mehlahe (*Chief operating officer*)  
Dr SG Motuba (*Lead independent non-executive Director*)  
Dr KR Ntshwana (*Independent non-executive Director*)  
LA Shezi (*Independent non-executive Director*)  
JR Oliphant (*Non-executive chairman*)  
Dr PD Sekete (*Non-executive Director*)

### Company Secretary

Corporate Vision Consulting Proprietary Limited  
(Registration number 2015/006536/07)  
3 Decotah, Canart Street, Kyalami Hills  
Johannesburg, 1684  
South Africa

### Transaction Advisors

Third Way Investment Partners Proprietary Limited  
(Registration number 2015/184672/07)  
1st Floor, 11 Crescent Drive  
Melrose Arch, Melrose North  
Johannesburg, 2196  
South Africa  
  
Birkett Stewart McHendrie Proprietary Limited  
(Registration number 2014/201187/07)  
22 Kildoon Road, Bryanston  
Johannesburg, 2191  
South Africa

Date of incorporation: 13 December 2016

Place of incorporation: South Africa

### Transfer Secretaries

Computershare Investor Services Proprietary Limited  
(Registration number 2004/003647/07)  
Rosebank Towers  
15 Biermann Ave, Rosebank  
Johannesburg, 2196  
South Africa

### Legal Advisor to the AHC Acquisition

Edward Nathan Sonnenbergs Inc.  
(Registration number 2006/018200/21)  
150 West Street, Sandton  
Johannesburg, 2196  
South Africa

### Legal Advisor to the VPH Acquisition

Tshisevhe Gwina Ratshimbilani Inc  
(Registration number 2011/006563/21)  
Vdara, 6th Floor, 41 Rivonia Road, Sandton  
Johannesburg, 2196  
South Africa

### Sponsor

Deloitte & Touche Sponsor Services  
Proprietary Limited  
(Registration number 1996/000034/07)  
The Woodlands, Woodlands Drive  
Woodmead, Sandton  
Johannesburg, 2196  
South Africa

### Auditors and Independent Reporting Accountants

Deloitte & Touche  
(Practice number 902276)  
The Woodlands, Woodlands Drive  
Woodmead, Sandton  
Johannesburg, 2196  
South Africa

### Independent Reporting Accountants

BDO South Africa Incorporated  
(Registration number 1995/002310/21)  
22 Wellington Road, Parktown  
Johannesburg, 2193  
South Africa

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## **FORWARD-LOOKING STATEMENT DISCLAIMER**

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The definitions and interpretations commencing on page 6 of this Circular apply, *mutatis mutandis*, to this forward-looking statement disclaimer. This Circular contains statements about RH Bophelo that are or may be forward-looking statements. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. These forward-looking statements are not based on historical facts, but rather reflect current expectations concerning future results and events and generally may be identified by the use of forward-looking words or phrases such as “believe”, “aim”, “expect”, “anticipate”, “intend”, “foresee”, “forecast”, “likely”, “should”, “planned”, “may”, “will”, “outlook”, “project”, “estimated”, “potential” or similar words and phrases.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. RH Bophelo cautions that forward-looking statements are not guarantees of future performance. Actual results, financial and operating conditions, liquidity and the developments within the industry in which RH Bophelo operates may differ materially from those made in, or suggested by, the forward-looking statements contained in this Circular.

All these forward-looking statements are based on estimates and assumptions made by RH Bophelo, as communicated in publicly available documents by RH Bophelo, all of which estimates and assumptions, although RH Bophelo believes them to be reasonable, are inherently uncertain. Such estimates, assumptions or statements may not eventuate. Factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied in those statements or assumptions include other matters not yet known to RH Bophelo or not currently considered material by RH Bophelo.

Shareholders should keep in mind that any forward-looking statement made in this Circular or elsewhere is applicable only at the date on which such forward-looking statement is made. New factors that could cause the business of RH Bophelo not to develop as expected may emerge from time to time and it is not possible to predict all such factors. Further, the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statement are not known. RH Bophelo has no duty to, and does not intend to, update or revise the forward-looking statements contained in this Circular after the date of this Circular, except as may be required by law.

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## ACTION REQUIRED BY SHAREHOLDERS

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The definitions and interpretations commencing on page 6 of this Circular apply, *mutatis mutandis*, to the following action required by Shareholders.

Please take careful note of the following provisions regarding the action required by Shareholders.

1. If you are in any doubt as to what action to take, please consult your CSDP, broker, banker, attorney, accountant or other professional adviser immediately.
2. If you have disposed of all your A Ordinary Shares, please forward this Circular to the purchaser of such A Ordinary Shares or to the CSDP, broker, banker or other agent through whom the disposal was effected.
3. The General Meeting, convened in terms of the notice incorporated in this Circular, will be held at 3rd Floor, 18 Melrose Boulevard, Melrose Arch, Melrose North, Johannesburg, 2076, South Africa on Tuesday, 27 March 2018, commencing at 10:00.

#### 4. GENERAL MEETING

##### 4.1 If you hold Dematerialised Shares:

###### 4.1.1 **Own-name registration**

You are entitled to attend, or be represented by proxy, and may vote at the General Meeting of RH Bophelo. If you are unable to attend the General Meeting, but wish to be represented thereat, you must complete and return the attached form of proxy (*yellow*), in accordance with the instructions contained therein, to be received by the Transfer Secretaries, Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 (PO Box 61051, Marshalltown, 2107) by no later than 10:00 on Friday, 23 March 2018.

###### 4.1.2 **Other than own-name registration**

If your CSDP or broker does not contact you, you are advised to contact your CSDP or broker and provide them with your voting instructions. If your CSDP or broker does not obtain instructions from you, they will be obliged to vote in accordance with the instructions contained in the custody agreement concluded between you and your CSDP or broker. You must not complete the attached form of proxy (*yellow*). In accordance with the custody agreement between you and your CSDP or broker you must advise your CSDP or broker timeously if you wish to attend, or be represented at the General Meeting. Your CSDP or broker will be required to issue the necessary letter of representation to you to enable you to attend, or to be represented at the General Meeting.

##### 4.2 If you hold Certificated Shares

You are entitled to attend, or be represented by proxy, and may vote at the General Meeting. If you are unable to attend the General Meeting, but wish to be represented thereat, you must complete and return the attached form of proxy (*yellow*), in accordance with the instructions contained therein, to be received by the Transfer Secretaries, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 (PO Box 61051, Marshalltown, 2107) by no later than 10:00 on Friday, 23 March 2018.

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## SALIENT DATES

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The definitions and interpretations commencing on page 6 of this Circular apply, *mutatis mutandis*, to the following salient dates and times relating to the Listing:

**2018**

Circular Record Date	Friday, 16 February
Circular posted to Shareholders on	Friday, 23 February
Announcement providing the salient dates, advising of the posting of this Circular and giving the date and place of the General Meeting released on SENS on	Friday, 23 February
Announcement providing the salient dates, advising of the posting of this Circular and giving the date and place of the General Meeting published in the press on	Monday, 26 February
Last day to trade in A Ordinary Shares in order to be reflected in the Register on the General Meeting Record Date	Tuesday, 13 March
Record date to participate in and vote at the General Meeting	Friday, 16 March
Last day for receipt of forms of proxy ( <i>yellow</i> ) in respect of the General Meeting by 10:00 on	Friday, 23 March
General Meeting of Shareholders to be held at 10:00 on	Tuesday, 27 March
Results of General Meeting released on SENS on	Tuesday, 27 March
Results of General Meeting published in the press on	Wednesday, 28 March
Acquisitions expected to be implemented on or about	Thursday, 29 March

**Notes:**

1. All of the above dates and times are subject to change. Any changes made will be notified to Shareholders by release on SENS.
2. Shareholders should note that, as transactions in shares are settled in the electronic settlement system used by Strate, settlement of trades takes place (three) Business Days after such trade. Therefore, persons who acquire A Ordinary Shares after the last day to trade as detailed in the table above, will not be able to vote thereat.
3. A Shareholder may submit the form of proxy (*yellow*) at any time before the commencement of the General Meeting (or any adjournment of the General Meeting) or hand it to the chairperson of the General Meeting before the appointed proxy exercises any of the relevant Shareholders' rights at the General Meeting (or any adjournment of the General Meeting), provided that, should a Shareholder lodge the form of proxy (*yellow*) with the Transfer Secretaries less than 48 (forty eight) hours before the General Meeting, a Shareholder will also be required to furnish a copy of such form of proxy (*yellow*) to the chairperson of the General Meeting before the appointed proxy exercises any of such Shareholder's rights at the General Meeting (or any adjournment of the General Meeting).
4. If the General Meeting is adjourned or postponed, forms of proxy (*yellow*) submitted for the initial General Meeting will remain valid in respect of any such adjournment or postponement. All times given in this Circular are local times in South Africa

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## DEFINITIONS AND INTERPRETATIONS

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In this Circular and annexures hereto, unless the context indicates otherwise, a word or an expression which denotes any gender includes the other genders, a natural person includes a juristic person and *vice versa*, the singular includes the plural and *vice versa* and the following words and expressions bear the meanings assigned to them below:

<b>“A Ordinary Shares”</b>	means the A ordinary shares of no par value in share capital of the Company;
<b>“A Smit”</b>	means Andries Smit, an adult male of full legal capacity, with identity number 5802115014080;
<b>“Acquisition Agreements”</b>	means collectively the VPH Acquisition Agreements and the AHC Acquisition Agreements;
<b>“Acquisitions”</b>	means collectively the VPH Acquisition and the AHC Acquisition;
<b>“AHC”</b>	means Africa Healthcare Proprietary Limited (Registration number 2001/007517/07), a company duly incorporated in accordance with the laws of South Africa, which is owned by Dr MJG Maholwana (55%) and SP van Huyssteen (45%);
<b>“AHC Acquisition”</b>	means the proposed acquisition by RH Bophelo, and Operating Entity of an aggregate 60% (sixty percent) of the equity interest in AHC, which will be implemented in the manner set out in paragraphs 2.6 to 2.10 of this Circular;
<b>“AHC Acquisition Agreements”</b>	means collectively the AHC Subscription Agreement, AHC Shareholders Agreement and the AHC Asset for Share Agreement;
<b>“AHC Acquisition Closing Date”</b>	means: (i) if the conditions precedent to the AHC Acquisition are fulfilled or waived (as the case may be) on or before the 25th (twenty fifth) day of a calendar month, the last business day of such calendar month; or (ii) if the conditions precedent to the AHC Acquisition are fulfilled or waived (as the case may be) after the 25th (twenty fifth) day of a calendar month, the last business day of the calendar month immediately succeeding the calendar month in which the aforesaid conditions precedent were fulfilled or waived (as the case may be);
<b>“AHC Asset for Share Agreement”</b>	means the asset for share agreement entered into between RH Bophelo, Operating Entity and Dr MJG Maholwana and SP van Huyssteen on or about 20 November 2017 in terms of which RH Bophelo will issue R12 500 000 worth of A Ordinary Shares at RH Bophelo’s 30-day VWAP, up to and including the AHC Acquisition Closing Date (the exact number of A Ordinary Shares to be issued is unknown as at the Last Practicable Date given that the 30-day VWAP will only be determined at a future point in time, however, it is anticipated that this will range between 1 086 957 and 1 250 000 new A Ordinary Shares), to Dr MJG Maholwana and SP van Huyssteen. This agreement also includes an “agterskot” arrangement as further described in paragraph 2.7 of this Circular;
<b>“AHC Shareholders Agreement”</b>	means the shareholders agreement entered into between Operating Entity, AHC, Dr MJG Maholwana and SP van Huyssteen on or about 20 November 2017 in terms of which the shareholders relationship between the parties is regulated;

<b>“AHC Subscription Agreement”</b>	means the subscription agreement entered into between Operating Entity, AHC, Dr MJG Maholwana and SP van Huyssteen on or about 20 November 2017 in terms of which, Operating Entity will subscribe for shares in AHC for an amount of R50 000 000;
<b>“Athlio”</b>	means Athlio Proprietary Limited (Registration number 2016/485585/07), a private company duly registered and incorporated in South Africa, being the intermediary holding company used to acquire the business of VPHET. Athlio is a shelf company which was acquired by VPH HoldCo (100%);
<b>“Auditors”</b>	means Deloitte & Touche (Practice number 902276), a South African partnership regulated by Independent Regulatory Board for Auditors (South Africa);
<b>“B Share”</b>	means an unlisted B share of no par value in the share capital of the Company;
<b>“BHF”</b>	means the Board of Healthcare Funders;
<b>“Board” or “Directors”</b>	means the board of directors of the Company at the Last Practicable Date;
<b>“Broker”</b>	means a “stockbroker” as defined in the Financial Markets Act, or its nominee;
<b>“Business Day”</b>	means any day other than a Saturday, Sunday or official public holiday in South Africa;
<b>“Certificated Shareholders”</b>	Shareholders who hold Certificated Shares;
<b>“Certificated Shares”</b>	means A Ordinary Shares which have not been dematerialised, title to which is represented by a share certificate or other document of title;
<b>“CIPC”</b>	means the Companies and Intellectual Property Commission established by section 185 of the Companies Act;
<b>“Circular”</b>	means this document distributed to Shareholders and dated Friday, 23 February 2018, containing the circular to Shareholders, annexures, the notice of General Meeting and form of proxy ( <i>yellow</i> );
<b>“Companies Act”</b>	means Companies Act, No. 71 of 2008, as amended from time to time;
<b>“Company” or “RH Bophelo”</b>	means RH Bophelo Limited (Registration number 2016/533398/06), a public company duly incorporated in accordance with the laws of South Africa;
<b>“Company Secretary”</b>	means Corporate Vision Consulting Proprietary Limited (Registration number 2015/006536/07), a private company duly registered and incorporated in South Africa;
<b>“CSDP”</b>	means a Central Securities Depository Participant, accepted as a participant in terms of the Financial Markets Act, with whom a Shareholder holds a dematerialised share account;
<b>“Current MOI”</b>	means the current memorandum of incorporation of the Company adopted by special resolution of the shareholders of the Company on 30 March 2017;
<b>“Dematerialised Shareholders”</b>	means Shareholders who hold Dematerialised Shares;
<b>“Dematerialised Shares”</b>	means A Ordinary Shares which have been incorporated into the Strate system and which are no longer evidenced by certificates or other physical Documents of Title;

<b>“Documents of Title”</b>	means share certificates, certified transfer deeds, balance receipts or any other physical documents of title pertaining to the A Ordinary Shares in question, acceptable to the Board;
<b>“Fenetiq”</b>	means Fenetiq Proprietary Limited (Registration number 2016/474935/07), a private company duly registered and incorporated in South Africa, being the intermediary holding company used to acquire the business of VPHPT. Fenetiq is a shelf company which was acquired by VPH HoldCo (100%);
<b>“Fezinet”</b>	means Fezinet Proprietary Limited (Registration number 2015/310111/07), a private company duly registered and incorporated in South Africa, being the intermediary holding company used to acquire the business of VPHT. Fezinet is a shelf company which was acquired by VPH HoldCo (100%);
<b>“Financial Markets Act”</b>	means the Financial Markets Act, No. 19 of 2012, as amended from time to time;
<b>“G Strydom”</b>	means Gert Lukas Strydom, an adult male of full legal capacity, with identity number 8004095204081;
<b>“General Meeting”</b>	means the general meeting of Shareholders to be held at 10:00 on Tuesday, 27 March 2018 at 3rd Floor, 18 Melrose Boulevard, Melrose Arch, Melrose North, Johannesburg, 2076, South Africa, convened in terms of the Notice of General Meeting enclosed and forming part of this Circular;
<b>“Group”</b>	means the Company and its wholly-owned subsidiary, Operating Entity;
<b>“HASA”</b>	means the Hospital Association of South Africa;
<b>“Histochem Lab”</b>	means Histochem Lab Proprietary Limited (Registration number 1971/013873/07), a private company duly registered and incorporated in South Africa which is owned (100%) by Dietrich Voigt MIA Lab Proprietary Limited;
<b>“IFRS”</b>	means International Financial Reporting Standards;
<b>“International Private Equity and Venture Capital Valuation Guidelines”</b>	means International Private Equity and Venture Capital Valuation Guidelines developed by the Association Francaise des Investisseurs en Capital (AFIC), the British Private Equity and Venture Capital Association (BVCA) and the European Private Equity and Venture Capital Association (EVCA), from time to time, that are intended to represent current best practice with respect to the valuation of private equity and venture capital investments;
<b>“Investment Policy”</b>	means the investment policy of RH Bophelo as set out in <b>Annexure 8</b> ;
<b>“J Penny”</b>	means Jacob Penny, an adult male of full legal capacity, with identity number 570720 5003085;
<b>“JSE”</b>	means JSE Limited (Registration number 2005/022939/06), licensed as an exchange under the Financial Markets Act, and a public company incorporated under the laws of South Africa;
<b>“JSE Listings Requirements”</b>	means the Listings Requirements of the JSE, as amended from time to time;
<b>“King Code”</b>	the King Report (King IV) on Corporate Governance for South Africa, 2016 as detailed in <b>Annexure 12</b> ;
<b>“Last Practicable Date”</b>	means the last practicable date before finalisation of this Circular, being Friday, 16 February 2018;

<b>“Legal Advisors”</b>	means Edward Nathan Sonnenbergs Inc. (Registration number 2006/018200/21), a private company duly incorporated in accordance with the laws of South Africa, being the legal advisor on the AHC Acquisition and Tshisevhe Gwina Ratshimbilani Inc. (Registration number 2011/006563/21), a private company duly registered and incorporated in South Africa, being the legal advisor on the VPH Acquisition;
<b>“Licence HoldCo”</b>	means Vryburg Private Hospital Holdco Proprietary Limited (RF) (Registration number 2017/474648/07), a private company duly registered and incorporated in South Africa, being the holder of the VPH hospital licence and which is owned by VDM (100%);
<b>“Licence HoldCo Sale of Shares Agreement”</b>	means the sale of shares agreement entered into between Licence HoldCo, VPH HoldCo and VDM on or about 20 November 2017 in terms of which VPH HoldCo will acquire 100% of the equity in Licence HoldCo for R100. The Licence HoldCo Sale of Shares Agreement will be implemented immediately following the VPH Acquisition;
<b>“Listing”</b>	means the admission of the A Ordinary Shares to listing and trading on the Main Board of the JSE under the abbreviated name “ <i>RHBophelo</i> ”, share code RHB and ISIN ZAE000244737 on Wednesday, 12 July 2017;
<b>“Management Agreement”</b>	means the management agreement entered into between the Company, the Operating Entity and the Management Company on or about 23 June 2017 in terms of which the Management Company provides the Services to the Company and the Operating Entity. The Management Agreement has not changed since Listing;
<b>“Management Company”</b>	means RH Bophelo Management Company Proprietary Limited (Registration number 2016/533552/07), a private company duly registered and incorporated in South Africa and is owned by RH Managers, (30%), RQ Capital (30%), Third Way Investment Group (30%) and KD Mhlaba (2.5%), VP Nomvalo (2.5%), MP Mehlape (2.5%) and CW Clarke (2.5%);
<b>“MOI”</b>	means memorandum of incorporation;
<b>“Molopo Trust”</b>	means the Molopo Trust, a trust with Master’s reference number IT 1121/05 whose beneficiaries are G Strydom and his family;
<b>“Notice of General Meeting”</b>	means the notice of the General Meeting attached to and forming part of this Circular;
<b>“Operating Entity”</b>	means RH Bophelo Operating Company Proprietary Limited (Registration number 2016/533529/07), a private company duly registered and incorporated in South Africa, being a wholly-owned subsidiary of the Company;
<b>“Prime Rate”</b>	means the publicly quoted prime rate of interest expressed as a percentage per annum at which Nedbank Limited lends on overdraft from time to time, compounded monthly in arrears and calculated on a 365 (three hundred and sixty-five) day cycle, irrespective of whether the year is a leap year or not, as certified by a manager or general manager of Nedbank Limited;
<b>“R Khan”</b>	means Rafique Khan, an adult male of full legal capacity, with identity number 5707305108057;

<b>“Razorite Healthcare and Rehabilitation Fund”</b>	means the Razorite Healthcare and Rehabilitation Fund is a South African based private equity fund that is structured as an <i>en commandite</i> partnership and whose mandate is to invest in healthcare infrastructure in South Africa;
<b>“Reporting Accountants”</b>	means Deloitte & Touche (Practice number 902276) and BDO South Africa Incorporated (Registration number 1995/002310/21);
<b>“Residual Capital”</b>	means the residual amount of approximately R411 394 665 (four hundred and eleven million three hundred and ninety four thousand six hundred and sixty five rand) (including any additional interest that will accrue up to the date of the General Meeting and subsequent implementation of the Acquisitions) of the capital raised on Listing that will remain following the Acquisitions;
<b>“Revised MOI” or “Revised Memorandum of Incorporation”</b>	means the proposed memorandum of incorporation in terms of which the Current MOI will be amended and replaced in its entirety so as to ensure that the Company’s MOI is compliant with the JSE Listings Requirement pursuant to its re-classification as an investment entity in terms of section 15 of the JSE Listings Requirements;
<b>“RH Managers”</b>	means RH Managers Proprietary Limited (Registration number 2013/080004/07), a private company duly registered and incorporated in South Africa, and is a 30% (thirty percent) shareholder in the Management Company, which 30% (thirty percent) interest was acquired on 27 March 2017. RH Managers is owned by Tanisign Proprietary Limited (40%) K2013149803 Proprietary Limited (35%) and Public Investment Corporation (25%);
<b>“S Ghoor”</b>	means Siekander Ghoor, an adult male of full legal capacity, with identity number 4208075085089;
<b>“SAMA”</b>	means the South African Medical Association;
<b>“SENS”</b>	means the Stock Exchange News Service, being the news service operated by the JSE;
<b>“Shareholders”</b>	means the holders of the A Ordinary Shares in the issued share capital of the Company;
<b>“Shares”</b>	means the A Ordinary Shares and B Share constituting the authorised and issued share capital of the Company;
<b>“South Africa”</b>	means the Republic of South Africa;
<b>“SPAC”</b>	means a special purpose acquisition company as envisaged in the JSE Listings Requirements, being a special purpose vehicle established to facilitate the primary capital raising process to enable the acquisition of Viable Assets in pursuit of a listing on the main board of the JSE;
<b>“Sponsor”</b>	means Deloitte & Touche Sponsor Services Proprietary Limited (Registration number 1996/000034/07), a private company duly registered and incorporated in South Africa;
<b>“Strate”</b>	means Strate Proprietary Limited (Registration number 1998/022242/07), a private company incorporated under the laws of South Africa, a central securities depository licensed in terms of the Financial Markets Act and responsible for the electronic clearing and settlement system provided to the JSE;
<b>“Transaction Advisors”</b>	means Third Way Investment Partners Proprietary Limited (Registration number 2015/184672/07) and Birkett Stewart McHendrie Proprietary Limited (Registration number 2014/201187/07) or (“ <b>BSM</b> ”), private companies duly registered and incorporated in South Africa;

<b>“Transfer Secretaries”</b>	Computershare Investor Services Proprietary Limited (Registration number 2004/003647/07), a private company incorporated under the laws of South Africa;
<b>“VDM”</b>	means Johannes Jacobus De Wet Van Der Merwe, an adult male of full legal capacity, with identity number 7008285014086);
<b>“Viable Asset/s”</b>	means asset/s that would qualify for a main board listing on the JSE;
<b>“VPH”</b>	means collectively VPHET, VPHPT and VPHT;
<b>“VPH Acquisition”</b>	means the proposed acquisition by RH Bophelo, through Operating Entity, of 76% (seventy six percent) of the equity in the newly formed VPH HoldCo for a total consideration of R24 320 000 (twenty four million three hundred and twenty thousand rand). VPH HoldCo will use these proceeds, along with the other equity interests, to acquire the businesses of: <ul style="list-style-type: none"> <li>• VPHET through intermediary holding company Athlio;</li> <li>• VPHPT through intermediary holding company Fenetiq; and</li> <li>• VPHT through intermediary holding company Fezinet.</li> </ul> as further set out in paragraphs 2.1 to 2.5 of this Circular;
<b>“VPH Acquisition Agreements”</b>	means collectively the VPH HoldCo Subscription Agreement, VPH HoldCo Shareholders Agreement, VPHET Sale of Business Agreement, VPHPT Sale of Business Agreement, VPHPT Sale of Business Agreement, VPH Doctors SPV Cession and Pledge, VPH Suretyship Agreement and VPH Loan Agreement and including all addendums;
<b>“VPH Doctors SPV”</b>	means K2015398326 (South Africa) Proprietary Limited (RF) (Registration number 2015/398326/07), a ring-fenced private company incorporated under the laws of South Africa, being a special purpose vehicle used by the VPH Remaining Doctors to subscribe for shares in VPH HoldCo and is owned by the VPH Remaining Doctors as follows: S Ghoor (18%); Y Ghoor (11%); J Penny (11%); Molopo Trust (7%); Histochem Lab (35%); A Smit (7%); R Khan (11%);
<b>“VPH Doctors SPV Cession and Pledge”</b>	means the cession and pledge in security agreement entered into between Operating Entity and VPH Doctors SPV on or about 20 November 2017 in terms of which VPH Doctors SPV will pledge and cede its shares in VPH HoldCo to Operating Entity;
<b>“VPH HoldCo”</b>	means K2015398208 (South Africa) Proprietary Limited (Registration number 2015/398208/07), a private company incorporated under the laws of South Africa. VPH HoldCo is a shelf company which was acquired by Operating Entity (100%);
<b>“VPH HoldCo Shareholders Agreement”</b>	means the shareholders agreement entered into between Operating Entity, VPH Doctors SPV, VPH HoldCo, VDM on or about 20 November 2017 in terms of which the shareholders relationship between the parties is regulated;
<b>“VPH HoldCo Subscription Agreement”</b>	means the subscription agreement entered into between Operating Entity, VPH Doctors SPV, VPH HoldCo and VDM on or about 20 November 2017 in terms of which Operating Entity will subscribe for 76% (seventy six percent) of the shares in VPH HoldCo for an amount of R24 320 000 (twenty four million three hundred and twenty thousand rand), VPH Doctors SPV will subscribe for 14% (fourteen percent) of the shares in VPH HoldCo for an amount of R4 480 000 (four million, four hundred and thousand rand) and VDM will subscribe for 10% (ten percent) of the shares in VPH HoldCo for an amount of R3 200 000.00 (three million, two hundred thousand rand);

<b>“VPH Loan Agreement”</b>	means the loan agreement entered into between Operating Entity and VPH Doctors SPV in terms of which Operating Entity will lend VPH Doctors SPV an amount of R4 480 000 (four million four hundred and eighty thousand rand), which loan will attract an interest rate of the Prime Rate plus 4% (four percent);
<b>“VPH Remaining Doctors”</b>	means A Smit, R Khan, G Strydom, S Ghoor, Y Ghoor, J Penny, the Molopo Trust and Histochem Lab Proprietary Limited, the resident medical practitioners in VPH who will be remaining as such post the VPH Acquisition;
<b>“VPH Suretyship Agreement”</b>	means suretyship agreement entered into between VDM, Athlio, Fezinet, FenetiQ and the trustees of VPHET, VPHPT and VPHT on or about 20 November 2017 in terms of which surety is provided in terms of VPH Acquisition;
<b>“VPHET”</b>	means Vryburg Private Hospital Equipment Trust, a trust with Master’s reference number IT 126/1993 whose sole beneficiary is Vryburg Privaat Hospitaal, a private company majority owned by VDM (86%), with the remaining shareholding held by the VPH Remaining Doctors;
<b>“VPHET Sale of Business Agreement”</b>	means the sale of business agreement entered into between Athlio and the trustees of VPHET on or about 20 November 2017 in terms of which VPHET is selling the business as a going concern to Athlio for an amount of R6 000 000 (six million rand);
<b>“VPHPT”</b>	means the Vryburg Private Hospital Property Trust, a trust with Master’s reference number IT 856/1992 whose sole beneficiary is Vryburg Privaat Hospitaal, a private company majority owned by VDM (86%), with the remaining shareholding held by the VPH Remaining Doctors;
<b>“VPHPT Sale of Business Agreement”</b>	means the sale of business agreement entered into between FenetiQ and the trustees of VPHPT on or about 20 November 2017 in terms of which VPHPT is selling the business as a going concern to FenetiQ for an amount of R25 000 000 (twenty five million rand);
<b>“VPHT”</b>	means Vryburg Private Hospital Trust, a trust with Master’s reference number IT 127/1993 whose sole beneficiary is Vryburg Privaat Hospitaal, a private company majority owned by VDM (86%), with the remaining shareholding held by the VPH Remaining Doctors;
<b>“VPHT Sale of Business Agreement”</b>	means the sale of business agreement entered into between Fezinet and the trustees of VPHT on or about 20 November 2017 in terms of which VPHT is selling the business as a going concern to Fezinet for an amount of R1 000 000 (one million rand);
<b>“Vryburg Privaat Hospitaal”</b>	means Vryburg Privaat Hospitaal Proprietary Limited (Registration number 1992/000507/07), a private company duly registered and incorporated in South Africa who is owned (100%) by VDM;
<b>“VWAP”</b>	means the volume weighted average price; and
<b>“Y Ghoor”</b>	means Yakub Ghoor, an adult male of full legal capacity, with identity number 4806295102087.



## RH BOPHELO LIMITED

(Previously Newshelf 1388 Proprietary Limited)  
(Incorporated in the Republic of South Africa)  
(Registration number: 2016/533398/06)  
(share code: RHB ISIN: ZAE000244737)  
("RH Bophelo" or "the Company")

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### Directors

#### Executive

Mr Q Zunga (*Chief executive officer*)

Mr KD Mhlaba (*Chief financial officer*)

Ms VP Nomvalo (*Executive Director*)

Mr MP Mehlape (*Chief operating officer*)

#### Non-executive

Dr SG Motuba (*Lead independent non-executive Director*)

Dr KR Ntshwana (*Independent non-executive Director*)

LA Shezi (*Independent non-executive Director*)

Mr JR Oliphant (*Non-executive chairman*)

Dr PD Sekete (*Non-executive Director*)

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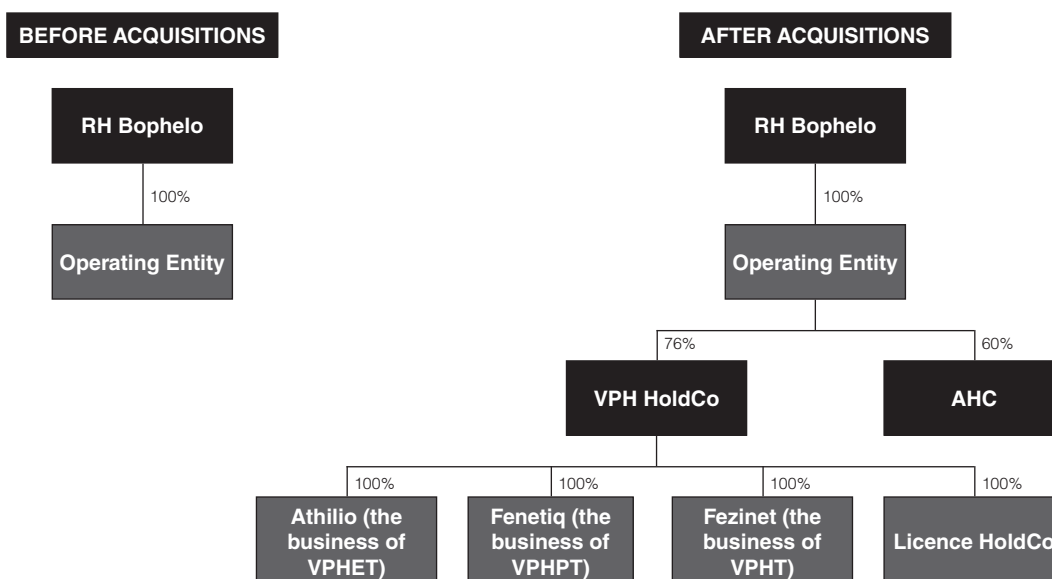
## CIRCULAR TO SHAREHOLDERS

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### 1. INTRODUCTION AND PURPOSE OF THIS CIRCULAR

- 1.1 Shareholders are referred to the announcement released by RH Bophelo on SENS on Wednesday, 22 November 2017, advising Shareholders of:
- The proposed acquisition by RH Bophelo, through Operating Entity, of 76% (seventy six percent) of the equity interest in VPH HoldCo. VPH HoldCo will then use these proceeds to capitalise 3 intermediary holding companies (by way of shareholder loans), such that the intermediary holding companies can acquire the businesses of three operating entities, being VPHET, VPHPT and VPHT; and
  - The proposed acquisition by RH Bophelo and Operating Entity of an aggregate 60% (sixty percent) of the equity interest in AHC.
- 1.2 RH Bophelo listed as a SPAC and is therefore, in terms of the JSE Listings Requirements, required to complete the acquisition of a Viable Asset within 24 (twenty-four) months of Listing. The Acquisitions qualify as Category 1 acquisitions in terms of the JSE Listings Requirements per a JSE Limited ruling (ruling available for inspection) at the registered office of the Company and as a result, following the implementation of the Acquisitions will result in RH Bophelo being classified, in terms of the JSE Listings Requirements, as an investment entity and no longer as a SPAC, provided that the Investment Policy as contained in **Annexure 8** is approved by Shareholders as set out in the Notice of General Meeting. Given that RH Bophelo listed as a SPAC, and not as an investment entity, the JSE requires Shareholders to approve the Investment Policy before RH Bophelo can be classified as an investment entity. Should the Investment Policy be approved, the Company will still be required to comply with the JSE Listings Requirements as they relate to acquisitions and disposals. Furthermore, in terms of the JSE Listings Requirements, for SPACs, the Acquisitions require the approval of Shareholders by way of an ordinary resolution. Lastly, pursuant to the re-classification of the Company as an investment entity, the Company wishes to adopt the Revised MOI in order for the Company's constitutional documents to comply with JSE Listings Requirements (in particular, section 15 of the JSE Listings Requirements).

- 1.3 RH Bophelo intends for its income to be derived mainly from shares or other securities and neither the Company nor any of its subsidiaries will conduct any trading activity that is material to the group as a whole.
- 1.4 Should RH Bophelo invest in other companies, which in turn invest in a portfolio of assets, it will ensure that the policies and objectives of the investee conform to the principal objectives of RH Bophelo.
- 1.5 In terms of the JSE Listings Requirements, the use and retention of the Residual Capital requires the approval of Shareholders by way of an ordinary resolution. Should Shareholders not approve the resolution dealing with the further use and retention of the Residual Capital after the Acquisitions have been approved, then such Residual Capital will be returned to Shareholders within 60 (sixty) calendar days after the date of the General Meeting.
- 1.6 Subject to the Acquisitions being implemented, RH Bophelo will no longer be a SPAC. Accordingly, RH Bophelo wishes to obtain the authority of Shareholders to:
- place authorised but unissued A Ordinary Shares under the control of the Directors in order to implement the share component of the AHC Acquisition (excluding the agterskot arrangement);
  - approve the Investment Policy;
  - adopt the Revised MOI; and
  - grant financial assistance in terms of the VPH Loan Agreement.
- 1.7 The purpose of this Circular is to:
- provide Shareholders with the requisite information regarding the Acquisitions, the use of the Residual Capital, the placing of authorised but unissued A Ordinary Shares under the control of the Directors in order to implement the share component of the AHC Acquisition (excluding the agterskot arrangement), the Investment Policy, the adoption of the Revised MOI and to grant financial assistance in terms of the VPH Loan Agreement to enable them to make an informed decision in respect of the resolutions set out in the Notice of the General Meeting; and
  - convene the General Meeting in order to consider and, if deemed fit, approve the resolutions set out in the Notice of the General Meeting.
- 1.8 The Group structure before and after the Acquisitions is as follows:



## 2. DETAILS OF THE ACQUISITIONS

### 2.1 Summary of VPH

VPH has been operational since 1992, serving a catchment area of 250 kilometres around Vryburg (North West province) and is an independently owned private hospital. VPHET owns the hospital equipment, VPHPT owns the hospital property and VPHT carries out the hospital operations, rents the hospital complex from VPHPT and rents the hospital equipment from the VPHET.

VPHET, VPHPT and VPHT operate as one composite group and even though the VPH Acquisition has been described as three acquisitions, the VPH Acquisition is inter-conditional and linked.

VPH currently has 18 doctors and is licensed for 44 beds, two operating theatres, one baby delivery room and is designed around one central nursing station with the following bed configuration:

- Obstetrics: 6 beds;
- Paediatrics: 4 beds;
- ICU/ High care: 2 beds; and
- Adult beds: 32 beds (Surgical beds: 8, General: 24 beds).

The sole beneficiary of each of VPHET, VPHPT and VPHT is the Vryburg Privaat Hospitaal, a private company majority owned by VDM (86%), with the remaining shareholding held by the VPH Remaining Doctors. The trustees of VPHET, VPHPT and VPHT are VDM, A Smit, R Khan, and G Strydom.

### 2.2 Terms and consideration of the VPH Acquisition

RH Bophelo will, through Operating Entity, acquire 76% (seventy six) of the equity in the newly formed VPH HoldCo for a total consideration of R24 320 000 (twenty four million three hundred and twenty thousand rand) which will be paid from existing cash resources raised on Listing. VDM will acquire 10% and VPH Doctors SPV 14% of the equity in VPH HoldCo for a consideration of R3 200 000 (three million two hundred thousand rand) and R4 480 000 (four million four hundred and eighty thousand rand) respectively. Operating Entity will advance a loan to VPH Doctors SPV, in terms of the VPH Loan Agreement, to enable them to subscribe for equity in VPH HoldCo. VPH Doctors SPV will subsequently cede and pledge its shares in VPH HoldCo to Operating Entity in terms of the VPH Doctors SPV Cession and Pledge as security for repayment of the full loan amount, however, Operating Entity will only acquire these shares in VPH HoldCo should it decide to perfect its security in terms of the VPH Loan Agreement (i.e. the shares in VPH HoldCo) as a result of a default by the VPH Doctors SPV in terms of the VPH Loan Agreement. VPH HoldCo will use these proceeds along with the other equity interests to acquire (through the intermediary holding companies Athlio, FenetiQ and Fezinet):

- VPHET for R6 000 000 (six million rand) in terms of the VPHET Sale of Business Agreement concluded between VPHET and Athlio;
- VPHPT for R25 000 000 (twenty five million rand) in terms of the VPHPT Sale of Business Agreement concluded between VPHPT and FenetiQ; and
- VPHT for R1 000 000 (one million rand) in terms of the VPHT Sale of Business Agreement concluded between VPHT and Fezinet.

The hospital operating licence is to be held in Licence HoldCo post the VPH Acquisition. VPH HoldCo has entered into a sale of shares agreement whereby VPH HoldCo will acquire 100% of the shares Licence HoldCo from VDM for R100. Licence HoldCo is currently a shelf company.

The VPH Acquisition is subject to the fulfilment of the conditions precedent listed below and warranties and indemnities typical of a transaction of this nature have been provided for.

### 2.3 Rationale for the VPH Acquisition

RH Bophelo's rationale for the VPH Acquisition:

- Aligned with RH Bophelo's investment mandate and presents an attractive opportunity to both RH Bophelo and its Shareholders;
- Opportunity to acquire a 76% (seventy six percent) equity interest in an operation where RH Bophelo will be able to leverage its experience to gain operating efficiencies in a 44 bed hospital;

- The hospital is located in a small town area in South Africa where the next closest hospital is 150 kilometres away;
- The investment will improve the hospitals quality, capacity and service offering, and in so doing the residents ability to access quality healthcare as set out in RH Bophelo's mandate;
- Combined with the AHC Acquisition, RH Bophelo will be able to extract efficiencies from the operation leading to additional cost savings and earnings growth; and
- RH Bophelo has intimate knowledge of the asset and has completed a detailed and thorough due diligence.

#### 2.4 **Conditions precedent of the VPH Acquisition**

The remaining conditions precedent in terms of the VPH Acquisition, as at the Last Practicable Date, to be fulfilled, as the case may be, by 28 February 2018 (or such later date as the parties may agree to in writing), are as follows:

- Shareholder approval;
- Director and trustee resolutions authorising the VPH Acquisition from all the entities party to the VPH Acquisition;
- Filing of an amended MOI of VPH HoldCo and Licence Holdco with CIPC. The amended MOI of VPH HoldCo and Licence Holco will not frustrate the issuer from complying with the JSE Listings Requirements;
- To the extent required, any and all regulatory consents, approvals and/or exemptions which are necessary or required for the conclusion and implementation of the VPH Acquisition being obtained; and
- Each agreement necessary for the implementation of the VPH Acquisition rendered unconditional on the terms and conditions to which it is subject.

#### 2.5 **Effective date of the VPH Acquisition**

The effective date of the VPH Acquisition will be the date on which the conditions precedent to the VPH Acquisition Agreements have been fulfilled or waived (as the case may be).

#### 2.6 **Summary of AHC**

AHC was established in 2014 as a medical facilities operating, management and services entity. AHC is a majority Black Woman owned company (equity held by Dr MJG Maholwana and SP van Huyssteen) that competes in the private and public healthcare sectors on a cost leadership and geographical coverage basis. AHC is a new entrant in the hospital management sector, however, it is strategically underpinned by management with extensive hospital operating expertise. The following is relevant to AHC:

- Owns and operates the St Helena Private Hospital, a 131 bed licensed hospital in Welkom and the Fountain Private Hospital, a 163 bed licensed hospital in Carletonville;
- Manages a 115-bed private hospital in Nelspruit as well as a managed care facility in Welkom;
- Medical facilities and services are provided from the St Helena Private Hospital and the Fountain Private Hospital in Welkom and Carletonville respectively;
- AHC Pharmacy provides pharmaceutical services to patients and corporate clients from the aforementioned hospitals;
- AHC Emergency services is a private ambulance service that provides services in Welkom and Carletonville; and
- AHC Complete Facilities Management provides facility management services to all other divisions of AHC.

Furthermore, AHC Nursing College, is a wholly-owned subsidiary of AHC and provides a comprehensive programme of nurse training and education that ranges from basic qualification to highly qualified nurses. The facility is located in Carletonville and is an accredited Institution of Higher Learning by the Department of Higher Education and Training and registered with the South African Nursing Council. AHC Nursing College boasts a heritage of over 60 years training high calibre students.

## 2.7 Terms and consideration of the AHC Acquisition

RH Bophelo will acquire 60% (sixty percent) of the equity in AHC for a total initial purchase consideration of R62 500 000 (sixty two million five hundred thousand rand) as follows:

- R50 000 000 (fifty million rand) in cash, which will be paid from existing cash resources raised on Listing and which will be treated as a capital injection to be used to fund future growth of the business (i.e. the R50 000 000 will not be paid to the existing shareholders for their shares in AHC, but rather paid for a fresh subscription of shares in AHC); and
- R12 500 000 (twelve million five hundred thousand rand) will be paid to the shareholders of AHC through the issue of A Ordinary Shares issued at RH Bophelo's 30 day VWAP, up to and including the AHC Acquisition Closing Date. The exact number of A Ordinary Shares to be issued is unknown as at the Last Practicable Date given that the 30-day VWAP will only be determined at a future point in time, however, it is anticipated that this will range between 1 086 957 and 1 250 000 new A Ordinary Shares.

In addition, the shareholders of AHC will be paid an "agterskot" payment after 31 March 2019 based on the performance of AHC Nursing College. This "agterskot" payment will: (i) be paid in new RH Bophelo A Ordinary Shares, which shares will be issued at RH Bophelo's 30 day VWAP; and (ii) be equal to an amount in rands equal to 60% (sixty percent) of a multiple of 8 times the earnings before interest, tax, depreciation and amortisation (calculated in accordance with IFRS) of AHC Nursing College for the financial year ended 31 March 2019. Given that the exact number of A Ordinary Shares to be issued in terms of the "agterskot" arrangement will only be known at a future date (post 31 March 2019), a general meeting of Shareholders will be called at this future date in order to place shares under the control of Directors such that the exact number of A Ordinary Shares in terms of the "agterskot" arrangement can be approved by Shareholders and issued to the vendors of AHC.

The AHC Acquisition is subject to the fulfilment of the conditions precedent listed below and warranties and indemnities typical of a transaction of this nature have been provided for.

## 2.8 Rationale for the AHC Acquisition

RH Bophelo's rationale for the AHC Acquisition:

- Aligned with RH Bophelo's investment mandate and presents an attractive opportunity to both RH Bophelo and its Shareholders;
- AHC is one of RH Bophelo's cross-cutting platform and anchor investments that RH Bophelo will use to address:
  - Administration;
  - Commissioning; and
  - Management of hospital infrastructure assets.
- AHC will also manage, administer and commission hospitals for other non-RH Bophelo affiliated parties;
- Will leverage its position in AHC to extract efficiencies and synergies across the Group; and
- RH Bophelo has intimate knowledge of the asset and has completed a detailed and thorough due diligence.

## 2.9 Conditions precedent of the AHC Acquisition

The remaining conditions precedent in terms of the AHC Acquisition, as at the Last Practicable Date, to be fulfilled or waived, as the case may be, by 28 February 2018 (or such later date as the parties may agree to in writing), are as follows:

- the filing of a new MOI of AHC. The new MOI of AHC will not frustrate the issuer from complying with the JSE Listings Requirements;
- to the extent required, AHC delivering to RH Bophelo a copy of all the authorisations, consents, approvals, resolutions and the like required to be obtained from third parties (whether in terms of any contractual arrangement to which AHC may be a party to, applicable law or otherwise) in order to implement the AHC Acquisition;
- to the extent required, RH Bophelo delivers to AHC a copy of all board and/or shareholders resolutions approving the subscription by RH Bophelo for shares in AHC in terms of the JSE Listings Requirements, including as a Category 1 transaction;

- to the extent required, RH Bophelo delivers to AHC a copy of all authorisations, consents, approvals, resolutions and the like required to be obtained from the directors and/or shareholders of RH Bophelo in connection with the AHC Acquisition; and
- the shareholders of AHC pass resolutions in accordance with section 41(3) of the Companies Act authorising the issue and allotment of the subscription shares.

## 2.10 Effective date of the AHC Acquisition

The effective date of the AHC Acquisition will be either the last business day of the calendar month in which the conditions precedent are fulfilled or waived (as the case may be) or the last business day of the immediately succeeding calendar month in which the conditions precedent are fulfilled or waived (as the case may be), as determined in accordance with the relevant AHC Acquisition Agreements.

## 3. INVESTMENT ENTITY

RH Bophelo listed as a SPAC and is therefore, in terms of the JSE Listings Requirements, required to complete the acquisition of a Viable Asset within 24 (twenty-four) months of Listing. The Acquisitions qualify as Category 1 acquisitions in terms of the JSE Listings Requirements per a JSE Limited ruling (ruling available for inspection) and as a result, following the implementation of the Acquisitions will result in RH Bophelo being classified, in terms of the JSE Listings Requirements, as an investment entity and no longer as a SPAC, provided that the Investment Policy is approved by Shareholders as set out in the Notice of General Meeting. Given that RH Bophelo listed as a SPAC, and not as an investment entity, the JSE requires Shareholders to approve the Investment Policy before RH Bophelo can be classified as an investment entity. Should the Investment Policy be approved, the Company will still be required to comply with the JSE Listings Requirements. Furthermore, in terms of the JSE Listings Requirements the Acquisitions require the approval of Shareholders by way of ordinary resolutions. Should the Investment Policy not be approved then RH Bophelo will not qualify as an investment entity and will remain as a SPAC in terms of the JSE Listings Requirements.

In this regard, Shareholders are specifically referred to the following:

- Experience of the Management Company – please refer to **Annexure 9**;
- Exit mechanisms for investments – please refer to paragraph IV (e) of RH Bophelo’s Investment Policy, which can be found in **Annexure 8**;
- The additional and initial shareholder approvals required in terms of paragraph VI of RH Bophelo’s Investment Policy, which can be found in **Annexure 8**; and
- When accounting for its investments, RH Bophelo will be treated as an “Investment Entity” in terms of IFRS 10.

## 4. RESIDUAL CAPITAL

- 4.1 The total amount raised during the Listing was R500 000 000 (five hundred million), net of the cost of Listing was R487 404 000 (four hundred and eighty seven million four hundred and four thousand rand). As at the Last Practicable Date, the total amount in the Escrow and operating accounts is R492 817 030 (four hundred and ninety two million eight hundred and seventeen thousand and thirty rand).
- 4.2 The Acquisitions result in a total cash payment of approximately R81 422 364 (eighty one million four hundred and twenty two thousand three hundred and sixty four rand), being R28 800 000 (twenty eight million eight hundred thousand rand) in terms of the VPH Acquisition (which includes the amount in terms of the VPH Loan Agreement), R50 000 000 (fifty million rand) paid in terms of the AHC Acquisition and approximately R2 622 364 (two million six hundred and twenty two thousand three hundred and sixty four rand) in transaction costs.
- 4.3 If the Acquisitions are implemented and following settlement of the cash component of the Acquisitions and payment of the related costs (on implementation of the Acquisitions), RH Bophelo will retain a Residual Capital of approximately R411 394 665 (four hundred and eleven million three hundred and ninety four thousand six hundred and sixty five rand) (including any additional interest that will accrue up to the date of the General Meeting and subsequent implementation of the Acquisitions).

- 4.4 RH Bophelo intends to use the Residual Capital to source new investments and to fund operating expenses.
- 4.5 The use and retention of the Residual Capital requires the approval of Shareholders by way of an ordinary resolution. Should Shareholders not approve the retention of the Residual Capital, the distribution to Shareholders will be made after a sufficient amount is retained for working capital in order to meet solvency and liquidity requirements of the Companies Act.

## 5. **ADDITIONAL RESOLUTIONS**

- 5.1 If the Acquisitions are implemented and the Investment Policy approved, RH Bophelo will no longer be a SPAC and will be classified in the "Investment Companies" sub-sector of the FTSE Global Classification System. Accordingly, RH Bophelo wishes to obtain the authority of Shareholders to approve the Investment Policy and the provisions of financial assistance by the Company. Lastly, pursuant to the re-classification of the Company as an investment entity, the Company wishes to adopt the Revised MOI in order to align the Company's constitutional documents with JSE Listings Requirements (in particular, section 15 of the JSE Listings Requirements).
- 5.2 Additional information, including the requisite voting thresholds, in relation to the above resolutions is contained in the Notice of General Meeting.

## 6. **THE BUSINESS OF RH BOPHELO**

- 6.1 RH Bophelo, upon completion of the Acquisitions will become an investment holding company with a focus on investing in healthcare assets. The Company will operate like an investment fund with very limited direct employees and as a result has entered into a Management Agreement, whereby the Management Company will provide services to the Company and Operating Entity. 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.
- 6.2 The Acquisitions, if implemented, will be RH Bophelo's 1st (first) investment within its stated investment strategy.
- 6.3 The Management Company is remunerated by way of a management fee as determined by the Management Agreement and by way of a dividend payable on the B Share as determined by the Current MOI and Revised MOI (per **Annexure 11**). Whilst a detailed summary of the B dividend is provided in **Annexure 11**, salient features of the B Share include the following:
  - On termination of the Management Agreement, the B Share will be repurchased immediately subject to the provisions of the Companies Act;
  - On termination, the Management Company will continue to perform their duties in terms of the Management Agreement for a period of 12 (twelve) calendar months or as may be agreed between the parties;
  - Neither of the parties shall be entitled to terminate the Management Agreement for convenience and without cause prior to the 5th (fifth) anniversary of the commencement of the Management Agreement unless they have first procured a special resolution from their shareholders approving such termination;
  - On termination, the B Share will be repurchased for the greater of the present value of future management fees and 5% of the average market capitalisation (as defined in the Management Agreement)
  - There will only be 1 B Share in issue and no further issue of a B Share can take place;
  - No further dividend will be paid on the B Share to the B shareholder (Management Company) on termination of the Management Agreement; and
  - The B Share has very limited voting rights as further detailed in **Annexure 11**.

7. **FINANCIAL INFORMATION OF VPH HOLDCO, ATHLIO, FENETIQ, FEZINET, LICENCE HOLDCO, VPJET, VPHPT, VPHT, COMBINED VPH, PRO FORMA VPH HOLDCO AND AHC**

7.1 **Historical financial information of VPH HoldCo, Athlio, Fenetiq, Fezinet, Licence HoldCo, VPJET, VPHPT, VPHT, combined VPH, Pro Forma VPH HoldCo**

- VPH HoldCo, Athlio, Fenetiq, Fezinet and Licence HoldCo are shelf companies that were incorporated for the sole purpose of the VPH Acquisition and as a result, the financial information for these entities is as at the date of incorporation, which has been incorporated by reference as contemplated in paragraph 11.61 of the Listings Requirements and can be accessed on the Company's website using the following link: <https://www.rhbophelo.co.za/investment/acquisition-financial-statements/>.
- The combined historical financial information and *pro forma* financial information incorporating VPJET, VPHPT and VPHT for the last 3 (three) financial years ended 30 June 2017, 30 June 2016 and 30 June 2015 have been incorporated by reference as contemplated in paragraph 11.61 of the Listings Requirements and can be accessed on the Company's website using the following link: <https://www.rhbophelo.co.za/investment/acquisition-financial-statements>.
- The aforementioned reports, or copies thereof, will also be made available for inspection by Shareholders during normal business hours at RH Bophelo's registered office and at the offices of the Sponsor, the details of which are provided in the Corporate Information section of this Circular, from Friday, 23 February 2018 until the date of the General Meeting (both days inclusive).
- The Independent Reporting Accountant's report on the historical financial information of VPH HoldCo, Athlio, Fenetiq, Fezinet, combined VPJET, VPHPT and VPHT and *Pro Forma* VPJET, VPHPT and VPHT for the last 3 (three) financial years ended 30 June 2017, 30 June 2016 and 30 June 2015 appears in **Annexures 3 to 6**.
- The aforementioned historical financial information is the responsibility of the directors of VPH HoldCo, Athlio, Fenetiq, Fezinet, combined VPJET, VPHPT and VPHT and *Pro Forma* VPJET, VPHPT and VPHT respectively. The responsibility for the disclosure of the aforementioned historical financial information of VPH HoldCo, Athlio, Fenetiq, Fezinet, combined VPJET, VPHPT and VPHT and *Pro Forma* VPJET, VPHPT and VPHT is the responsibility of the Directors. There have been no subsequent events.

**Commentary on VPH HoldCo, Athlio, Fenetiq, Fezinet and Licence HoldCo**

No further commentary as these are shelf companies and have no existing operations.

**Commentary on VPJET for the financial year ended 30 June 2015**

VPJET holds mostly medical equipment, furniture, IT equipment and other office equipment. Rental income of R3.4 million was generated in FY2015, with a growth in revenue of 359% relative to prior year as a result of an increase in the rental paid for the equipment rented by VPHT in terms of the rental agreement. VPJET's operating margin of 89% further indicates its efficient management of expenses.

**Commentary on VPJET for the financial year ended 30 June 2016**

Operations continued following a solid FY2015 and continued to deliver revenue growth of 22% with an operating margin at 70%.

**Commentary on VPJET for the financial year ended 30 June 2017**

The company displayed an operating margin of 95% driven by a decreasing in operating expenses from R1.3 million to R0.3 million. Net surplus of VPJET was distributed to the beneficiaries and recorded against the loan accounts of the beneficiaries. The surplus distributed for FY2017 amounted to R4.2 million (2016: R3.3).

### **Commentary on VPHPT for the financial year ended 30 June 2015**

The investment property held by VPHPT comprises of the hospital property in Vryburg and generated an operating margin of 87% in FY2015. The net surplus of VPHPT was distributed to the beneficiaries and recorded against the loan accounts of the beneficiaries.

### **Commentary on VPHPT for the financial year ended 30 June 2016**

VPHPT revenue remained flat in the FY2016 year with a slight decrease in operating margin.

### **Commentary on VPHPT for the financial year ended 30 June 2017**

In FY2017, VPHPT produced an operating margin of 80%. The property held in VPHPT has been pledged as security for the mortgage loan.

### **Commentary on VPHT for the financial year ended 30 June 2015**

Hospital revenue is mainly earned as follows:

- Bed accommodation revenue which accounts for about half of the total revenue for each period;
- Operating theatre revenue which is some 20% of total revenue; and
- Fixed fee revenue (around 20%) which mainly comprises of fixed fees relating to caesareans in the obstetrics department.

There are around 18 doctors that make use of the hospital facilities and three doctors contribute the most to total revenue:

- G Strydom (GP): 17.33%;
- A Smit (GP): 17.07%; and
- C Troskie (General Surgeon): 14.04%

In FY2015, revenue grew by 11%, with operating expenses increasing by 15%. VPHT ran an operating deficit, largely linked to the contract relating to equipment, which increased by 360%.

### **Commentary on VPHT for the financial year ended 30 June 2016**

VPHT showed growth in revenue of 5%. Operating expenses increased by 12%, running an operating margin deficit. The company arrived at a total comprehensive loss for the year of R0.4 million relative to the previous year's profit of R1.5 million.

### **Commentary on VPHT for the financial year ended 30 June 2017**

Revenue per bed has increased from R0.8 million in FY2015 to R0.9 million in FY2017. Operating expenses increased by 8%. Cash used in operations amounted to R2.3 million as opposed to the R4.5 million generated in the prior year. Loans advanced to beneficiaries and group companies amounted to R1.1 million.

There has been growth in operating expenses driven primarily by employee costs.

## **7.2 Historical financial information and interim financial information of AHC**

- The audited historical financial information of AHC for the last 3 (three) financial years ended 31 March 2017, 31 March 2016 and 31 March 2015 and the reviewed interim financial information of AHC for the 6 months ended 30 September 2017 have been incorporated by reference as contemplated in paragraph 11.61 of the Listings Requirements and can be accessed on the Company's website using the following link: <https://www.rhbophelo.co.za/investment/acquisition-financial-statements>.
- The aforementioned reports, or copies thereof, will also be made available for inspection by Shareholders during normal business hours at no charge at RH Bophelo's registered office and at the offices of the Sponsor, the details of which are provided in the Corporate Information section of this Circular, from Friday, 23 February 2018 until the date of the General Meeting (both days inclusive).
- The Independent Reporting Accountant's report on the historical financial information of AHC for the last 3 (three) financial years ended 31 March 2017, 31 March 2016 and 31 March 2015 and

the reviewed interim financial information of AHC for the six months ended 30 September 2017 appears in **Annexure 7**.

- The aforementioned historical and interim financial information of AHC is the responsibility of the directors of AHC respectively. The responsibility for the disclosure of the aforementioned historical and interim financial information of AHC is the responsibility of the Directors. There have been no subsequent events.

- Basis of preparation

- Historical financial information

The historical financial information for the years ended 31 March 2017, 31 March 2016 and 31 March 2015 has been prepared in accordance with the JSE Listings Requirements. The JSE Listings Requirements require the historical financial information to be prepared in accordance with the Conceptual Framework, the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council.

- Interim financial information

The interim financial statements for the six months ended 30 September 2017 are prepared in accordance with the requirements of the JSE Limited Listings Requirements for interim reports and the requirements of the Companies Act of South Africa applicable to condensed financial statements. The JSE Listings Requirements require interim reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), and the South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 *Interim Financial Reporting*.

### **Commentary on AHC for the financial year ended 31 March 2015**

AHC commenced trading on 1 July 2014 after concluding acquisition of Leslie Williams Private Hospital, St Helena Private Hospital and the Sibanya Gold Nursing College from Sibanye Gold Limited. Revenue for the year amounted to R103.6 million with an operating margin of 1.5%. AHC was awarded pharmacy licences for Leslie Williams and St Helena pharmacies which commenced trading on 1 May 2015.

### **Commentary on AHC for the financial year ended 31 March 2016**

Revenue grew by 69.3% from the prior year with negative operating margins produced and a consolidated net loss of R2.4 million and fixed asset acquisitions amounting to R4.6 million.

### **Commentary on AHC for the financial year ended 31 March 2017**

AHC generated a growth a revenue of 15% with improved operating margins of 2.2%. AHC arrived at a consolidated net profit of R1.3 million. Acquisitions of fixed assets amounted to R3.6 million during the financial year.

### **Commentary on AHC for the interim period ended 30 September 2017**

Revenue has increased by 9% to R110.3 million, which performance is in line with growth targets. The number of operational beds are unchanged with paid patient days increasing by 3% and theatre cases increasing by 7% when compared to the prior year interim period. AHC was awarded the Kiaat Private Hospital Management contract in September 2017 which is operated on a fixed fee management contract. During the financial period, AHC invested R3.6 million (31 March 2017: R3.6 million) in capital expenditure with the majority spend being on upgrading medical equipment.

## 8. PRO FORMA FINANCIAL INFORMATION

- 8.1 The *pro forma* financial effects of the Acquisitions, as set out in the table below, are the responsibility of the Directors. The *pro forma* financial effects are presented in a manner consistent with the basis on which the historical financial information has been prepared and in terms of RH Bophelo's accounting policies. The *pro forma* financial effects have been presented for illustrative purposes only and, because of their nature, may not fairly present RH Bophelo's financial position, changes in equity, results of operations or cash flows post the implementation of the Acquisitions.
- 8.2 The *pro forma* financial effects set out below should be read in conjunction with the *pro forma* statement of comprehensive income and the statement of financial position as set out in **Annexure 1**.
- 8.3 The Independent Reporting Accountants' report on the *pro forma* financial information appears in **Annexure 2** to this Circular.

	<b>Results for the interim period ended 31 August 2017</b>	<b>Pro forma results after Acquisition</b>	<b>Change (%)</b>
Net asset value per A Ordinary Share	R9.86	R9.84	(0.2) <sup>1</sup>
Net tangible asset value per A Ordinary Share	R9.86	R9.84	(0.2) <sup>1</sup>
Earnings per A Ordinary Share	R0.41	R0.22	(45.3) <sup>2</sup>
Headline earnings per A Ordinary Share	R0.41	R.22	(45.3) <sup>2</sup>
A Ordinary Share in issue net of treasury shares	50 000 000	51 126 126	
Weighted number of A Ordinary Shares in issue	13 858 696	14 984 822	

### Notes and assumptions:

- The decline of 0.2% is a result of the Acquisitions being held at their fair value, being the purchase consideration paid (as a result no fair value adjustments have been made) and the inclusion of transaction costs. Due to the nature of the *pro forma* adjustments required to be made, the primary movement relates to the transaction costs incurred which are processed to retained earnings and have an effect on net asset and net tangible asset value per A Ordinary Share. RH Bophelo believes that following the conclusion of the Acquisitions they will be able to add significant value and as a result these businesses will grow leading to enhanced net asset and net tangible asset value per A Ordinary Share.
  - The decline in 45.3% is not a fair representation and is a result of the nature of the *pro forma* adjustments required to be made. The results as at August 2017 already capture interest earned on the escrow account and due to the fact that the Acquisitions were concluded at fair value, there is no fair value adjustment reflected. As a result, the only additional items to be included as part of these *pro formas* is the marginal interest potentially to be earned in terms of the VPH Loan Agreement and the transaction costs which leads to the significant decline in earnings and headline earnings per A Ordinary Share. Following the conclusion of the Acquisitions, RH Bophelo believes that they will be able to add significant value from, a management perspective cost cutting initiatives and synergies across the group which RH Bophelo believes will lead to enhanced earnings and headline earnings per A Ordinary Share.
  - Detailed notes on the *pro forma* financial information are set out in **Annexure 1**.
- 8.4 Per the audited and IFRS compliant financial statements, as at 30 June 2017:
- VPHET, in terms of the VPHET Sale of Business Agreement, have assets less liabilities of R0.8 million and a net profit after tax of R4.3 million;
  - VPHPT, in terms of the VPHPT Sale of Business Agreement, have assets less liabilities of R23.7 million and a net profit after tax of R1.8 million; and
  - VPHT, in terms of the VPHT Sale of Business Agreement, have assets less liabilities of R4.9 million and a net profit after tax –R2.4 million.
  - On an aggregated basis, VPHET, VPHPT and VPHT has assets less liabilities, in terms of the respective sale of business agreements of R29.4 million and a profit after tax of R3.7 million. The Directors have performed a valuation of the projected future cash flows of the combined entities and believes that the value of RH Bophelo's 76% shareholding is between R29.0 million and R31.2 million.
- 8.5 Per the audited and IFRS compliant financial statements, as at 31 March 2017, AHC had a net asset value of R3.1 million and a net profit after tax of R1.3 million. The Directors have performed a valuation of the projected future cash flows of AHC, before the R50 million capital injection, and believes that the value of RH Bophelo's 60% shareholding is R65.3 million.

## 9. GENERAL MEETING

- 9.1 A General Meeting of the Shareholders has been convened and will be held at 10:00 on Tuesday, 27 March 2018 at 3rd Floor, 18 Melrose Boulevard, Melrose Arch, Melrose North, Johannesburg, 2076, South Africa, for the purpose of considering, and if deemed fit, passing, with or without modification, the requisite resolutions set out in the Notice of General Meeting.
- 9.2 The Notice of General Meeting is attached hereto and forms part of this Circular and contains the resolutions to be considered at the General Meeting. Full details of the action required by Shareholders are set out in the “*Action required by Shareholders*” section of this Circular.

## 10. INFORMATION RELATING TO THE DIRECTORS

### 10.1 Details of Directors

The full names, ages, business address and capacities of the Directors are outlined below:

<b>Full name</b>	<b>Age</b>	<b>Designation</b>	<b>Business address</b>
Quinton Zunga	40	Chief executive officer	3rd Floor, 18 Melrose Boulevard Melrose Arch, Johannesburg, 2076 South Africa
Katekani Dion Mhlaba	32	Chief financial officer	3rd Floor, 18 Melrose Boulevard Melrose Arch, Johannesburg, 2076 South Africa
Vuyokazi Phatheka Nomvalo	36	Executive director	3rd Floor, 18 Melrose Boulevard Melrose Arch, Johannesburg South Africa
Maunatlala Piet Mehlaphe	51	Chief operating officer	3rd Floor, 18 Melrose Boulevard Melrose Arch, Johannesburg South Africa
Dr Solomon Gabriel Motuba	54	Lead independent non-executive Director	29 Sotogrande Street, Silver Lakes Pretoria, 0081 South Africa
Dr Kgaogelo Rachel Ntshwana	41	Independent non-executive Director	Suite G07 North Block Mediclinic Sandton Corner Peter Place and Main Road Bryanston, 2196 South Africa
Londeka Anelisiwe Shezi	34	Independent non-executive Director	386 Main Road, Bryanston Johannesburg, 2191 South Africa
John Rabagadi Oliphant	35	Non-executive chairman	1st 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

### 10.2 Directors' remuneration

- 10.2.1 The Company may pay remuneration to non-executive Directors for their services as directors in accordance with a special resolution approved by Shareholders within the previous two years, as set out in section 66(8) and (9) of the Companies Act, and the power of the Company in this regard is not limited or restricted by the Company's MOI.

- 10.2.2 Any Director who (i) serves on any executive or other committee; or (ii) devotes special attention to the business of the Company; or (iii) travels or resides outside South Africa for the purpose of the Company; or (iv) otherwise performs or binds himself to perform services which, in the opinion of the Board, are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration or allowances in addition to or in substitution of the remuneration to which he may be entitled as a Director, as a disinterested quorum of the Board may from time to time determine.
- 10.2.3 Directors may also be paid all their travelling and other expenses necessarily incurred by them in connection with the business of the Company and attending meetings of the Directors or of committees of the Directors.
- 10.2.4 The Company will not pay the executive Directors a salary, as the Management Company will be paying their salaries from the fees it receives from the Group in terms of the Management Agreement.
- 10.2.5 No remuneration was paid to Directors prior to Listing. The remuneration of Directors by the Group for the financial year ended 28 February 2018 is detailed below.
- 10.2.6 The Directors' remuneration will not be varied following the implementation of the Acquisitions;
- 10.2.7 The remuneration of the executive Directors by the Management Company, for the financial year ended 28 February 2018 is as follows:

**Salaries, fees and bonuses:**

<b>Director</b>	<b>Salary (R)<sup>1</sup></b>	<b>Directors fees (R)</b>	<b>Fees for other services (R)</b>	<b>Bonuses (R)</b>
Q Zunga	R1 300 000	–	–	–
KD Mhlaba	R800 000	–	–	–
VP Nomvalo	R660 000	–	–	–
MP Mehlaphe	R1 040 000	–	–	–
<b>Total</b>	<b>R3 800 000</b>	<b>–</b>	<b>–</b>	<b>–</b>

**Notes**

1. The Company will not pay the executive Directors a salary, as the Management Company will be paying their salaries from the fees it receives in terms of the Management Agreement.
2. The executive Directors will receive no further remuneration or Directors' fees from the Company.

**Contributions and expenses**

<b>Director</b>	<b>Provident fund, medical aid and pension contributions (R)</b>	<b>Expense allowance (R)</b>	<b>Total remuneration (R)</b>
Q Zunga	–	–	R1 300 000
KD Mhlaba	–	–	R800 000
VP Nomvalo	–	–	R660 000
MP Mehlaphe	–	–	R1 040 000
<b>Total</b>	<b>–</b>	<b>–</b>	<b>R3 800 000</b>

**The anticipated Directors' fees payable by the Company for the financial year, ended 28 February 2018, are set out below:**

<b>Director</b>	<b>Directors' fees (R)</b>
Q Zunga	–
KD Mhlaba	–
VP Nomvalo	–
MP Mehlope	–
Dr SG Motuba	R150 000
Dr KR Ntshwana	R150 000
LA Shezi	–
JR Oliphant	R150 000
Dr PD Sekete	R150 000
<b>Total</b>	<b>R600 000</b>

10.2.8 Directors are not entitled to any commission and are not party to any gain or profit-sharing arrangements with the Company. Save for the emoluments set out in the tables of paragraph 10.2.7 of this Circular above, no other material benefits were received by Directors prior to Listing.

10.2.9 No fees have been paid to any third party *in lieu* of directors' fees.

10.2.10 The Company has not, in the three years preceding the date of this Circular, paid (or agreed to pay) any amounts (whether in cash or in securities or otherwise) or given any benefits to any Director or to any company in which he is beneficially interested, directly or indirectly, or of which he is a director or to any partnership, syndicate or other association of which he is a member, to induce him to become, or to qualify him as, a Director or otherwise for services rendered by him or by the associate company or the associate entity in connection with the promotion or formation of the Company.

### 10.3 Directors' interests

10.3.1 The direct and indirect interests of the Directors and their associates (including a Director who has resigned during the last 18 (eighteen) months) in the share capital of RH Bophelo as at the Last Practicable Date, are set out below:

<b>Director</b>	<b>% of shares held directly</b>	<b>% of shares held indirectly</b>	<b>% of shares in issue held</b>
Q Zunga	–	3.0*	3.0
JR Oliphant	–	2.0**	2.0
Dr PD Sekete	0.2	–	0.2
<b>Total</b>	<b>0.2</b>	<b>5.0</b>	<b>5.2</b>

\* Held through a company controlled by Q Zunga, being RQ Capital Proprietary Limited

\*\* Held through a company controlled by JR Oliphant, being Third Way Investment Group Proprietary Limited

10.3.2 Save as set out below, there has been no change in the shareholding of the Directors between the end of the interim period ended 31 August 2017 and the Last Practicable Date.

10.3.3 The Directors indicated above, will continue to hold the above shares pursuant to the SPAC requirements.

10.3.4 Save for being a Shareholder, no Director and no Director of any of its subsidiaries (including a Director who has resigned during the last 18 (eighteen) months), has or had any material beneficial interest, directly or indirectly, in any transactions that were effected by RH Bophelo:

- during the current or immediately preceding financial year; or
- in any previous financial year which remains in any respect outstanding or unperformed.

## 11. INFORMATION RELATING TO RH BOPHELO

### 11.1 Major Shareholders and interests

11.1.1 At the Last Practicable Date, those Shareholders who, insofar as is known to the Company, directly or indirectly, beneficially hold 5% or more of the issued share capital of the Company are set out below:

<b>Shareholder</b>	<b>Number of A Ordinary Shares held</b>	<b>% of A Ordinary Shares held</b>
Public Investment Corporation	39 700 000	79.40
Sentio Capital Management	4 997 036	9.99
Mvunonala Asset Managers	2 500 000	5.00
	<b>47 200 000</b>	<b>94.40</b>

11.1.2 There has been no change in the controlling shareholder nor trading objects of RH Bophelo from the Listing to the Last Practicable Date, and other than the issues of additional A Ordinary Shares in terms of the AHC Acquisition, there will be no change in the controlling Shareholders in RH Bophelo as a result of the Acquisitions.

11.1.3 The Management Company holds the B Share (100% of the B Share) both before and after the Listing and remains unaffected by the Acquisitions.

### 11.2 Material changes

There have been no material changes in the financial or trading position of RH Bophelo, VPHEM, VPHEM, VPHEM, VPH HoldCo, Athlio, FenetiQ, Fezinet, Licence HoldCo and AHC since 31 August 2017, being the most recent interim period of RH Bophelo, until the Last Practicable Date.

### 11.3 Prospects

The Directors believe that the RH Bophelo, including the Acquisitions, has good prospects, based on numerous investment opportunities and on sector dynamics, spurred on by current market conditions.

#### **Limited access to financing for new entrants**

As a result of the South African Government's policy to issue hospital licences mainly to historically disadvantaged individuals, most licence holders find it difficult to raise the equity required to access further financing. This lack of financing has also led to sub-optimal hospitals being built and presents an opportunity for the Company to partner with the licence holders to invest the equity required.

#### **Licensing**

- Hospital licences are predominantly being issued to historically disadvantaged individuals in an effort to not only empower them, but to curb the continued domination of this part of the healthcare sector by the Big 3. This has led to the increase in the number of independently owned hospitals.
- The drive by government to issue hospital licences to entities other than the listed hospital groups has led to a situation where many parties (mostly historically disadvantaged) are holding licences, but cannot raise the finance to fund projects.
- The Company, by virtue of its fully empowered structure, is perfectly placed to take advantage of government's licensing initiative and through the Listing will be able to fund and implement on its strategy.

#### **Relationship with the Razorite Healthcare and Rehabilitation Fund and RH Managers**

- The Razorite Healthcare and Rehabilitation Fund is the leading institution in South Africa whose sole mandate is provide equity to finance the construction of hospitals. The Razorite Healthcare and Rehabilitation Fund's mandate does, however, limit it in terms of the type of opportunities it

can invest in and thus there is an opportunity for the Company to invest in these assets as well as other co-investment opportunities.

- The Management Company has built a reputation with various Departments of Health, projects sponsors and licence holders which has led to the ease with which it finds investment opportunities.
- To this end, the Company will not require to invest much time nor resources to build a project pipeline. Furthermore, the Company will leverage off the Management Company, RH Managers, the Razorite Healthcare and Rehabilitation Fund's reputation, experience and the Company and Management Company's BEE status to access pipeline and public financing for these opportunities.

### **Consolidation of independent hospitals and smaller groups**

- A structural change occurred in the South African private health sector when a ruling by the Competition Tribunal in 2004 prohibited collective bargaining between various players. More specifically, this ruling prohibited the HASA, the BHF and the SAMA from negotiating prices collectively on behalf of their respective members.
- The consequences are that the big hospital groups now negotiate rates separately with medical aid schemes. This is a disadvantage to the independent smaller hospital groups and thus creates an appealing case for consolidation among the smaller hospital groups.
- There is an opportunity for the Company to consolidate fragmented players in the healthcare sector through:
  - The acquisition of operating assets;
  - The financing of brownfield projects; and
  - Funding of expansion projects.
- Hospital operators in a consolidated healthcare group will benefit from the following:
  - An integrated IT system which will come at a much lower cost per bed than would be the case if the system was procured individually;
  - Bulk procurement of equipment, consumables and other inputs which would increase the profit margins; and
  - Increased bargaining power with the medical schemes as is the case for the listed hospital groups.

### **NHI**

While the South African Government's intervention poses regulatory risk, it also presents a good outlook for investors in healthcare infrastructure. The implementation of the NHI will lead to a large portion of the currently medically uninsured gaining access to private healthcare facilities. The Company has the opportunity to invest in healthcare infrastructure and be in a position to meet this anticipated increase in demand for healthcare facilities.

### **Other prospects**

A number of industries are linked to the healthcare sector which gives the Company the opportunity to invest in either related sectors or in upstream and downstream sectors which include:

- Healthcare products manufacturing;
- Pharmaceuticals;
- Healthcare related financial services;
- Health professionals training schools; and
- Waste management infrastructure.

### **The Acquisitions**

The Directors believe the Acquisitions form the basis for RH Bophelo's stated strategy and is continually developing its healthcare pipeline.

## 11.4 Strategy

The Company's strategy is to create the premier healthcare group by leveraging off its BEE credentials and the Management Company's established network and market position as the go to providers of equity for healthcare projects.

The Company will invest in operating hospitals, brownfield projects (where licenses are in place and the businesses are no more than 12 months from cash flows) 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 sale will be expertly managed and will further ensure that there is an appropriate balance between dividends returned to Shareholders (current income) and the need for re-investment such that investors can benefit from additional capital appreciation.

**The strategy will be implemented in a 3 (three) pronged approach as follows:**

### **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. Where co-investors cannot invest because of structural restrictions, the Company may invest on its own. 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.

### **Investment in brownfield projects**

The Company will invest in brownfield hospital projects (or co-invest) with opportunities to further develop and consolidate to enhance value and support longer-term income and capital growth. The Company will insist on the securing of licences and land by the project sponsors to ensure commitment and alignment of interests.

### **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 the Company and the Management Company see value and can generate returns to Shareholders.

**The Company will seek investment opportunities from the following sources:**

- The Company and Management Company's project pipeline;
- Sponsors, advisors and investment banks that independently approach the Company; and
- Projects that the RH Managers finds that do not fall under the Razorite Healthcare and Rehabilitation Fund's mandate.

### **Portfolio risk and pipeline**

The Company defines its portfolio risk as the risk that the combination of its investments will fail to meet the Company's financial objectives. 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. The Company will follow its stated strategy as mentioned above and seeks investments that will generate solid returns for Shareholders and fit RH Bophelo's mandate.

The Company believes that the Acquisitions are in line with the Company's mandate, objectives and its strategy (per the above) and given that the Company has not used the entire or a significant amount of the capital raised on Listing to acquire a single asset(s), which may or may not achieve the Company's objectives, and along with the pipeline presented below, the Company believes that it has, and will, continue to achieve an adequate spread of portfolio risk.

The Company intends to use the Residual Capital to invest in its pipeline of potential acquisitions as detailed below:

	<b>Total equity investment</b>	<b>No. of beds</b>	<b>No. of hospitals</b>	<b>Description</b>
Investment 1	R350 million	500	3	A hospital group that operates three hospitals in the North West province. It has a total of 500 beds and plans to build two more hospitals.
Investment 2	R100 million	1 417	9	A hospital group that operates in various townships in SA, with the aim of providing affordable healthcare through private hospitals to previously disadvantaged communities.
Investment 3	R250 million	4 154	13	A group with a network of rehabilitation facilities across South Africa.
Investment 4	R100 million	n/a	8	A primary healthcare group which operates 3 business units, Medical Centres, Optical Services and In Vitro Fertilisation (IVF) Fertility Clinics.
Investment 5	R150 million	125	1	A 125 bed private hospital, alongside other licences that are still to be developed in Mpumalanga.
<b>Total</b>	<b>R950 million</b>	<b>6 196</b>	<b>34</b>	

It is RH Bophelo's intention, subject to market and other conditions, to conclude acquisitions of the target pipeline as soon as possible.

### 11.5 Liquidity and spread requirements

RH Bophelo is committed to creating further liquidity in its A Ordinary Shares and the Directors have and will continue to make this a targeted priority. It is RH Bophelo's intention to implement a liquidity plan through one or a combination of the following:

- Discussions to be held with current Shareholders in order to assess ways in which current Shareholders may look to dispose some of their existing A Ordinary Shares under the right circumstances.
- The Directors currently hold ~5% of the A Ordinary Shares. The Directors will also look to sell their A Ordinary Shares at the end of their six-month lock-up under the right circumstances.
- Undertake a roadshow to engage with new investors/prospective shareholders with a view of issuing new A Ordinary Shares to fund future acquisitions.
- RH Bophelo will look to conclude future deals through the issue of new A Ordinary Shares to the vendors.
- By any other means as may arise during the implementation of RH Bophelo's liquidity plan.

### 11.6 Material borrowings

As at the Last Practical Date, no material borrowings have been made to RH Bophelo or any of their subsidiaries and no loan capital is currently outstanding. As at the Last Practical Date, no material borrowings have been made to VPHET, VPHPT, VPHT, VPH HoldCo, Athlio, FenetiQ, Fezinet, Licence HoldCo and AHC and there has been no material change in borrowings since their respective financial reporting dates until the Last Practicable Date.

### 11.7 Material contracts

Other than the Acquisition Agreements, there have been no material contracts entered into either verbally or in writing by RH Bophelo, VPHEt, VPHPT, VPHT, VPH HoldCo, Athlio, FenetiQ, Fezinet, Licence HoldCo and AHC, being restrictive funding arrangements and/or a contract entered into otherwise than in the ordinary course of the business carried on or proposed to be carried on by RH Bophelo, VPHEt, VPHPT, VPHT, VPH HoldCo, Athlio, FenetiQ, Fezinet, Licence HoldCo and AHC within the 2 (two) years preceding the date of this Circular, or concluded at any time, and which contain an obligation or settlement that is material to RH Bophelo at the date of this Circular.

### 11.8 Acquisition of material assets

No material assets have been acquired by the RH Bophelo during the last 3 (three) years preceding the date of this Circular.

## 12. WORKING CAPITAL STATEMENT

The Directors are of the opinion that the working capital available to the RH Bophelo is sufficient for RH Bophelo's present working capital requirements and will, post-implementation of the Acquisitions and assuming the proposed resolution regarding the use and retention of the Residual Capital is adopted, be adequate for at least 12 (twelve) months from the date of issue of this Circular.

## 13. LITIGATION STATEMENT

There are no legal or arbitration proceedings (including any such proceedings that are pending or threatened) of which RH Bophelo is aware, which may have or have, over the previous 12 (twelve) months, had a material effect on the financial position of RH Bophelo or VPHEt, VPHPT, VPHT, VPH HoldCo, Athlio, FenetiQ, Fezinet, Licence HoldCo and AHC.

## 14. EXPENSES

The estimated costs of preparing and distributing this Circular and all its annexures, holding the General Meeting and implementing the Acquisitions, including the fees payable to professional advisors, are approximately R2.6 million, excluding Value Added Tax, and include the following:

<b>Expenses</b>	<b>R'000</b>
Transaction advisors	800
Legal advisors	752
Sponsor	250
Reporting accountants	555
Printing, publication and distribution costs	112
JSE documentation and inspection fee	45
JSE listing fees	39
Transfer Secretaries	10
STRATE	10
Contingency	50
<b>Total</b>	<b>2 623</b>

**Note:**

Other than as set out above and below, RH Bophelo has incurred no preliminary expenses in relation to the Acquisitions during the 3 (three) years preceding this Circular. VPHEt, VPHPT, VPHT, VPH HoldCo, Athlio, FenetiQ, Fezinet, Licence HoldCo and AHC have incurred no preliminary expenses during the 3 (three) years preceding this Circular.

The total costs of the Listing, which were disclosed in the Pre-listing statement dated 5 July 2017, amounted to approximately R12.6 million (*excluding VAT*), are detailed in the table below:

	<b>R'000</b>
Transaction Advisor – Third Way Investment Partners	1 500
Transaction Advisor – BSM	1 500
Capital raise fee – Third Way Investment Partners	7 500
Sponsor	380
Legal and CIPC fees	700
Printing, publication, distribution and advertising expenses	100
JSE documentation fees	36
JSE listing fees	182
Transfer Secretaries	28
Auditors and Independent Reporting Accountants	240
Company secretary	280
Contingency	150
<b>Total</b>	<b>12 596</b>

## 15. DIRECTORS' RECOMMENDATION

- 15.1 The Directors have considered the terms and conditions of the Acquisitions and are of the opinion that the Acquisitions are in the interests of Shareholders.
- 15.2 The Directors recommend that Shareholders vote in favour of the resolutions to be proposed at the General Meeting, as detailed in the Notice of General Meeting.
- 15.3 The Directors, in their personal capacities, intend to vote the A Ordinary Shares held by them in favour of the resolutions to be proposed at the General Meeting.

## 16. ADVISORS' CONSENTS

The parties referred to in the Corporate Information section of this Circular have consented in writing to act in the capacities stated and to their names being stated in the Circular and, in the case of the Independent Reporting Accountants, have consented to the inclusion of their reports, and to the references to their reports, in the form and context in which they appear, and have not withdrawn their consents prior to the publication of the Circular.

## 17. CONFLICTS OF INTEREST

Deloitte & Touche act as Sponsor and Auditor and Reporting Accountants to RH Bophelo. The following procedures are in place to manage/mitigate any conflicts:

Deloitte & Touche, as a strictly regulated entity, has compliance procedures in place and its Sponsor activities and Audit and Reporting Accountants activities are undertaken in separate departments and that effective Chinese Walls are in place between the Sponsor division and the Audit and Reporting Accountants department, which ensures that the Sponsor's independence and objectivity in relation to the Acquisition and its professional dealings with RH Bophelo are maintained.

## 18. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors, whose names are given in the Corporate Information section of this Circular, collectively and individually accept full responsibility for the accuracy of the information furnished relating to RH Bophelo and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made, and that this Circular contains all information required by law and the JSE Listings Requirements.

## 19. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents, or copies thereof, will be available for inspection by Shareholders during normal business hours at RH Bophelo's registered office and at the offices of the Sponsor, the details of which are provided in the Corporate Information section of this Circular, from Friday, 23 February 2018 until Tuesday, 27 March 2018 (both days inclusive):

- 19.1 the Current MOI and Revised MOI of RH Bophelo;
- 19.2 JSE ruling letter;
- 19.3 the MOI of the Management Company;
- 19.4 Independent Reporting Accountant's report on the *pro forma* financial information, as reproduced in **Annexure 2** of this Circular;
- 19.5 the Acquisition Agreements;
- 19.6 Independent Reporting Accountant's report on the historical financial information of VPH HoldCo, Athlio, FenetiQ, Fezinet and Licence HoldCo on incorporation and the combined VPHET, VPHPT and VPHT and *Pro Forma* VPHET, VPHPT and VPHT as reproduced at in **Annexure 3 to 6** of this Circular;
- 19.7 Independent Reporting Accountant's report on the historical financial information of AHC as reproduced at in **Annexure 7** of this Circular;
- 19.8 the financial statements of VPH HoldCo, Athlio, FenetiQ, Fezinet and Licence HoldCo on incorporation and the combined VPHET, VPHPT and VPHT and *Pro Forma* VPHET, VPHPT and VPHT for the last 3 (three) financial years, being the financial year ended 30 June 2017, 30 June 2016 and 30 June 2015;
- 19.9 the audited annual statements of AHC for the last 3 (three) financial years, being the financial year ended 30 June 2017, 30 June 2016 and 30 June 2015;
- 19.10 the reviewed interim financial statement for the period ending 30 September 2017;
- 19.11 the written consent letters by experts and advisers as referred to in paragraph 16 of the Circular;
- 19.12 the Management Agreement;
- 19.13 The employment agreements of the executive Directors; and
- 19.14 a copy of this Circular and all applicable annexures.

**SIGNED AT MELROSE ARCH ON WEDNESDAY, 14 FEBRUARY 2018 ON BEHALF OF ALL THE DIRECTORS OF RH BOPHELO, AS LISTED BELOW, IN TERMS OF THE ROUND ROBIN RESOLUTIONS SIGNED BY SUCH DIRECTORS**

## PRO FORMA FINANCIAL INFORMATION OF RH BOPHELO

The definitions and interpretations commencing on page 6 of the Circular have been used throughout this **Annexure 1**.

The *pro forma* financial information of RH Bophelo ("**Pro forma Financial Information**") has been prepared for illustrative purposes only and because of its nature may not fairly present RH Bophelo's financial position, changes in equity and results of operations or cash flows. The *Pro forma* Financial Information is based on the un-reviewed interim financial information of RH Bophelo as at, and for the period ended 31 August 2017, as presented in the interim financial statements of RH Bophelo.

The *Pro forma* Financial Information has been prepared to illustrate the impact of the Acquisitions on the historical financial information of RH Bophelo on the assumption that the Acquisitions occurred on 1 March 2017 for statement of comprehensive income purposes and on 31 August 2017 for statement of financial position purposes.

The *Pro forma* Financial Information has been prepared using the accounting policies of RH Bophelo which comply with IFRS and are consistent with those applied in the historical financial information. The *Pro forma* Financial Information is the responsibility of the Directors.

The *Pro Forma* Financial Information has been prepared using the most recent published financial results for the period ended 31 August 2017 in accordance with the JSE Listings Requirements and the guidelines issued by the South African Institute of Chartered Accountants.

Deloitte's independent reporting accountants' report on the *Pro forma* Financial Information is set out in **Annexure 2** to this Circular.

### Statement of comprehensive income

	<b>RH Bophelo for the period ended 31 August 2017 Unaudited Note 1</b>	<b>Vryburg acquisition Note 2</b>	<b>AHC acquisition Note 3</b>	<b>Transaction costs Note 4</b>	<b>Pro forma after the transaction</b>
Administrative and other operating expenditure	R(965 911)			R(2 622 364)	R(3 588 275)
Finance income	R6 606 885	R319 200			R6 926 085
<b>Profit before taxation</b>	<b>R5 640 974</b>	<b>R319 200</b>	<b>R0</b>	<b>R(2 622 364)</b>	<b>R3 337 810</b>
Taxation	R0				R0
<b>Profit for period</b>	<b>R5 640 974</b>	<b>R319 200</b>	<b>R0</b>	<b>R(2 622 364)</b>	<b>R3 337 810</b>
Other comprehensive income	R0				R0
Total comprehensive profit for the period	<b>R5 640 974</b>	<b>R319 200</b>	<b>R0</b>	<b>R(2 622 364)</b>	<b>R3 337 810</b>
Weighted average number of A Ordinary Shares in issue	13 858 696		1 126 126		14 984 822
<b>Basic and diluted profit per A Ordinary Share</b>	<b>R0.41</b>				<b>R0.22</b>

**Notes:**

1. Represents the historical statement of comprehensive income of RH Bophelo, which has been extracted, without adjustment, from the un-reviewed interim statement of comprehensive income for the six months ended 31 August 2017.
2. In terms of the VPH Loan Agreement, Operating Entity will advance VPH Doctors SPV an amount of R4.5 million at the Prime Rate plus 4% over a 12 month term. The interest has been calculated for the 6 month period ending 31 August 2017.
3. Additional A Ordinary Shares to be issued in terms of the AHC Acquisition, being R12.5 million in A Ordinary Shares issued to the shareholders of AHC at R11.10 per A Ordinary Share, which represents RH Bophelo's 30 day VWAP, up to and including 20 November 2017 (used as an indicative date given that the 30 day VWAP will be calculated at a future date. An indicative range is between 1 086 957 and 1 250 000 new A Ordinary Shares), being the date of signature of the AHC Acquisition Agreements. No further statement of comprehensive income adjustments required for the VPH Acquisition.
4. Transaction costs are based on amounts agreed to by service providers.
5. All adjustments with the exception of transaction costs are expected to have a continuing impact.
6. The Acquisitions have been accounted for at fair value, based on the requirements of IFRS 10:31, as RH Bophelo is an investment entity as defined, in that RH Bophelo i.) has obtained its funds from more than one investor for the purpose of providing these investors with investment management services by way of the Management Company; ii.) has committed to its investors that its business purpose is to invest returns from capital appreciation, investment income, or both; iii.) measures and evaluates the performance of substantially all of its investments on a fair value basis. As a result of meeting the investment entity definition, RH Bophelo has not consolidated the Acquisitions.
7. The Headline profit per A Ordinary Share as at 31 August 2017 was R0.41 and following the acquisitions is R0.22.
8. VPJET, VPHPT, VPHT have been audited by BDO for the period ending 30 June 2017 with no modifications. The combined historical financial information of the businesses of VPJET, VPHPT and VPHT have been audited and have been incorporated by reference and made available for inspection with the reporting accountant's report disclosed in **Annexure 3**. AHC financial statements have been audited by Deloitte & Touche for the period ending 31 March 2017 with no modifications and reviewed for the period ending 30 September 2017.
9. The decline in 45.3% is not a fair representation and is a result of the nature of the *pro forma* adjustments required to be made. The results as at August 2017 already capture interest earned on the escrow account and due to the fact that the Acquisitions were concluded at fair value, there is no fair value adjustment reflected. As a result, the only additional items to be included as part of these *pro formas* is the marginal interest potentially to be earned in terms of the VPH Loan Agreement and the transaction costs which leads to the significant decline in earnings and headline earnings per A Ordinary Share. Following the conclusion of the Acquisitions, RH Bophelo believes that they will be able to add significant value and as a result these businesses will grow leading to enhanced earnings and headline earnings per A Ordinary Share.

## Statement of financial position

	RH Bophelo as at 31 August 2017 Unaudited Note 1	Investment in Licence HoldCo Note 2	Vryburg acquisition Note 3	AHC acquisition Note 4	Transaction costs Note 5	Pro forma after the transaction
<b>Current assets</b>						
Cash and cash equivalents	R493 841 039	R(76)	R(28 780 000)	R(50 000 000)	R(2 622 364)	R412 438 599
<b>Non-current assets</b>						
Investments		R76	R24 300 000	R62 500 000		R86 800 076
Loan receivable			R4 480 000			R4 480 000
<b>Total assets</b>	<b>R493 841 039</b>	<b>R0</b>	<b>R0</b>	<b>R12 500 000</b>	<b>R(2 622 364)</b>	<b>R503 718 675</b>
<b>EQUITY AND LIABILITIES</b>						
Share capital	R487 577 373			R12 500 000		R500 077 373
Retained profit	R5 640 974				R(2 622 364)	R3 018 610
<b>Total equity</b>	<b>R493 218 347</b>		<b>R0</b>	<b>R12 500 000</b>	<b>R(2 622 364)</b>	<b>R503 095 983</b>
<b>Current liabilities</b>						
Other payables	R622 692					R622 692
<b>Total equity and liabilities</b>	<b>R493 841 039</b>		<b>R0</b>	<b>R12 500 000</b>	<b>R(2 622 364)</b>	<b>R503 718 675</b>
Number of A Ordinary Shares in issue	50 000 000			1 126 126		51 126 126
<b>Net asset value per A Ordinary Share</b>	<b>R9.86</b>					<b>R9.84</b>
<b>Net tangible asset value per A Ordinary Share</b>	<b>R9.86</b>					<b>R9.84</b>

### Notes:

- Represents the historical statement of financial position of RH Bophelo, which has been extracted, without adjustment, from the un-reviewed interim statement of financial position as at 31 August 2017.
- This represents the acquisition of 100% of the equity in Licence Holdco for a subscription value of R100. Licence Holdco is a shelf company that will be used as the entity to hold the hospital operating licence at a future date. The purpose of this is to hold the licence in a separate ring-fenced vehicle, however, the acquisitions are not contingent on the licence being held in Licence Holdco.
- The VPH Acquisition has been measured at its acquisition price of R24.3 million per the VPH Acquisition Agreements. This includes the fair value of the operating licence of R1.0 million as discussed in note 2 above. This represents fair value and is being settled from existing cash resources. In terms of the VPH Loan Agreement, Operating Entity will advance VPH Doctors SPV an amount of R4.5 million at the Prime Rate plus 4% over a 12 month term.
- The AHC Acquisition has been measured at its acquisition price of R62.5 million per the AHC Acquisition Agreements. This represents fair value and is being settled from existing cash resources of R50 million and through the issue of additional A Ordinary Shares to the value of R12.5 million to the shareholders of AHC at R11.10 per A Ordinary Share, which represents RH Bophelo's 30 day VWAP, up to and including 20 November 2017, being the date of signature of the AHC Acquisition Agreements.
- Transaction costs are based on amounts agreed to by service providers.
- Fair value estimation of Acquisitions:

The descriptions and table below analyses the assets carried at fair value by valuation method. The different levels have been defined as follows:

- Level 1:** Fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets.
- Level 2:** Fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset, either directly (i.e. as prices) or indirectly (i) a derived from prices). The fair value of financial instruments that are not traded in an active market (for example, derivatives such as interest rate swaps, foreign exchange contracts and certain options) is determined through valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable then the instrument is included in level 2.
- Level 3:** Fair value measurements are those derived from valuation techniques that include inputs for the asset that are not based on observable market data (unobservable inputs).

Assets	Level 1	Level 2	Level 3	Total
<b>At 1 March 2017</b>				
Investments	–	–	–	–
<b>At 31 August 2017</b>				
Investments	–	–	R 86 800 076	<b>R 86 800 076</b>

RH Bophelo's assets were valued at 31 August 2017 using the internally generated discounted cash flow valuation technique. This model incorporates estimates defined as unobservable inputs (level 3 inputs) as per the fair value hierarchy defined in IFRS 13. Valuation techniques and key inputs used to measure significant level 3 fair values include:

Valuation technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs
Discounted cash-flow	Growth in revenue	4% – 10%	The higher the growth in revenue the higher the fair value
	EBITDA margin	5% – 11%	The higher the EBITDA margin the higher the fair value
	Growth in perpetuity	2% – 6%	The higher the growth in perpetuity the higher the fair value
	Discount rate	15% – 19%	The higher the discount rate the lower the fair value

7. There are no other subsequent events that require adjustments to the *pro forma* financial information.
8. The Acquisitions have been accounted for at fair value, based on the requirements of IFRS 10:31, as RH Bophelo is an investment entity as defined, in that RH Bophelo i.) has obtained its funds from more than one investor for the purpose of providing these investors with investment management services by way of the Management Company; ii.) has committed to its investors that its business purpose is to invest returns from capital appreciation, investment income, or both; iii.) measures and evaluates the performance of substantially all of its investments on a fair value basis. As a result of meeting the investment entity definition, RH Bophelo has not consolidated the Acquisitions.
9. VPHET, VPHPT, VPHT have been audited by BDO for the period ended 30 June 2017 with no modifications. The combined historical financial information of the businesses of VPHET, VPHPT and VPHT have been audited and have been incorporated by reference and made available for inspection with the reporting accountant's report disclosed in **Annexure 3**. AHC financial statements have been audited by Deloitte & Touche for the period ended 31 March 2017 with no modifications and reviewed for the period ending 30 September 2017.
10. A contingent liability would arise as the result of the "agterskot" as further detailed in paragraph 2.7 of this Circular.
11. The decline of 0.2% is a result of the Acquisitions being held at their fair value, being the purchase consideration paid (as a result no fair value adjustments have been made) and the inclusion of transaction costs. Due to the nature of the *pro forma* adjustments required to be made, the primary movement relates to the transaction costs incurred which are processed to retained earnings and have an effect on net asset and net tangible asset value per A Ordinary Share. RH Bophelo believes that following the conclusion of the Acquisitions they will be able to add significant value and as a result these businesses will grow leading to enhanced net asset and net tangible asset value per A Ordinary Share.

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## INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON THE *PRO FORMA* FINANCIAL INFORMATION

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The Directors  
RH Bophelo Limited  
3rd floor  
18 Melrose Boulevard  
Melrose Arch  
Melrose North  
Johannesburg  
2076

**Dear Sirs**

### **INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF *PRO FORMA* FINANCIAL INFORMATION INCLUDED IN A CIRCULAR**

We have completed our assurance engagement to report on the compilation of *pro forma* financial information of RH Bophelo Limited by the directors. The *pro forma* financial information, as set out in paragraph 8 and **Annexure 1** of the circular ("the circular"), to be dated Friday, 23 February 2018, consists of *pro forma statement of comprehensive income and a pro forma statement of financial position* and related notes. The *pro forma* financial information has been compiled on the basis of the applicable criteria specified in the JSE Limited (JSE) Listings Requirements.

The *pro forma* financial information has been compiled by the directors to illustrate the impact of the corporate action or event, described in *Paragraph 2* of the circular, on the company's financial position as at 31 August 2017, and the company's financial performance for the period then ended, as if the corporate action or event had taken place at 1 March 2017, being the commencement date of the financial period for the purposes of the statement of comprehensive income and at 31 August 2017, being the last day of the financial period for the purposes of the statement of financial position. As part of this process, information about the company's *financial position* and *financial performance* has been extracted by the directors from the company's financial statements for the period ended 31 August 2017.

#### *Directors' Responsibility for the Pro Forma Financial Information*

The directors are responsible for compiling the *pro forma* financial information on the basis of the applicable criteria specified in the JSE Listings Requirements and described in *Paragraph 8* and **Annexure 1** of the circular.

#### **Quality control**

The firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

#### **Independence and other ethical requirements**

We have complied with the independence and other ethical requirements of the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code), which is consistent with Parts A and B of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, and is founded on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

#### *Reporting Accountant's Responsibility*

Our responsibility is to express an opinion about whether the *pro forma* financial information has been compiled, in all material respects, by the directors on the basis specified in the JSE Listings Requirements based on our procedures performed. We conducted our engagement in accordance with the International

Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* <which is applicable to an engagement of this nature>. This standard requires that we comply with ethical requirements and plan and perform our procedures to obtain reasonable assurance about whether the *pro forma* financial information has been compiled, in all material respects, on the basis specified in the JSE Listings Requirements.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the *pro forma* financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the *pro forma* financial information.

As the purpose of *pro forma* financial information included in a prospectus is solely to illustrate the impact of a significant corporate action or event on unadjusted financial information of the entity as if the corporate action or event had occurred or had been undertaken at an earlier date selected for purposes of the illustration, we do not provide any assurance that the actual outcome of the event or transaction at 31 August 2017 would have been as presented.

A reasonable assurance engagement to report on whether the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used in the compilation of the *pro forma* financial information provides a reasonable basis for presenting the significant effects directly attributable to the corporate action or event, and to obtain sufficient appropriate evidence about whether:

- The related *pro forma* adjustments give appropriate effect to those criteria; and
- The *pro forma* financial information reflects the proper application of those adjustments to the unadjusted financial information.

Our procedures selected depend on our judgment, having regard to our understanding of the nature of the company, the corporate action or event in respect of which the *pro forma* financial information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the *pro forma* financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Opinion*

In our opinion, the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria specified by the JSE Listings Requirements and described in *Paragraph 8* and **Annexure 1** of the circular.

**Deloitte & Touche**  
*Registered Auditor*

*Deloitte & Touche*  
*Registered Auditors*  
Per: **Patrick Ndlovu**  
*Partner*

15 February 2018

Deloitte Place  
The Woodlands  
20 Woodlands Drive  
Woodmead  
Sandton  
2196

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## INDEPENDENT REPORTING ACCOUNTANT'S AUDIT REPORT ON THE COMBINED HISTORICAL FINANCIAL INFORMATION OF THE BUSINESSES OF VPHET, VPHT, VPHT FOR THE TWO YEARS ENDED 30 JUNE 2017 AND 2016

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The Directors  
R H Bophelo Limited  
3rd Floor  
18 Melrose Boulevard  
Melrose Arch  
Thursday, 15 February 2018

Dear Sirs

### INDEPENDENT REPORTING ACCOUNTANT'S AUDIT REPORT ON THE COMBINED HISTORICAL FINANCIAL INFORMATION OF THE BUSINESSES OF:

- Vryburg Private Hospital Property Trust ("VPHPT");
- Vryburg Private Hospital Trust ("VPHT");
- Vryburg Private Hospital Equipment Trust ("VPHET")

for the TWO years ended 30 June 2017 and 2016

#### Introduction

At your request, we present our Reporting Accountant's Report on the combined Historical Financial Information of the business assets and assumed liabilities (the subject matter of the acquisition in the Circular, hereinafter referred to as the businesses) of Vryburg Private Hospital Property Trust ("VPHPT"), the Vryburg Private Hospital Trust ("VPHT"), and the Vryburg Private Hospital Equipment Trust ("VPHET") for the two years ended 30 June 2017 and 2016, (the 'Historical Financial Information') for inclusion in the Circular to shareholders to be dated Friday, 23 February 2018 ("the **Circular**"). This report is required for the purposes of complying with Section 8.48 of the Listings Requirements of the JSE Limited (the "**JSE Listings Requirements**") (the 'Listings Requirements') and is given for the purpose of complying with those requirements and for no other purpose. We are the independent auditors of the Vryburg Private Hospital Property Trust ("VPHPT"), the Vryburg Private Hospital Trust ("VPHT"), and the Vryburg Private Hospital Equipment Trust ("VPHET").

To the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with the Listings Requirements and consenting to its inclusion in the Circular.

#### Opinion on the historical financial information for the years ended 30 June 2017 and 30 June 2016

The historical financial information in respect of the years ended 30 June 2017 and 30 June 2016 comprises of the combined statements of financial position of the businesses of the Vryburg Private Hospital Property Trust ("VPHPT"), the Vryburg Private Hospital Trust ("VPHT"), and the Vryburg Private Hospital Equipment Trust ("VPHET") as at 30 June 2017 and 2016, and their combined statements of financial performance and their combined statements of cash flows for the two years ended 30 June 2017 and 2016, and the notes, comprising a summary of significant accounting policies and other explanatory information, incorporated by way of reference in the Circular.

The historical financial information was prepared in accordance with the requirements of the JSE Listings Requirements, and in accordance with the basis of preparation paragraph included as note 1 in the combined Historical Financial Information. The JSE Listings Requirements require the historical financial information to be prepared in accordance with the conceptual framework, the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and also, as a minimum, to be presented and contain the disclosures required by the JSE Listings Requirements.

In our opinion, the historical financial information fairly presents, in all material respects the combined historical financial position of VPHET, VPHPT and VPHT as at 30 June 2017 and 30 June 2016, and its financial performance and cash flows for the years then ended in accordance with the JSE Listings Requirements and in accordance with the basis of preparation paragraph included as note 1 in the combined historical financial information, and as set out in notes to the historical financial information.

## Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the historical financial information section of our report. We are independent of the trusts in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Historical Financial Information. These matters were addressed in the context of our audit of the Historical Financial Information as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters noted below relate to the Historical Financial Information.

Key audit matter	How our audit addressed the key audit matter
<p><b>Related party balances and transactions</b></p> <p>The historical financial information in respect of the years ended 30 June 2017 and 30 June 2016 comprises of the combined statements of financial position of the businesses of the Vryburg Private Hospital Property Trust (“<b>VPHPT</b>”), the Vryburg Private Hospital Trust (“<b>VPHT</b>”), and the Vryburg Private Hospital Equipment Trust (“<b>VPHET</b>”) as at 30 June 2017 and 2016, and their combined statements of financial performance for the two years ended 30 June 2017 and 2016.</p> <p>Each of these three trusts transact with each other in their individual capacities as separate trading trusts in so far as VPHPT and VPHET receive rental income from VPHT for the use of their property and hospital equipment respectively, and the trusts in their individual capacities have balances owing to and from each other for these transactions, which amounts bear interest.</p> <p>The preparation of combined historical financial information for these trusts in accordance with the consolidation principles set out in IFRS10 required that all these related party transactions and balances be eliminated.</p>	<p>Our procedures included amongst others:</p> <ul style="list-style-type: none"> <li>• We agreed all related party transactions and balances with each counter party, and ensured that all these transactions and balances were eliminated in the preparation of the combined historical financial information.</li> <li>• Ensured that nature and amounts of related party transactions were reasonable when comparing to the prior year and with using our knowledge of the business.</li> <li>• Confirmed that none of our procedures performed throughout the audit provided any evidence that the related party schedule of transactions is incomplete</li> <li>• Ensured that the related party transactions were disclosed in the historical financial information in accordance with International Financial Reporting Standards.</li> </ul>

## Other information in the Circular

As required by paragraph 8.53 of the JSE Listings Requirements, we have read the circular in which the historical financial information is contained, for the purpose of identifying whether there are material inconsistencies between the circular and the historical financial information which has been subject to audit or review. The circular is the responsibility of the directors. Based on reading the circular we have not identified

material inconsistencies between this report and the historical financial information which has been subject to audit or review. However, we have not audited or reviewed the circular and accordingly do not express an audit opinion or review conclusion on it.

### **Directors' and Trustees Responsibility for the Historical Financial Information for the years ended 30 June 2017 and 30 June 2016**

The directors of R H Bophelo Limited are responsible for the compilation, contents and preparation of the Circular including the combined Historical Financial Information in accordance with the Listings Requirements. The trustees are responsible for the preparation of the combined historical financial information, for the year ended 30 June 2017 and 30 June 2016, in accordance with the requirements of the JSE Listings Requirements, and in accordance with the basis of preparation specified in note 1 in the combined historical financial information, and for such internal control as they determine is necessary to enable the preparation of combined historical financial information that is free from material misstatement, whether due to fraud or error.

The JSE Listings Requirements require the historical financial information in respect of each annual period to be prepared in accordance with the conceptual framework, the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and also, as a minimum, to be presented and contain the disclosures required by the JSE Listings Requirements.

In preparing the historical financial information, the trustees are responsible for assessing the businesses' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the businesses or to cease operations, or have no realistic alternative but to do so.

### **Auditor's Responsibility for the audit of the historical financial information for the year ended 30 June 2017 and 30 June 2016**

Our objectives are to obtain reasonable assurance that the historical financial information for the years ended 30 June 2017 and 30 June 2016 fairly present, in all material respects, the combined historical financial position of VPHET, VPHPT and VPHT as at 30 June 2017 and 30 June 2016, and its financial performance and cash flows for the year then ended in accordance with the JSE Listings Requirements and in accordance with the basis of preparation paragraph included in the combined historical financial information, as set out in notes to the historical financial information. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the historical financial information.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the businesses' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the businesses' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the combined financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the businesses to cease to continue as a going concern.

We communicate with the trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the trustees with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

### **Emphasis of matter – Basis of Accounting**

We draw attention to the Note 1 to the combined Historical Financial Information of the businesses of the Vryburg Private Hospital Property Trust (“**VPHT**”), the Vryburg Private Hospital Trust (“**VPHT**”), and the Vryburg Private Hospital Equipment Trust (“**VPHET**”), which describe the basis of accounting, and in particular the basis upon which the financial position of the businesses of these three trusts as at 30 June 2016 and 2017, and their financial performance and their cash flows for the two years ended 30 June 2016 and 2017 has been combined. We also draw attention to the fact that this combined Historical Financial Information has been prepared specifically to meet the requirements of the JSE Listing Requirements in respect of this Circular to shareholders and may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

### **Consent**

We consent to the inclusion of this report, which will form part of the *circular* to the shareholders of RH Bophelo to be issued on or about Friday, 23 February 2018, in the form and context in which it appears.

### **BDO South Africa Incorporated**

Per: **Stephen Shaw**

Director

Registered Auditor

Reporting Accountant Specialist

Date: Thursday, 15 February 2018

22 Wellington Road, Parktown, 2193

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## INDEPENDENT REPORTING ACCOUNTANT'S REVIEW REPORT ON THE COMBINED HISTORICAL FINANCIAL INFORMATION OF THE BUSINESSES OF VPHET, VPHT, VPHT FOR THE YEAR ENDED 30 JUNE 2015

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The Directors  
R H Bophelo Limited  
3rd Floor  
18 Melrose Boulevard  
Melrose Arch  
Thursday, 15 February 2018

Dear Sirs

### Independent Reporting Accountant's REVIEW Report on THE combined Historical Financial Information of THE BUSINESSES OF:

- Vryburg Private Hospital Property Trust ("VPHPT");
- Vryburg Private Hospital Trust ("VPHT");
- Vryburg Private Hospital Equipment Trust ("VPHET")

### FOR THE YEAR ENDED 30 JUNE 2015

#### Introduction

At your request, we present our Reporting Accountant's Report on the combined Historical Financial Information of the business assets and assumed liabilities (the subject matter of the acquisition in the Circular, hereinafter referred to as the businesses) of the Vryburg Private Hospital Property Trust ("VPHPT"), the Vryburg Private Hospital Trust ("VPHT"), and the Vryburg Private Hospital Equipment Trust ("VPHET") for the year ended 30 June 2015, (the '**Historical Financial Information**') for inclusion in the Circular to shareholders to be dated Friday, 23 February 2018 ('**the Circular**'). This report is required for the purposes of complying with Section 8.48 of the Listings Requirements of the JSE Limited (the 'JSE Listings Requirements') (the 'Listings Requirements') and is given for the purpose of complying with those requirements and for no other purpose. We are the independent auditors of the Vryburg Private Hospital Property Trust ("VPHPT"), the Vryburg Private Hospital Trust ("VPHT"), and the Vryburg Private Hospital Equipment Trust ("VPHET").

To the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with the Listings Requirements and consenting to its inclusion in the Circular.

#### Directors' Responsibility for the Historical Financial Information for the year ended 30 June 2015

The directors of R H Bophelo Limited are responsible for the compilation, contents and preparation of the Circular including the combined Historical Financial Information in accordance with the Listings Requirements. These directors are also responsible for the preparation and fair presentation of the combined Historical Financial Information in accordance with the basis of preparation paragraph included in the combined Historical Financial Information, and in accordance with the JSE Limited Listings Requirements, and for such internal control as the trustees of these trusts determine is necessary to enable the preparation of the combined Historical Financial Information that is free from material misstatement, whether due to fraud or error.

#### Historical Financial Information subjected to review

We have reviewed the combined historical financial information of the Vryburg Private Hospital Property Trust ("VPHPT"), the Vryburg Private Hospital Trust ("VPHT"), and the Vryburg Private Hospital Equipment Trust ("VPHET") for the year ended 30 June 2015, incorporated by way of reference in the Circular to be dated on Friday, 23 February 2018, prepared in accordance with the basis of preparation paragraph

included in the combined Historical Financial Information, and in accordance with the JSE Limited Listings Requirements.

### **Responsibility of the Independent Reporting Accountants' on the combined Historical Financial Information for the year ended 30 June 2015**

Our responsibility is to express a review opinion on the combined Historical Financial Information for the year ended 30 June 2015 incorporated by way of reference in the Circular based on our audit.

We conducted our review of the financial information for the year ended 30 June 2015 in accordance with the International Standard on Review Engagements 2400.

This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial information for the year ended 30 June 2015 is free of material misstatement. A review is limited primarily to enquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit of the above mentioned financial information and, accordingly, we do not express an audit opinion thereon.

### **Review opinion on combined Historical Financial Information for the year ended 30 June 2015**

Based on our review, nothing has come to our attention that causes us to believe that the combined Historical Financial Information of the Vryburg Private Hospital Property Trust ("VPHPT"), the Vryburg Private Hospital Trust ("VPHT"), and the Vryburg Private Hospital Equipment Trust ("VPHET"), consisting of the combined statement of financial position of the businesses as at 30 June 2015, and their combined statement of financial performance and their combined statement of cash flows for the year then ended, incorporated by way of reference in the Circular, is not fairly presented, in all material respects, in accordance with the basis of preparation paragraph included in the combined Historical Financial Information, and in accordance with the JSE Limited Listings Requirements.

### **Emphasis of matter**

Without modifying our opinion and conclusion, we draw our attention to the Notes to the combined Historical Financial Information of the Vryburg Private Hospital Property Trust ("VPHPT"), the Vryburg Private Hospital Trust ("VPHT"), and the Vryburg Private Hospital Equipment Trust ("VPHET"), which describe the basis of accounting, and in particular the basis upon which the financial position of these three trusts as at 30 June 2015, and their financial performance and their cash flows for the year then ended has been combined.

We also draw attention to the fact that this combined Historical Financial Information has been prepared specifically to meet the requirements of the JSE Listing Requirements in respect of this Circular to shareholders and may not be suitable for another purpose.

### **Consent**

We consent to the inclusion of this report, which will form part of the *circular* to the shareholders of RH Bophelo to be issued on Friday, 23 February 2018, in the form and context in which it appears

### **BDO South Africa Incorporated**

Per: **Stephen Shaw**

Director

Registered Auditor

Reporting Accountant Specialist

Date: Thursday, 15 February 2018

22 Wellington Road, Parktown, 2193

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## INDEPENDENT REPORTING ACCOUNTANTS' AUDIT REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF VPH HOLDCO, ATHLIO, FENETIQ, FEZINET AND LICENCE HOLDCO AT 30 JUNE 2017

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The Directors  
R H Bophelo Limited  
3rd Floor  
18 Melrose Boulevard  
Melrose Arch  
Thursday, 15 February 2018

Dear Sirs

### INDEPENDENT REPORTING ACCOUNTANTS' AUDIT REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF:

- **“VPH HoldCo”**: K2015398208 (South Africa) Proprietary Limited (Registration number 2015/398208/07)
- **“Equipment Intermediary HoldCo”**: Athlio Proprietary Limited (Registration number 2016/485585/07)
- **“Property Intermediary HoldCo”**: Fenetiq Proprietary Limited (Registration number 2016/474935/07)
- **“Operations Intermediary HoldCo”**: Fezinet Proprietary Limited (Registration number 2015/310111/07)
- **“Licence HoldCo: Vryburg Private Hospital Holdco Proprietary Limited (RF) (Registration number 2017/474648/07)**

### Introduction

At your request, we present our Reporting Accountants' Report on the Historical Financial Information of **“VPH HoldCo”**: K2015398208 (South Africa) Proprietary Limited (Registration number 2015/398208/07), **“Equipment Intermediary HoldCo”**: Athlio Proprietary Limited (Registration number 2016/485585/07), **“Property Intermediary HoldCo”**: Fenetiq Proprietary Limited (Registration number 2016/474935/07), **“Operations Intermediary HoldCo”**: Fezinet Proprietary Limited (Registration number 2015/310111/07) and **“Licence HoldCo”**: Vryburg Private Hospital Holdco Proprietary Limited (RF) (Registration number 2017/474648/07), at 30 June 2017 (Licence Holdco at 25 October 2017, being its date of incorporation) (the **‘Historical Financial Information’**), for inclusion in the Circular to shareholders to be dated on Friday, 23 February 2018 (**‘the Circular’**). This report is required for the purposes of complying with Section 8.48 of the Listings Requirements of the JSE Limited (the **‘JSE Listings Requirements’**) (the **‘Listings Requirements’**) and is given for the purpose of complying with those requirements and for no other purpose. We are not the independent auditors of these entities.

To the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with the Listings Requirements and consenting to its inclusion in the Circular.

### Opinion on Historical Financial Information

The historical financial information comprises of the statements of financial position of the companies noted above at 30 June 2017 (Licence Holdco at 25 October 2017, being its date of incorporation), and the notes, comprising a summary of significant accounting policies and other explanatory information.

The historical financial information was prepared in accordance with the requirements of the JSE Listings Requirements. The JSE Listings Requirements require the historical financial information to be prepared in accordance with the conceptual framework, the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and also, as a minimum, to be presented and contain the disclosures required by the JSE Listings Requirements.

In our opinion, the Historical Financial Information of “VPH HoldCo”: K2015398208 (South Africa) Proprietary Limited (Registration number 2015/398208/07), “Equipment Intermediary HoldCo”: Athlio Proprietary Limited (Registration number 2016/485585/07), “Property Intermediary HoldCo”: FenetiQ Proprietary Limited (Registration number 2016/474935/07), “Operations Intermediary HoldCo”: Fezinet Proprietary Limited (Registration number 2015/310111/07) and “Licence HoldCo”: Vryburg Private Hospital Holdco Proprietary Limited (RF) (Registration number 2017/474648/07), fairly present, in all material respects, their statements of financial position, in accordance with IFRS, and in accordance with the JSE Limited Listings Requirements.

### **Basis for Opinion**

We conducted our audits in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the audit of the historical financial information section of our report. We are independent of the companies in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Historical Financial Information of the companies noted above. These matters were addressed in the context of our audit of the Historical Financial Information as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The companies noted above for which we have issued an audit opinion on their respective historical financial information are all dormant companies and have not commenced trading. Accordingly, we do not report any key audit matters.

### **Other information in the Circular**

As required by paragraph 8.53 of the JSE Listings Requirements, we have read the circular in which the historical financial information is contained, for the purpose of identifying whether there are material inconsistencies between the circular and the historical financial information which has been subject to audit. The circular is the responsibility of the directors. Based on reading the circular we have not identified material inconsistencies between this report and the historical financial information which has been subject to audit. However, we have not audited the circular and accordingly do not express an audit opinion on it.

### **Directors’ Responsibility for the Historical Financial Information**

The companies’ directors are responsible for the preparation of the historical financial information in accordance with the requirements of the JSE Listings Requirements, and for such internal control as the directors determine is necessary to enable the preparation of historical financial information that is free from material misstatement, whether due to fraud or error.

The JSE Listings Requirements require the historical financial information in respect of each period to be prepared in accordance with the conceptual framework, the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and also, as a minimum, to be presented and contain the disclosures required by the JSE Listings Requirements.

In preparing the historical financial information, the directors are responsible for assessing the companies’ ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the companies or to cease operations, or have no realistic alternative but to do so.

### **Auditor’s Responsibility for the audit of the historical financial information**

Our objectives are to obtain reasonable assurance that the historical financial information is prepared, in all material respects, in accordance with the requirements of the JSE Listings Requirements. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with

ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the historical financial information.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the companies' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on companies' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the companies to cease to continue as a going concern.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

## **Consent**

We consent to the inclusion of this report, which will form part of the *circular* to the shareholders of RH Bophelo to be issued on Friday, 23 February 2018, in the form and context in which it appears.

## **BDO South Africa Incorporated**

Per: **Stephen Shaw**

Director

Registered Auditor

Reporting Accountant Specialist

*Date:* Thursday, 15 February 2018

22 Wellington Road, Parktown, 2193

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## INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF *PRO FORMA* FINANCIAL INFORMATION INCLUDED IN A CIRCULAR FOR VPH HOLDCO PROPRIETARY LIMITED

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The Directors  
R H Bophelo Limited  
3rd Floor  
18 Melrose Boulevard  
Melrose Arch  
Thursday, 15 February 2018

Dear Sirs/ Madam

### INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF *PRO FORMA* FINANCIAL INFORMATION INCLUDED IN A CIRCULAR FOR VPH HOLDCO PROPRIETARY LIMITED

We have completed our assurance engagement to report on the compilation of *pro forma* financial information of VPH Holdco Proprietary Limited (the Company) by the directors. The *pro forma* financial information, referred to in the circular ("**the circular**") by way of reference, to be dated on Friday, 23 February 2018, consists of the statement of comprehensive income and the statement of financial position and related notes. The *pro forma* financial information has been compiled on the basis of the applicable criteria specified in the JSE Limited (JSE) Listings Requirements.

The *pro forma* financial information has been compiled by the directors to illustrate the impact of the corporate action or event, described in Paragraph 1 of the circular, on the company's financial position as at 30 June 2017 and the company's financial performance for the period then ended, as if the corporate action or event had taken place at 1 July 2016, being the commencement date of the financial period for the purposes of the statement of comprehensive income and at 30 June 2017, being the last day of the financial period for the purposes of the statement of financial position. As part of this process, information about the company's financial position and financial performance has been extracted by the directors from the company's audited financial results for the year ended 30 June 2017.

#### Directors' Responsibility for the *Pro Forma* Financial Information

The directors are responsible for compiling the *pro forma* financial information on the basis of the applicable criteria specified in the JSE Listings Requirements and described in **Annexure 1** of the circular.

#### Quality Control

The firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

#### Independence and other ethical requirements

We have complied with the independence and other ethical requirements of the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code), which is consistent with Parts A and B of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, and is founded on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

#### Reporting Accountant's Responsibility

Our responsibility is to express an opinion about whether the *pro forma* financial information has been compiled, in all material respects, by the directors on the basis specified in the JSE Listings Requirements based on our procedures performed. We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, Assurance Engagements to Report on the Compilation of

*Pro Forma* Financial Information Included in a Prospectus, which is applicable to an engagement of this nature. This standard requires that we comply with ethical requirements and plan and perform our procedures to obtain reasonable assurance about whether the *pro forma* financial information has been compiled, in all material respects, on the basis specified in the JSE Listings Requirements.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the *pro forma* financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the *pro forma* financial information.

As the purpose of *pro forma* financial information included in a prospectus is solely to illustrate the impact of a significant corporate action or event on unadjusted financial information of the entity as if the corporate action or event had occurred or had been undertaken at an earlier date selected for purposes of the illustration, we do not provide any assurance that the actual outcome of the event or transaction at 30 June 2017 would have been as presented.

A reasonable assurance engagement to report on whether the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used in the compilation of the *pro forma* financial information provides a reasonable basis for presenting the significant effects directly attributable to the corporate action or event, and to obtain sufficient appropriate evidence about whether:

- The related *pro forma* adjustments give appropriate effect to those criteria; and
- The *pro forma* financial information reflects the proper application of those adjustments to the unadjusted financial information.

Our procedures selected depend on our judgement, having regard to our understanding of the nature of the company, the corporate action or event in respect of which the *pro forma* financial information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the *pro forma* financial information. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Opinion**

In our opinion, the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria specified by the JSE Listings Requirements and described in **Annexure 1** of the circular.

## **BDO South Africa Incorporated**

Per: **Stephen Shaw**  
Director  
Registered Auditor  
Reporting Accountant Specialist

*Date:* Thursday, 15 February 2018  
22 Wellington Road, Parktown, 2193

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**INDEPENDENT REPORTING ACCOUNTANTS' AUDIT REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF AHC FOR THE YEARS ENDED 31 MARCH 2017, 31 MARCH 2016 AND 31 MARCH 2015 AND REVIEW REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF AHC FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2017**

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The Directors  
RH Bophelo Limited  
3rd floor  
18 Melrose Boulevard  
Melrose Arch  
Melrose North  
Johannesburg  
2076

Dear Sir(s)/Madam

**INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON THE HISTORICAL FINANCIAL INFORMATION INCLUDED IN THE CIRCULAR***Introduction*

We have audited the historical financial information of Africa Healthcare Proprietary Limited ("**the Group**") in respect of the years ended 31 March 2017, 31 March 2016 and 31 March 2015 incorporated by reference as described in paragraph 7 to the Circular.

**Historical financial information for the years ended 31 March 2017, 31 March 2016 and 31 March 2015***Opinion*

The historical financial information in respect of the years ended 31 March 2017, 31 March 2016 and 31 March 2015 comprises the consolidated and separate statements of financial position as at the year-end dates, and the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

The historical financial information was prepared in accordance with the requirements of the JSE Listings Requirements. The JSE Listings Requirements require the historical financial information to be prepared in accordance with the conceptual framework, the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and also, as a minimum, to be presented and contain the disclosures required by the JSE Listings Requirements.

In our opinion, the historical financial information in respect of the years ended 31 March 2017, 31 March 2016 and 31 March 2015 are fairly presented, in all material respects, in accordance with the requirements of the JSE Listings Requirements as set out in paragraph 7 to the Circular.

*Basis for Opinion*

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the historical financial information section of our report. We are independent of the Group in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Key audit matters*

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the historical financial information for the year ended 31 March 2017.

We have not identified any key audit matters in respect of the historical financial information for the year ended 31 March 2017.

### *Purpose of the report*

The purpose of our report is to report on the historical and interim financial information included in the RH Bophelo Circular and is not to be used for any other purpose. As a result, the historical financial information may not be suitable for another purpose.

### *Directors' Responsibility for the Historical Financial Information for the years ended 31 March 2017, 31 March 2016 and 31 March 2015*

The Group's directors are responsible for the preparation of the historical financial information, for the years ended 31 March 2017, 31 March 2016 and 31 March 2015 in accordance with the requirements of the JSE Listings Requirements, and for such internal control as the directors determine is necessary to enable the preparation of historical financial information that is free from material misstatement, whether due to fraud or error.

The JSE Listings Requirements require the historical financial information in respect of each annual period to be prepared in accordance with the conceptual framework, the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and also, as a minimum, to be presented and contain the disclosures required by the JSE Listings Requirements.

In preparing the historical financial information, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

### *Auditor's Responsibility for the audit of the historical financial information for the years ended 31 March 2017, 31 March 2016 and 31 March 2015*

Our objectives are to obtain reasonable assurance that the historical financial information for the years ended 31 March 2017, 31 March 2016 and 31 March 2015 is prepared, in all material respects, in accordance with the requirements of the JSE Listings Requirements, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the historical financial information.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our

opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

### **Review report on the interim financial information in respect of the 6 months ended 30 September 2017.**

We have reviewed the interim financial information of the Group in respect of the six months ended 30 September 2017 incorporated by reference as described in paragraph 7 to the Circular.

The interim financial information comprises the condensed consolidated statement of financial position as at the interim date and the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity, condensed consolidated statement of cash flows and selected explanatory notes for the six months then ended.

#### *Responsibilities of the directors for the interim financial information*

The Group's directors are responsible for the preparation of the interim financial information, in accordance with the requirements of the JSE Listings Requirements, and for such internal control as the directors determine is necessary to enable the preparation of historical financial information that is free from material misstatement, whether due to fraud or error.

The JSE Listings Requirements require the interim financial information to be prepared in accordance with the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and also, contain the information required by International Financial Reporting Standard (IAS 34) Interim Financial Reporting and the Companies Act of South Africa.

#### *Auditor's Responsibility for the review of historical and interim financial information*

Our responsibility is to express a conclusion on the interim financial information in respect of the 6 months ended 30 September 2017 based on the review.

We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, which applies to a review of historical and interim financial information performed by the independent auditor of the entity. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the historical and interim financial information is not prepared, in all material respects, in accordance with the requirements of the JSE Listings Requirements. This standard also requires us to comply with relevant ethical requirements.

A review of the historical and interim financial information in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of the directors and others within the entity, as appropriate, and applying analytical procedures; and evaluate the evidence obtained.

The procedures performed in a review are substantially less than and differ in nature from those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on the historical and interim financial information.

#### *Conclusion on the interim financial information*

Based on our review of the interim financial information in respect of the six months ended 30 September 2017, nothing has come to our attention that causes us to believe that the interim financial information for the six months ended 30 September 2017 is not prepared, in all material respects, in accordance with the requirements of the JSE Listings Requirements and the Companies Act of South Africa, as set out in the notes to the interim financial information.

*Emphasis of Matter – comparative interim financial information*

We draw attention to the matter below, our opinion is not modified in respect of this matter.

The comparative interim financial information for period ended 30 September 2016 has not been presented and therefore our review conclusion is based only on interim financial information for the period ended 30 September 2017.

*Consent*

We consent to the reference to this report in the JSE Circular dated on or about Friday, 23 February 2018.

**Deloitte & Touche**

Registered Auditor

Per: **Haroon Loonat**

Partner

Thursday, 15 February 2018

Deloitte & Touche  
Deloitte Place  
The Woodlands  
20 Woodlands Drive  
Woodmead  
Sandton  
2196

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## RH BOPHELO INVESTMENT POLICY

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### I. INTRODUCTION

RH Bophelo (“**RHB**”) is a healthcare investment vehicle that aims to produce superior returns, whilst contributing to socio-economic value creation and development of South Africa and making an important contribution to on-going transformation in South Africa in general and healthcare specifically.

### II. ROLE OF THE INVESTMENT COMMITTEE

The Investment Committee (the “**Committee**”) is acting in a fiduciary capacity with respect to the Portfolio, and is accountable to the Board of RH Bophelo and to the Executive Committee, for overseeing the investment of all assets owned in the Portfolio.

This Investment Policy Statement sets forth the investment objectives, distribution policies, and investment guidelines that govern the activities of the Committee and any other parties to whom the Committee has delegated investment management responsibility for Portfolio assets.

The investment policies for RHB contained herein have been formulated consistent with RHB’s anticipated financial needs and in consideration of RHB’s tolerance for assuming investment and financial risk, as reflected in the majority opinion of the Committee.

Policies contained in this statement are intended to provide guidelines, where necessary, for ensuring that the Portfolio’s investments are invested in and managed consistent with the short-term and long-term financial goals of RHB. At the same time, they are intended to provide for sufficient investment flexibility in the face of changes in capital market conditions and in the financial circumstances of RHB.

The Committee will review this Investment Policy Statement at least once per year. Changes to this Investment Policy Statement can be made only by affirmation of a majority of the Committee, and written confirmation of the changes will be provided to all Committee members and to any other parties hired on behalf of the Portfolio as soon thereafter as is practical. Changes made will be subject to RHB Shareholder approval per paragraph 15.7 of the JSE Listings Requirements.

### III. INVESTMENT OBJECTIVE AND SPENDING POLICY

RHB is to be invested with the objective of preserving the long-term, real purchasing power of assets while providing a relatively predictable and growing stream of annual distributions in support of RHB.

For the purpose of making distributions, RHB shall make use of a total-return-based spending policy, meaning that it will fund distributions from net investment income, net realized capital gains, and proceeds from the sale of investments.

The distribution of RHB assets will be permitted to the extent that such distributions do not exceed a level that would erode RHB’s real assets over time or breach its core mandate.

The Committee will seek to reduce the variability of annual RHB distributions by factoring past spending and Portfolio asset values into its current spending decisions. The Committee will review its spending assumptions annually for the purpose of deciding whether any changes therein necessitate amending RHB’s spending policy, its target asset allocation, or both.

Periodic cash flow, either into or out of the Portfolio, will be used to better align the investment portfolio to the target asset allocation outlined in the asset allocation policy herein.

#### IV. PORTFOLIO INVESTMENT POLICIES

##### A. Asset allocation policy

The Committee recognizes that the strategic allocation of Portfolio assets across broadly defined healthcare assets and sub-asset<sup>1</sup> categories with varying degrees of risk, return, and return correlation will be the most significant determinant of long-term investment returns and Portfolio asset value stability.

The Committee expects that actual returns and return volatility may vary from expectations and return objectives across short periods of time. While the Committee wishes to retain flexibility with respect to making periodic changes to the Portfolio's asset allocation, it expects to do so only in the event of material changes to RHB, to the assumptions underlying RHB spending policies, and/or to the capital markets and asset classes in which the Portfolio invests.

RHB assets will be managed as a balanced portfolio composed of two major components: (i) an equity portion; and (ii) a fixed income portion (cash on balance sheet and money market instruments). The expected role of RHB equity investments will be to maximize the long-term real growth of Portfolio assets, while the role of fixed income investments will be to generate current income, provide for more stable periodic returns, and provide some protection against a prolonged decline in the market value of Portfolio equity investments.

Cash investments will, under normal circumstances, only be considered as temporary Portfolio holdings, and will be used for RHB liquidity needs or to facilitate a planned program of Rand-cost averaging into investments in either or both of the equity and fixed income asset classes.

Outlined below are the long-term strategic asset allocation guidelines, determined by the Committee to be the most appropriate, given RHB's long-term objectives and short-term constraints.

Portfolio assets will, under normal circumstances, be allocated across the broad healthcare asset and sub-asset classes in accordance with the following guidelines:

- To the extent the Portfolio holds investments in non-traditional, illiquid, and/or nonmarketable securities including (but not limited to) real estate investments, these assets will be treated collectively as alternative investments for purposes of measuring the Portfolio's asset allocation.

While not specifically considered within this policy, alternative investments may comprise no more than 15% of total Portfolio assets and, to the extent they are owned, will proportionately reduce target allocations.

##### B. Diversification policy

Diversification across and within its asset class is the primary means by which the Committee expects the Portfolio to avoid undue risk of large losses over long time periods.

To protect the Portfolio against unfavourable outcomes within an asset class due to the assumption of large risks, the Committee will take reasonable precautions to avoid excessive investment concentrations. Specifically, the following guidelines will be in place:

- With the exception of fixed income investments explicitly guaranteed by the South African government, no single investment security shall represent more than 5% of total Portfolio assets;
- No single investment pool or investment company (mutual fund) shall comprise more than 20% of total Portfolio assets; and
- With respect to fixed income investments, for individual bonds, the minimum average credit quality of these investments shall be investment grade (Standard & Poor's BBB or Moody's Baa or higher).

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<sup>1</sup> A sub-asset with respect to healthcare shall be defined as A sub-asset class is a collection of assets that have common characteristics within both the asset class and the sub-asset class. The sub-asset class also has attributes that make it different than the parent group of assets.

### C. Rebalancing

It is expected that the Portfolio's actual asset allocation may vary from its target asset allocation as a result of the varying periodic returns earned on its investments in different asset and sub-asset classes, as well as in the initial phase of implementing the strategy. The Portfolio will be rebalanced to its target normal asset allocation under the following procedures:

- The investment Committee will use incoming cash flow (contributions) or outgoing money movements (disbursements) of the Portfolio to realign the current weightings closer to the target weightings for the Portfolio.
- The investment manager will review the Portfolio semi-annually (June 30 and December 31) to determine the deviation from target weightings. During each semi-annual review, the following parameters will be applied:
- If any asset class (equity or fixed income) within the Portfolio is +/-5 percentage points from its target weighting, the Portfolio will be rebalanced;
- If any fund within the Portfolio has increased or decreased by greater than 20% of its target weighting, the fund will be rebalanced;
- The Investment Committee may provide a rebalancing recommendation at any time; and
- The Investment Committee shall act within a reasonable period of time to evaluate deviation from these ranges.

### D. Other investment policies

The Investment Committee, shall specifically construct and conduct its investments in such a way that it invests in:

- Purchasing securities on margin or executing short sales;
- Pledging or hypothecating securities, except for loans of securities that are fully collateralized;
- Purchasing or selling derivative securities for speculation or leverage which will comply with paragraph 15.2 (c) of the JSE Listings Requirements;
- Engaging in investment strategies that have the potential to amplify or distort the risk of loss beyond a level that is reasonably expected, given the objectives of their Portfolio;
- Cash generative healthcare assets;
- Invest in quoted and unlisted shares;
- Utilise its shares as currency and or a combination of cash and shares;
- Acquire intellectual property to further the investment mandate;
- Co-invest, go-it-alone or invest on the basis of a Joint Venture;
- Invest as a means of gaining control of an asset or with the intention of gaining control;
- Invest as a majority or minority shareholder<sup>2</sup>;
- Will seek Board permission to invest more than ZAR100m;
- As a guideline, will seek to purchase assets at a Price to Earnings (P/E) of no greater than 8x. RHB will endeavour to conclude deals below this guideline, however, may need to pay a premium to this for certain opportunities;
- May utilise debt to make investments<sup>3</sup>; and
- May issue debt securities<sup>4</sup>

### E. Exit

ManCo will actively manage the investment life cycle of investee companies to maximise the financial returns through appropriate exit mechanisms at maturity of investments.

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<sup>2</sup> If the Investment Committee invests as a minority shareholder it may only do so with a clear path to control or with a view to such control. If the investment is as a majority stakeholder, RHB will utilize its considerable back office to extract synergies, economies of scale, growth and earnings.

<sup>3</sup> To the extent that debt is utilized, said debt will be self-liquidating through repayment of capital

<sup>4</sup> RHB may, in appropriate circumstances, issue debt securities or otherwise borrow money to complete an investment

## V. **MONITORING PORTFOLIO INVESTMENTS AND PERFORMANCE**

The Committee will monitor the Portfolio's performance against the Committee's stated investment objectives. At a frequency to be decided by the Committee, it will formally assess the Portfolio and the performance of its underlying investments as follows:

The Portfolio's composite investment performance (net of fees) will be judged against the following standards:

- The Portfolio's absolute long-term real return objective.
- The yearly NAV growth of the portfolio benchmarked against a 15% raise in same

A composite benchmark consisting of the following unmanaged market indexes weighted according to the expected target asset allocations stipulated by the Portfolio's investment guidelines.

- SWIX
- JSE All Share
- SAFEX
- FTSE/JSE Africa All Share Index

In keeping with the Portfolio's overall long-term financial objective, the Committee will evaluate performance over a suitably long-term investment horizon, generally across full market cycles or, at a minimum, on a rolling 3 – 5 year basis.

Investment reports shall be provided by the ManCo on a (calendar) quarterly basis or as more or less frequently requested by the Committee. Each portfolio company's Executive Management team is expected to be available to meet with the Investment Committee once per year to review company structure, strategy, and performance.

Asset valuations in relation to RHB's Portfolio will be prepared in accordance with International Private Equity and Venture Capital Valuation Guidelines. Valuations of underlying investee companies will be audited annually and approved by RHB's board.

## VI. **INITIAL SHAREHOLDER APPROVAL**

At the request of certain Shareholders, RH Bophelo has provided additional voting protections to Shareholders up to thresholds as set out below. Notwithstanding the provisions of Section 15 of the JSE Listings Requirements applicable to investment entities, Shareholders, including RH Bophelo's controlling shareholder, felt that given the nature of a SPAC, they would feel more comfortable if they were afforded the opportunity to vote and approve any future transactions that are equal to or greater than 30% of the initial capital raised on listing, however, this is only applicable up to a total cumulative threshold of R300 million, being 60% of the R500 million raised on listing. After careful consideration, RH Bophelo would like to accommodate their Shareholders as a result of the following:

- RH Bophelo has, and always will, maintain strict compliance with the JSE Listings Requirements, however, it is RH Bophelo's duty to listen to their Shareholders and find a solution to address any concerns that their Shareholders may have;
- RH Bophelo is of the opinion that this enhanced governance and compliance is something that should be encouraged;
- These additional voting protections are for the benefit of all Shareholders; and
- The additional voting protections are only up to the threshold as detailed above.

Accordingly any future corporate transaction by RH Bophelo is subject to categorisation in terms of Section 9 of the Listings Requirements up to the R300 million threshold as agreed with the JSE. For the avoidance of doubt, Shareholders are asked to please note the following:

- For purposes of categorisation in terms of Section 9 of the JSE Listings Requirements, each proposed transaction will be looked at in isolation unless RH Bophelo announces these transactions simultaneously or they are to be contained in the same circular to be issued to Shareholders;
- The R300 million threshold indicated above applies to cash payments, the issue of shares, debt acquisitions or any other form of acquisition finance available to RH Bophelo;
- A related party transaction will be dealt with in terms of Section 9 and 10 of the JSE Listings Requirements.

- Once RH Bophelo has exceeded the threshold of R300 million, further acquisitions made by RH Bophelo will be subject to paragraph 15.8 of the JSE Listings Requirements applicable to investment entities. This will occur as soon as the threshold is reached regardless of whether Shareholders have voted on a transaction as determined in accordance with the categorisation principles contained in Section 9 of the JSE Listings Requirements;
- There will be no interest accrued on the R300 million and update announcements to Shareholders will be made as to the use of the R300 million threshold including the residual amount left after each acquisition. An announcement will also be made once threshold has been exceeded;
- The JSE will approve any circular and/or notice of general meeting required in terms of this approval process; and
- Disposals made by RH Bophelo will be subject to paragraph 15.8 of the JSE Listings Requirements.

## VII. JSE

For every investment made RHB, the Board and Investment Committee will consider all aspects of the JSE Listings Requirements and in particular, Section 15 of the JSE Listings Requirements and any amendments made from time to time. Should the Board and Investment Committee require guidance, they will seek independent advice from RHB's JSE sponsors, advisors and legal team.

For the purposes of this section, RHB, the Board and Investment Committee would specifically like to reference the following in terms of Section 15 of the JSE Listings Requirements (including proposed amendments):

- Paragraph 15.8 of the JSE Listings Requirements:  
*Section 9 will not apply to investment entities provided transactions are concluded in the ordinary course of business pursuant to the investment policy. All transactions by investment entities must be categorised and any transaction exceeding 10% must be announced pursuant to the provisions of Section 9. In respect of transactions less than 10% issuers must consider the application of the general obligation of disclosure pursuant to paragraph 3.4(a) in the event that any transaction constitutes price sensitive information (applied individually or on a cumulative basis).*
- Paragraph 15.9 of the JSE Listings Requirements:  
*The exclusion provided in paragraph 15.8 above will not apply to related party transactions irrespective whether the transaction/s are in the ordinary course of business; and*
- Paragraph 15.10 of the JSE Listings Requirements:  
*In the event that an investment entity wishes to conclude a transaction outside the scope of the investment policy or any material changes hereof, the investment policy must be amended and approved by shareholders by way of ordinary resolution pursuant to paragraph 15.7 in order to allow the transaction.*

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## DIRECTORS' CURRICULUM VITAE

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The experience, occupation, function, nationality, business address and qualifications of the Directors as at the last Practicable Date are set out below:

### Quinton Zunga\*\*

#### Background

Quinton Zunga is founder and current chief executive officer of RH Managers. Prior to this he was co-founder and executive director of Arkein Capital Partners. Quinton has 16 years of high level business experience, which includes 12 years of professional experience at senior levels in investment banking and 4 years private equity experience.

Prior to founding RH Managers and co-founding Arkein Group, Quinton was a director at Bank of America Merrill Lynch SA ("**BofAML**") and head of its debt capital markets for South Africa and Sub-Saharan Africa. In that role Quinton was instrumental in developing BofAML's Sub-Saharan Africa business focusing on regional hubs in South Africa, Nigeria and Kenya. He was instrumental in capital raising for over US\$1.5 billion in these regions and built deep relationships. He worked at BofAML from 2007 to 2011.

Prior to joining BofAML, Quinton was Head of Debt Capital Markets at Absa Capital, a role he assumed after the merger of Barclays and Absa Bank. Before this merger Quinton was head of Debt Capital Markets at Barclays and was responsible for a team that covered 11 African countries that Barclays had banking operations in. He helped develop Africa's Debt Capital Markets in these countries, launching the first medium-term notes in Botswana, Tanzania, Mauritius and Zambia. He also led the issue of municipal bonds by the City of Johannesburg. Quinton raised over US\$2.0 billion in 40 transactions that he was lead manager or co-lead manager of over his seven years at Barclays.

Quinton has served on the executive committee of the Debt Insurers Association (SA), and an associate of the Institute of Bankers, and is a graduate of the Institute of Chartered Secretaries.

#### Function

Chief executive officer

#### Nationality

South African

#### Business address

3rd floor, 18 Melrose Boulevard, Melrose Arch, Johannesburg, 2076, South Africa

#### Qualifications

Bus.Sci Computer Science, MSc Finance

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**Katekani Dion Mhlaba\*\*****Background**

Dion Mhlaba has a BCom Accounting Degree and is an Honours graduate from the University of Johannesburg. He also holds a certificate from Wits Business School following his completion of the Broad Based Black Economic Empowerment Management Development Programme. He completed his articles with KPMG (Johannesburg) where he qualified as a Chartered Accountant (CA) and Registered Auditor (RA).

Dion's clients during his tenure at KPMG included Nedbank, IDC (Industrial Development Corporation), DBSA (Development Bank of Southern Africa), and Shanduka. Some of his responsibilities included credit model reviews, model audit, accounting, budgeting and accounting for financial instruments such as bonds, preference shares, debentures, loans, money market instruments and valuation of equity and hybrid instruments.

He was also responsible for reporting, fund raising, project review and valuation at Afripalm Resources and Sakhumnotho Holdings. As Financial Support/Manager at Thebe Investments his role entailed streamlining reports, analysing financial data, budgeting, performance and preparation of board reports. Dion also worked for the University of Johannesburg as a senior lecture for over two years.

Dion was previously the chief financial officer of the Razorite Healthcare and Rehabilitation Fund where he is responsible for good governance, social and environment integrated reporting in investments, streamlining all hospital investments, performance review and leveraging of synergies across the portfolio. Dion is the full time chief financial officer of the Company.

**Function**

Chief financial officer

**Nationality**

South African

**Business address**

3rd floor, 18 Melrose Boulevard, Melrose Arch, Johannesburg, 2076, South Africa

**Qualifications**

B.Com Honours CA(SA)

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**Vuyokazi Phatheka Nomvalo\*\*\*\*****Background**

Vuyokazi Nomvalo holds a Bachelor of Accounting Science degree and honours from the University of South Africa (Unisa) and is a qualified Chartered Accountant. Vuyokazi completed her articles with Pricewaterhouse Coopers in 2009 where she served within the Financial Services sector. In this period she was exposed to the audit process of various financial institutions including Standard Bank Equities, First National Bank Credit, Liberty Life, Absa Credit and RMB Merchant bank (RMB stockbroking, RMB Securities and RMB Morgan Stanley).

Vuyokazi subsequently joined the IDC as a Business analyst, later promoted to Project Manager. During her time at the IDC, Vuyokazi gained valuable experience in deal making within the various sectors including the Renewable Energy Independent Power Procurement Programme (REIPPP).

Vuyokazi was involved in various transactions (projects) and submitted for the REIPPP with four of these projects awarded the preferred Bidder status and are in implementation.

In 2014 Vuyokazi joined RH Managers as an Investment Principal, a post which she holds to date. In this time she has executed transactions which include greenfield projects and acquisitions of operating assets.

**Function**

Executive Director

**Nationality**

South African

**Business address**

3rd Floor, 18 Melrose Boulevard, Melrose Arch, Johannesburg, 2076, South Africa

**Qualifications**

B.Com Honours CA(SA)

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## **Maunatlala Piet Mehlapé\*\*\*\***

### **Background**

Peter Mehlapé is the current chairman of RH Managers' investment committee. He was formerly at Becton Dickinson, employed as a Regional Director for Eastern Europe, Middle East and Africa. As regional director, Peter developed and led a business case to invest in Nigeria and Iran. He was responsible for design and implementation for go-to-market strategies, evaluating new technologies for resource-limited settings so as to increase access to quality healthcare for patients in developing countries and emerging markets. In addition he managed Becton Dickinson's global public-private partnerships including identifying new opportunities to advance global health through strategic planning in the region.

From 2010 to 2014, Peter served as the General Manager for Becton Dickinson's Sub-Saharan African business where he was able to grow the business from US\$92 million to US\$150 million. Peter was able to form and develop the leadership teams in the three Sub-Saharan African hubs (Johannesburg, Nairobi and Accra) and initiated Becton Dickinson's relationship with FIND (Foundation for Innovative New Diagnostics), a NGO based in Geneva.

Peter's responsibilities also included the implementation of the PEPFAR partnership and other partnerships driven by the GH function, such as the ASLM TB partnership. He was responsible for influencing and ensuring effective planning, management and timely implementation of the project in collaboration with USAID, CDC, several NGO's, partners, key stakeholders and others.

Peter developed and managed distributors and agents across the African continent and grew the OIBT from 24% to 34%. He initiated and spearheaded a \$50 million global partnering project. In addition he developed and implemented a collaborative strategy in Africa to access funding and change policy and further also developed expert technical staff as a competitive advantage.

### **Function**

Chief operating officer

### **Nationality**

South African

### **Business address**

20 Woodlands Drive, The Woodlands Office Park, Building 31, 2nd Floor, 2199, Woodmead, Gauteng, South Africa

### **Qualifications**

Diploma (Nursing), (IMM) diploma in Marketing and Management, WITS Business School (MAP) Management Advancement Program, Master's in Business Administration (MBA – Bond University)

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### **Dr Solomon Gabriel Motuba\*\*\*\***

<b>Background</b>	<p>Dr Motuba has consulted to various medical schemes and corporate entities on the rationalisation and structuring of health funds. He has also served on a number of medical aid boards, in the capacity as a healthcare consultant, or as a trustee.</p> <p>He amassed a wealth of experience whilst working for various healthcare organisations within the areas of health delivery, health finance, health risk management, health tax and law. He has more than 20 years' experience in the industry, including seven years as a general practitioner. Dr Motuba is an entrepreneur who has been instrumental in the establishment and incubation of a number of start-up businesses, some of which have grown into sizeable entities. He was instrumental in the turn-around of a number of medical schemes.</p> <p>Dr Motuba has served on several boards and was the co-founder of Cure Day Clinics and Vmed medical aid administrators. Dr Motuba has worked for two medical aid schemes, as a Principal Officer and for third party medical aid administrators as chief executive officer. He has also worked as an executive in charge of a Managed Care Organisation.</p> <p>Dr Motuba currently works as Head of Private Practice at the South African Medical Association.</p>
<b>Function</b>	Lead independent non-executive Director
<b>Nationality</b>	South African
<b>Business address</b>	29 Sotogrande Street, Silver Lakes, Pretoria, 0081 South Africa
<b>Qualifications</b>	MBChB, FILPA, MBA, Diploma in Financial Management, Diploma in Digital Marketing

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### **Dr Kgaogelo Rachel Ntshwana\*\*\*\***

<b>Background</b>	<p>Dr Ntshwana is a Specialist Physician (Internal Medicine) and a sub-specialist in Medical Gastroenterology and Hepatology.</p> <p>With more than 16 years of experience in the fraternity, she spent 12 years in the public sector, more than 70% of which was in the academic institutions. As a specialist consultant in the Department of Medicine in the Wits Circuit of teaching hospitals, she served as an associate lecturer and was therefore involved in the academic training programs of medical students and registrars. During her earlier years in the fraternity she has worked across an array of disciplines, including surgery, anaesthesia and paediatrics before settling on internal medicine.</p> <p>She moved to full time Private Gastroenterology Practice in 2013 at the Sandton Mediclinic and has recently opened a second Gastroenterology Practice at the Busamed Modderfontein Private Hospital.</p>
<b>Function</b>	Independent non-executive Director
<b>Nationality</b>	South African
<b>Business address</b>	Suite G07 North Block, Mediclinic Sandton. Corner Peter Place & Main Road, Bryanston, 2196, South Africa
<b>Qualifications</b>	MBChB, Certificate in Gastroenterology for Physicians, Fellowship of The College of Physicians of South Africa.

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## **Londeka Anelisiwe Shezi\*\*\*\***

### **Background**

Londeka is a co-founding partner and Executive Director in Agile Capital Proprietary Limited, a diversified financial services investment business. Through a disciplined approach to investment Agile is shareholder in several local private companies through its Private Equity Fund called Zico Capital Proprietary Limited which currently has R1 billion in assets under management. Londeka has been in investments for nine years having been a Junior Transactor in the Leverage and Acquisitions team at Standard Bank CIB and then Senior Associate at Zungu Investments Company in 2011.

During this time, she has obtained extensive experience in the local business landscape involved in deal making, financial modelling, structuring, fundraising and post investment monitoring of companies invested in. Londeka currently serves on several investee private company boards of directors as well as related sub-committees such as the risk, audit and remuneration committees. She currently serves on the following investee boards of directors: Goldrush Group, Spilltech Group, BBE Group, Feedem Group, Aquatico Group, Provantage Group, Provest Group and Innovation Group.

Londeka holds a BCom with honours in tax from the University of Witwatersrand and qualified as a Chartered Accountant in 2009. She completed her articles with PriceWaterHouseCoopers within the banking division which ensured her gained invaluable experience in audit and compliance exposed to the following key clients: JP Morgan Chase Bank & JP Morgan Securities South Africa Proprietary Limited, Rand Merchant Bank (Private Equity), A division of FirstRand Bank Limited: RMB Corvest, South African Reserve Bank, Absa Bank, Member of the Barclays Group and Stanlib.

### **Function**

Independent non-executive Director

### **Nationality**

South African

### **Business address**

386 Main Road, Bryanston, Johannesburg, 2191, South Africa

### **Qualifications**

B.Com (Taxation honours) CA(SA)

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## **John Rabagadi Oliphant\*\*\***

### **Background**

John Oliphant is currently the executive chairman of Third Way Investment Group, a BEE financial advisory and investment firm.

John is also a director and the chairman of Third Way Investment Partners and All Weather Capital which has combined assets under management of R8 billion. He is the former principal executive officer of the Government Employees Pension Fund ("**GEPF**"), the largest pension fund in Africa with assets of more than R1,5 trillion (US\$120 billion). He was the key driver behind GEPF's leading investment policies and strategy. Working closely with the board, he managed to double the assets of the GEPF in less than five years, during the toughest economic environment in recent history.

John also served on a number of key strategic industry initiatives including being a member of the PRI Advisory Council and chairman of the Code for Responsible Investing in South Africa ("**CRISA**") committee. John helped establish the CRISA which is hailed as one of the best in the world, this contributed to him winning an Industry Person of the Year award in financial services in 2012. He was also recognised by the Mail and Guardian as one of the Top 200 Young South Africans in 2012 for his contribution in the world of pensions. In 2013 he was named Africa's Top Emerging Leader by Africa Investor.

### **Function**

Non-executive chairman

### **Nationality**

South African

### **Business address**

1st Floor, 11 Crescent Drive, Melrose Arch, Melrose North, Johannesburg, 2076, South Africa

### **Qualifications**

BSc (Hons) Adv Mathematics of Finance, Wits University

BSc Actuarial Science & Mathematical Statistics, Wits University

MSc Finance (Economic Policy), University of London

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## **Dr Phetole David Sekete\*\*\*\***

### **Background**

Dr PD Sekete has 33 years medical experience having worked in both public and private hospitals. Dr Sekete has extensive management experience in healthcare, property and environmental health. Dr Sekete has been running a successful private practice for the last 30 years. From 1995 to 1997 he was responsible for the integration of the Ekurhuleni District clinics with the provincial clinics and hospitals.

In addition to these accomplishments, Dr Sekete is a Director of MEDITECH (SA) which is a leading Health Information Company contracted to the SA Department of Health (16 years), and also operates in the Middle East-South Arabia, Kuwait, Dubai, Nigeria and Botswana. Dr Sekete owns a leading waste management company, Buhle Waste (Pty) Ltd, which is contracted to the SA Department of Health (14 years), and operates in Limpopo, North West, Gauteng, Mpumalanga, SA Military Services, NHLS, Blood Transfusion Services, private doctors, dentists and mortuaries. Buhle Waste (Pty) Ltd owns and operates two medical waste treatment facilities in Benoni (Bio-Med) and the Converter Green Technology in Limpopo and is expanding into KwaZulu-Natal and Eastern Cape.

He is also a director of ACSION Ltd a property company listed on the Johannesburg Stock Exchange worth approximately R4 billion. He sits on the Investment Committee and Social and Ethics Committee of ACSION Ltd. He is also a director of Aberrant Medical Supplies which provides medical point of care diagnostic products, specially diagnosis, timely treatment, medicine dispensing and compliance.

De Sekete is a Director of Liseko with investments in Aspen Pharmaceuticals and SANLAM. He is also a director of Ingocure (Pty) Ltd which sources quality products from reputable companies throughout the world and locally. The product line concentration being medical equipment, consumables, rehabilitation equipment and research for cost saving measures.

### **Function**

Non-executive Director

### **Nationality**

South Africa

### **Business address**

294 Phooko Shopping Centre, Katlehong, 1431

### **Qualifications**

BSc. (Unin) MBCHB (Natal) M.SC.Med (Wits)

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## **Fulufhelo Makwetla\*\*\*\*\***

### **Background**

Fulu is a founding partner and the Managing Director of Third Way Investment Partners and a Non-executive Director of All Weather Capital.

She was previously the Investment Manager of the Government Employees Pension Fund – the largest Pension Fund in Africa, with assets in excess of R1.6 trillion, representing the retirement interest of 1.2 million members and over 360 000 pensioners. During her tenure at the GEPPF, she served on the Investment Committee of the Pan African Infrastructure Development Fund and represented the GEPPF on several advisory boards of Private Equity Funds.

Prior to joining GEPPF, Fulu was an Executive and Senior Consultant at RisCura, consulting to Pension Funds, Insurance Companies and Medical schemes in Southern Africa. She was an employer elected trustee of the RisCura Provident Fund. She also worked for RMB Asset Management and has over 15 years industry experience.

Fulu holds a Bachelor of Commerce in Econometrics and a Bachelor of Commerce (Hons) in Economics from the University of Pretoria, South Africa.

### **Function**

Non-executive director of Management Company

### **Nationality**

South Africa

### **Business address**

1st Floor, 11 Crescent Drive, Melrose Arch, Melrose North, Johannesburg, 2076, South Africa

### **Qualifications**

B.Com Hons, B.Com, University of Pretoria

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## **Collin Wayne Clarke\*\*\*\*\***

### **Background**

Colin Clarke is currently Chairman of Benguela Global Fund Managers, a South African asset management firm with both equities and fixed income products. Chairman of the Investment Committee of Sizwe Medical Fund. A member of the Board of Directors, Audit and Risk Committee as well as Chairman of the Compensation Committee for Atlatsa Group Resources, a dual listed platinum group minerals company.

Formerly Chairman of the Board of Directors for ACPI Investment Managers South Africa, a subsidiary of London based asset management firm operating in the fixed income, equities, special situations and private equities space. He has extensive experience with listed and multinational organisations including BP Amoco, the African America Institute, the National Empowerment Fund in South Africa, the Africa Regional Assistance Electoral Fund, the Sloan Financial Groups and NAIF, both private equity funds where he served as legal counsel in the former and a partner in the later. Colin additionally served as Chief Investment Officer for Sishen Iron Ore's Community Development Trust and has also served as director for the special projects division of Lonrho Africa Plc.

Colin further served as the Chief Operating Officer of the National Empowerment Fund in South Africa between 2009 and 2010, where he headed the group operations as well as asset management, marketing and communications and strategy and planning. He has many years of international, legal, private equity and corporate finance experience with multinational organisations such as BP Amoco, where he served as legal counsel in Western Areas (acquisitions department). Colin has also held the position of Deputy Director for Trade and Investment at the African America Institute and Programme Director for the Africa Regional Assistance Electoral Fund, which was established to assist African countries' transition to democracy.

Colin is an Advocate of the High Court of South Africa, and the holder of a Category I FSB licence.

### **Function**

Executive director of Management Company

### **Nationality**

United Kingdom/American

### **Business address**

3rd Floor, 18 Melrose Boulevard, Melrose Arch, Johannesburg, 2076, South Africa

### **Qualifications**

BA (Political Science); MBA (OXON); Juris Doctorate(JD)

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\* Director of RH Bophelo

\*\* Director of RH Bophelo and Management Company

\*\*\* Director of RH Bophelo, Management Company and Investment Committee

\*\*\*\* Director of RH Bophelo and Investment Committee

\*\*\*\*\* Director of Management Company

\*\*\*\*\* Director of Management Company and Investment Committee

## ACQUISITIONS AND VENDORS

Name	VPHET, VPHPT, VPHT	AHC	VPH HoldCo	Athlo	Fenetiq	Fezinet	Licence HoldCo							
<b>Address</b>	67 Molopo Road, Vryburg, 8601	The Fountain Private Hospital, R500, Carletonville, 2499	2nd Floor, 10 Melrose Boulevard, Melrose Arch, Gauteng, 2076	3rd Floor, 18 Melrose Boulevard, Melrose Arch, Gauteng, 2076	3rd Floor, 18 Melrose Boulevard, Melrose Arch, Gauteng, 2076	323 Lynwood Road, Menlo Park, Pretoria, Gauteng, 0081	67 Molopo Road, Vryburg, 8601							
<b>Incorporation</b>	South Africa, 10 January 1992	South Africa, 1 July 2014	South Africa, 18 November 2015	South Africa, 9 November 2016	South Africa, 2 November 2016	South Africa, 1 September 2015	South Africa, 25 October 2017							
<b>VPHET, VPHPT, VPHT</b>														
<b>Vendor name</b>	<b>Dr MJG Maholwana</b>	<b>SP van Huissteen</b>	<b>A Smit</b>	<b>R Khan</b>	<b>G Strydom</b>	<b>S Ghoor</b>	<b>Y Ghoor</b>	<b>J Penny</b>	<b>Molopo Trust</b>	<b>Histochem Lab</b>	<b>Operating entity</b>	<b>VPH HoldCo (shelf company)</b>	<b>Athlo, Fenetiq, Fezinet</b>	<b>Licence HoldCo</b>
Address of vendor	The Fountain Private Hospital, R500, Carletonville, 2499	The Fountain Private Hospital, R500, Carletonville, 2499	67 Molopo Road, Vryburg, 8601	67 Molopo Road, Vryburg, 8601	67 Molopo Road, Vryburg, 8601	67 Molopo Road, Vryburg, 8601	67 Molopo Road, Vryburg, 8601	67 Molopo Road, Vryburg, 8601	67 Molopo Road, Vryburg, 8601	67 Molopo Road, Vryburg, 8601	3rd Floor, 18 Melrose Boulevard, Melrose Arch, Gauteng, 2076	2nd Floor, 10 Melrose Boulevard, Melrose Arch, Gauteng, 2076	67 Molopo Road, Vryburg, 8601	VDM
Asset acquired from vendor	33% of the equity in AHC	27% of the equity in AHC	Businesses of each of the Trusts being: VPHET, VPHPT and VPHT	Businesses of each of the Trusts being: VPHET, VPHPT and VPHT	Businesses of each of the Trusts being: VPHET, VPHPT and VPHT	Businesses of each of the Trusts being: VPHET, VPHPT and VPHT	Businesses of each of the Trusts being: VPHET, VPHPT and VPHT	Businesses of each of the Trusts being: VPHET, VPHPT and VPHT	Businesses of each of the Trusts being: VPHET, VPHPT and VPHT	Businesses of each of the Trusts being: VPHET, VPHPT and VPHT	VPH HoldCo was a shelf company and Operating Entity acquired 76% of the equity in VPH HoldCo	100% of the equity in each Athlo, Fenetiq, Fezinet	100% of the equity in Licence HoldCo	
Date asset originally acquired by the vendors if within last 3 years	N/A – not within the last 3 years	N/A – not within the last 3 years	N/A – not within the last 3 years	N/A – not within the last 3 years	N/A – not within the last 3 years	N/A – not within the last 3 years	N/A – not within the last 3 years	N/A – not within the last 3 years	N/A – not within the last 3 years	N/A – not within the last 3 years	N/A – not within the last 3 years	N/A – not within the last 3 years	N/A – not within the last 3 years	

AHC		VPHET, VPHPT, VPHT										VPH HoldCo (shelf company)	Athlio, Fenetiq, Fezinet, VPH HoldCo (shelf company)	Licence HoldCo
		Dr MJG Maholwana	SP van Huissteen	Vryburg Privaat Hospitaal	A Smit	R Khan	G Strydom	S Ghoor	Y Ghoor	J Penny	Molopo Trust			
Price paid to the vendor including transaction costs plus deferred and contingent considerations	R 34 375 000	R 28 125 000	VPHT: R4 560 000 VPHPT: R19 000 000 VPHT: R760 000	VPHT: R4 560 000 VPHPT: R19 000 000 VPHT: R760 000	VPHT: R4 560 000 VPHPT: R19 000 000 VPHT: R760 000	VPHT: R4 560 000 VPHPT: R19 000 000 VPHT: R760 000	VPHT: R4 560 000 VPHPT: R19 000 000 VPHT: R760 000	VPHT: R4 560 000 VPHPT: R19 000 000 VPHT: R760 000	VPHT: R4 560 000 VPHPT: R19 000 000 VPHT: R760 000	VPHT: R4 560 000 VPHPT: R19 000 000 VPHT: R760 000	VPHT: R4 560 000 VPHPT: R19 000 000 VPHT: R760 000	R 120	R 120	R150
Effective date of acquisition of the asset	Fulfillment of conditions precedent in terms of the AHC Acquisition Agreements	Fulfillment of conditions precedent in terms of the AHC Acquisition Agreements	Fulfillment of conditions precedent in terms of the VPH Acquisition Agreements	Fulfillment of conditions precedent in terms of the VPH Acquisition Agreements	Fulfillment of conditions precedent in terms of the VPH Acquisition Agreements	Fulfillment of conditions precedent in terms of the VPH Acquisition Agreements	Fulfillment of conditions precedent in terms of the VPH Acquisition Agreements	Fulfillment of conditions precedent in terms of the VPH Acquisition Agreements	Fulfillment of conditions precedent in terms of the VPH Acquisition Agreements	Fulfillment of conditions precedent in terms of the VPH Acquisition Agreements	Fulfillment of conditions precedent in terms of the VPH Acquisition Agreements	5 September 2017	5 September 2017	Fulfillment of conditions precedent in terms of the VPH Acquisition Agreements
Were book debts guaranteed by the vendor?	No	No	No	No	No	No	No	No	No	No	No	No	No	No
Were normal warranties provided by the vendor?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	No	No
Were restraints imposed on the vendor under the acquisition?	No	No	No	No	No	No	No	No	No	No	No	No	No	No
Did the acquisition involve any liability for accrued taxation?	No	No	No	No	No	No	No	No	No	No	No	No	No	No
Has the asset to be acquired been transferred into the name of RH Bophelo or one of its subsidiaries?	No	No	No	No	No	No	No	No	No	No	No	Yes	Yes	No

Vendor name	VPHET, VPHPT, VPHT										Athlio, Fenetiq, Fezinet, VPH HoldCo	Licence HoldCo	
	AHC	Dr MJG Maholwana	SP van Huissteun	Vryburg Privaat Hospitaal	A Smit	R Khan	G Strydom	S Ghoor	Y Ghoor	J Penny			Molopo Trust
Details of how the securities were determined?	Valuation undertaken by Directors	Valuation undertaken by Directors	Valuation undertaken by Directors	Valuation undertaken by Directors	Valuation undertaken by Directors	Valuation undertaken by Directors	Valuation undertaken by Directors	Valuation undertaken by Directors	Valuation undertaken by Directors	Valuation undertaken by Directors	Valuation undertaken by Directors	Valuation undertaken by Directors	Valuation undertaken by Directors
The beneficial interest, direct or indirect, of any promoter or director in any transaction?	None	None	None	None	None	None	None	None	None	None	None	None	None
The amount of any cash or securities paid or benefit given or proposed to be paid or given, to any promoter, not being a director?	None	None	None	None	None	None	None	None	None	None	None	None	None
Has the asset to be acquired been ceded or pledged?	No	No	No	No	No	No	No	No	No	No	No	No	No

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## RELEVANT PROVISIONS FROM THE MEMORANDUM OF INCORPORATION OF THE COMPANY

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This **Annexure 11** contains extracts of various provisions from the Memorandum of Incorporation of the Company and the memorandum of incorporation of the Operating Entity, as required pursuant to the JSE Listings Requirements. In each case, the numbering and wording below matches that of the Memorandum of Incorporation of the Company and the memorandum of incorporation of the Operating Entity, respectively.

### THE COMPANY'S MEMORANDUM OF INCORPORATION

#### 7. ISSUE OF SHARES AND VARIATION OF RIGHTS

7.1 *The Company is authorised to issue –*

7.1.1 *10 000 000 000 (ten billion) ordinary Shares, of the same class, each of such securities which ranks pari passu in respect of all rights and entitles the holder to – [LR Sch 10.5(a)]*

7.1.1.1 *vote on any matter to be decided by the Shareholders of the Company and to 1 (one) vote in the case of a vote by means of a poll; [LR Sch 10.5(b)]*

7.1.1.2 *participate proportionally in any distribution made by the Company to the holders of its ordinary Shares; and*

7.1.1.3 *receive proportionally the net assets of the Company upon its liquidation; and*

7.1.2 *such number of each of such further classes of Shares, if any, as are set out in **Annexure A** hereto subject to the preferences, rights, limitations and other terms associated with each such class set out therein.*

7.2 *The Board shall not have the power to –*

7.2.1 *increase or decrease the number of authorised Shares of any class of the Company's Shares;*

7.2.2 *consolidate and reduce the number of the Company's issued and authorised Shares of any class;*

7.2.3 *subdivide its Shares of any class by increasing the number of its issued and authorised Shares of that class without an increase of its capital;*

7.2.4 *reclassify any classified Shares that have been authorised but not issued;*

7.2.5 *classify any unclassified Shares that have been authorised but not issued; or*

7.2.6 *determine the preferences, rights, limitations or other terms of any Shares,*

*and such powers shall only be capable of being exercised by the Shareholders by way of a special resolution of the Shareholders. [LR Sch 10.5(d)]*

7.4 *Subject to the provisions of this Memorandum of Incorporation (including, for the avoidance of doubt, **Annexure A** hereto), the Act and, for as long as the Securities of the Company are listed on the JSE, the JSE Listings Requirements, to the extent applicable, the Company may, from time to time, in any manner as may be prescribed or permitted by law, reduce its issued share capital, stated capital, any share premium account and any capital redemption reserve fund and, in particular, without derogating from the generality of the power hereby conferred, may cancel any paid-up share capital which has been lost or is not represented by available assets or may pay off any paid-up share capital which is in excess of the requirements of the Company [LR Sch 10.9(c)].*

7.5 *In addition, and without prejudice to, the provisions of clause 7.2, the number of authorised Shares of each class, and the preferences, rights, limitations and other terms associated with each class of Shares as set out in this Memorandum of Incorporation may be changed only by an amendment of this Memorandum of Incorporation by special resolution of the Shareholders and in accordance*

with the JSE Listings Requirements, and such amendments shall not be implemented without a special resolution adopted by the holders of Shares of that class at a separate meeting. The provisions of this Memorandum of Incorporation relating to Shareholders' Meetings shall mutatis mutandis apply to any such separate meeting except that – **[LR Sch 10.5(d), LR Sch 10.5(e) and LR Sch 10.9(c)]**

- 7.5.1 the necessary quorum to commence the meeting and consider the matter shall be sufficient Shareholder present and entitled to vote Securities of that class holding in aggregate at least 25% (twenty five per cent) of all the voting rights that are entitled to be exercised on the matter, provided that the meeting may not begin unless, in addition, if there are more than 3 (three) Shareholders of that class, at least 3 (three) Shareholders entitled to vote **[LR Sch 10.11(g)]**;
- 7.5.2 for so long as the Securities of the Company are listed on the JSE, once a quorum has been established, all the Shareholders of that class constituting a quorum must be present to hear the matter **[LR Sch 10.11(g)]**; and
- 7.5.3 if a quorum is not present, the meeting shall be adjourned for 1 (one) week to the same day in the next week, or if that day is a public holiday, to the next succeeding day which is not a public holiday and if, at any such adjourned meeting of such Shareholders, the required quorum contemplated in clause 7.5.1 is not present, those entitled to vote who are present shall be the requisite quorum.
- 7.6 For so long as Securities of the Company are listed on the JSE, no Shares may be authorised in respect of which the preferences, rights, limitations or any other terms of any class of Shares may be varied in response to any objectively ascertainable external fact or facts as provided for in sections 37(6) and 37(7). **[LR Sch 10.5(g)]**
- 7.7 The Company may only issue Shares which are fully paid up and freely transferable (other than the B Shares which are transferable) only in the limited circumstances specifically contemplated in **Annexure A** hereto) and only within the classes and to the extent that those Shares have been authorised by or in terms of this Memorandum of Incorporation. **[LR Sch 10.2(a)]**
- 7.9 The Board may, subject to clause 7.12 and the further provisions of this clause 7.8, resolve to issue Shares of the Company at any time, but only –
- 7.9.1 within the classes and to the extent that those Shares have been authorised by or in terms of this Memorandum of Incorporation; and
- 7.9.2 to the extent that such issue has been approved by the Shareholders in general meeting, either by way of a general authority (which may be either conditional or unconditional) to issue Shares in its discretion or a specific authority in respect of any particular issue of Shares, provided that, if such approval is in the form of a general authority to the Directors, it shall be valid only until the next annual general meeting of the Company and it may be varied or revoked by any general meeting of the Shareholders prior to such annual general meeting.
- 7.12 Notwithstanding the provisions of clauses 7.2, 7.11 and 7.13, any issue of Shares, Securities convertible into Shares, or rights exercisable for Shares in a transaction, or a series of integrated transactions shall, in accordance with the provisions of section 41(3), require the approval of the Shareholders by way of a special resolution if the voting power of the class of Shares that are issued or are issuable as a result of the transaction or series of integrated transactions will be equal to or exceed 30% (thirty percent) of the voting power of all the Shares of that class held by Shareholders immediately before that transaction or series of integrated transactions.
- 7.13 Notwithstanding the provisions of clause 7.11, the Shareholders may at a general meeting authorise the Directors to issue Shares of the Company at any time and/or grant options to subscribe for Shares as the Directors in their discretion think fit, provided that such transaction(s) has/have been approved by Shareholders and that, to the extent required in terms of applicable law, the documentation supporting the transaction(s) have been approved by the JSE, and comply with the JSE Listings Requirements. **[LR Sch 10.1]**

## 42. DEBT INSTRUMENTS

*The Board may authorise the Company to issue secured or unsecured debt instruments as set out in section 43(2), but no special privileges associated with any such debt instruments as contemplated in section 43(3) may be granted, and the authority of the Board in such regard is accordingly limited by this Memorandum of Incorporation. [LR Sch 10.10]*

## 43. CAPITALISATION SHARES

*43.1 Save to the extent authorised by the Shareholders by means of ordinary resolution, and unless such transaction(s) has/have been approved by Shareholders and that, to the extent required in terms of applicable law, the documentation supporting the transaction(s) have been approved by the JSE and comply with the JSE Listing Requirement, the Board shall not have the power or authority to –*

*43.1.1 approve the issuing of any authorised Shares as capitalisation Shares;*

*43.1.2 to issue Shares of one class as capitalisation Shares in respect of Shares of another class;  
or*

*43.1.3 to resolve to permit Shareholders to elect to receive a cash payment in lieu of a capitalisation Share. [LR Sch 10.6]*

*43.2 The Board may not resolve to offer a cash payment in lieu of awarding a capitalisation share, as contemplated in clause 16.1.3, unless the Board –*

*43.2.1 has considered the Solvency and Liquidity Test as required by section 46, on the assumption that every such Shareholder would elect to receive cash; and*

*43.2.2 is satisfied that the Company would satisfy the Solvency and Liquidity Test immediately upon the completion of the distribution. [LR Sch 10.6]*

*43.3 The Company at a Shareholders' meeting on recommendation of the Directors, or the Directors, may, without limitation to its powers, at any time and from time to time, subject to the fulfilment of the requirements in section 47 and the JSE Listings Requirements, pass a resolution to capitalise any amounts or funds including [LR Sch 10.6] –*

*43.3.1 any sum forming part of the undivided profits standing to the credit of the Company's reserve fund;*

*43.3.2 any sum in the hands of the Company and available for distribution as a dividend and not required for payment or provision of dividends on preference Shares;*

*43.3.3 any sum carried to reserve as a result of a sale or revaluation of the assets of the Company or part thereof; or*

*43.3.4 any sum received by way of premium on the issue of any shares or debentures of the Company,*

*provided that the Board shall require Shareholder approval by ordinary resolution for any capitalisation issue where Shareholders are not entitled to participate in the capitalisation in proportion to their shareholding in the Company.*

## 18. FINANCIAL ASSISTANCE

*The Board may authorise the Company to provide financial assistance by way of loan, guarantee, the provision of security or otherwise to any person for the purpose of, or in connection with, the subscription of any option, or any Securities, issued or to be issued by the Company or a related or inter-related company, or for the purchase of any such Securities, as set out in section 44, and the authority of the Board in this regard is not limited or restricted by this Memorandum of Incorporation.*

## 28. COMPOSITION AND POWERS OF THE BOARD OF DIRECTORS

### 28.1 Number of Directors

*28.1.1 In addition to the minimum number of Directors, if any, that the Company must have to satisfy any requirement in terms of the Act to appoint an audit committee and a social and ethics committee, the Board must comprise at least 4 (four) Directors and the Shareholders*

shall be entitled, by ordinary resolution, to determine such maximum number of Directors as they from time to time shall consider appropriate. **[LR Sch 10.16(a)]**

28.1.2 All Directors shall be elected by an ordinary resolution of the Shareholders at a general or annual general meeting of the Company and no appointment of a Director in accordance with a resolution passed in terms of section 60 shall be competent. **[LR Sch 10.16(b)]**

28.1.3 Every person holding office as a Director, prescribed officer, company secretary or auditor of the Company immediately before the effective date of the Act will, as contemplated in item 7(1) of schedule 5 to the Act, continue to hold that office.

## 28.2 Election of Directors

28.2.1 The appointment of all Directors shall be subject to shareholder approval at any general/ annual general meeting. **[LR Sch 10.16(b)]**

28.2.2 In any election of Directors –

28.2.2.1 any Shareholder has the right to nominate Directors; **[LR Sch 10.16(b)]**

28.2.2.2 the election is to be conducted as a series of votes, each of which is on the candidacy of a single individual to fill a single vacancy, with the series of votes continuing until all vacancies on the Board have been filled; and

28.2.2.3 in each vote to fill a vacancy –

28.2.2.3.1 each vote entitled to be exercised may be exercised once; and

28.2.2.3.2 the vacancy is filled only if a majority of the votes exercised support the candidate.

28.2.3 The Company shall only have elected Directors and there shall be no appointed ex officio Directors as contemplated in section 66(4).

## 28.3 Eligibility, Resignation and Rotation of Directors

28.3.1 Apart from satisfying the qualification and eligibility requirements set out in section 69, a person need not satisfy any eligibility requirements or qualifications to become or remain a Director or a prescribed officer of the Company.

28.3.2 No Director shall be appointed for life or for an indefinite period and the Directors shall rotate in accordance with the following provisions of this clause 28.3.2 – **[LR Sch 10.16(k)]**

28.3.2.1 at each annual general meeting referred to in clause 23.2.1, 1/3 (one third) of the Directors for the time being, or if their number is not 3 (three) or a multiple of 3 (three), the number nearest to 1/3 (one third), but not less than 1/3rd (one third), shall retire from office, provided that if any Director is appointed as managing Director or as an employee of the Company in any other capacity, he shall not, while he continues to hold that position or office, be subject to retirement by rotation and he or she shall not, in such case, be taken into account in determining the rotation or retirement of Directors; **[LR Sch 10.16(g)]**

28.3.2.2 the Directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who were elected as Directors on the same day, those to retire shall, unless they otherwise agree among themselves, be determined by lot;

28.3.2.3 a retiring Director shall be eligible for re-election;

28.3.2.4 the Company, at the general meeting at which a Director retires in the above manner, or at any other general meeting, may fill the vacancy by electing a person thereto, provided that the Company shall not be entitled to fill the vacancy by means of a resolution passed in accordance with clause 28; and **[LR Sch 10.16(g)]**

28.3.2.5 if at any meeting at which an election of Directors ought to take place the offices of the retiring Directors are not filled, unless it is expressly resolved not to fill such vacancies, the meeting shall stand adjourned and the further provisions of this Memorandum of Incorporation, including clauses 23.4.2 to 23.4.5 (both inclusive)

*will apply mutatis mutandis to such adjournment, and if at such adjourned meeting the vacancies are not filled, the retiring Directors, or such of them as have not had their offices filled, shall be deemed to have been re-elected at such adjourned meeting.*

28.3.3 *The Board shall, through its nomination committee if such committee has been constituted in terms of clause 35, provide the Shareholders with a recommendation in the notice of the meeting at which the re-election of a retiring Director is proposed, as to which retiring Directors are eligible for re-election, taking into account that Director's past performance and contributions made. [LR Sch 10.16(g)]*

#### **28.4 Powers of the Directors**

28.4.1 *The Board has the power to –*

28.4.1.1 *fill any vacancy on the Board on a temporary basis, as set out in section 68(3), provided that such appointment must be confirmed by the Shareholders, in accordance with clause 29.1.2, at the next annual general meeting of the Company, as required in terms of section 70(3)(b)(i); and [LR Sch 10.16(c)]*

28.4.1.2 *exercise all of the powers and perform any of the functions of the Company, as set out in section 66(1),*

*and the powers of the Board in this regard are only limited and restricted as contemplated in this clause 29.*

28.4.2 *The Directors may at any time and from time to time by power of attorney appoint any person or persons to be the attorney or attorneys and agent(s) of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors in terms of this Memorandum of Incorporation) and for such period and subject to such conditions as the Directors may from time to time think fit. Any such appointment may, if the Directors think fit, be made in favour of any company, the shareholders, directors, nominees or managers of any company or firm, or otherwise in favour of any fluctuating body of persons, whether nominated directly or indirectly by the Directors. Any such power of attorney may contain such provisions for the protection or convenience of persons dealing with such attorneys and agents as the Directors think fit. Any such attorneys or agents as aforesaid may be authorised by the Directors to sub-delegate all or any of the powers, authorities and discretions for the time being vested in them.*

28.4.3 *Save as otherwise expressly provided herein, all cheques, promissory notes, bills of exchange and other negotiable or transferable instruments, and all documents to be executed by the Company, shall be signed, drawn, accepted, endorsed or executed, as the case may be, in such manner as the Directors shall from time to time determine.*

28.4.4 *All acts performed by the Directors or by a committee of Directors or by any person acting as a Director or a member of a committee shall, notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of the Directors or persons acting as aforesaid, or that any of them were disqualified from or had vacated office, be as valid as if every such person had been duly appointed and was qualified and had continued to be a Director or member of such committee.*

28.4.5 *If the number of Directors falls below the minimum number fixed in accordance with this Memorandum of Incorporation, the remaining Directors must as soon as possible and in any event not later than 3 (three) months from the date that the number falls below such minimum, fill the vacancy/ies in accordance with clause 29.4.1.1 or convene a general meeting for the purpose of filling the vacancies, and the failure by the Company to have the minimum number of Directors during the said 3 (three) month period does not limit or negate the authority of the board of Directors or invalidate anything done by the board of Directors while their number is below the minimum number fixed in accordance with this Memorandum of Incorporation. [LR Sch 10.16(d)]*

28.4.6 *The Directors in office may act notwithstanding any vacancy in their body, but if after the expiry of the 3 (three) month period contemplated in clause 29.4.5, their number remains*

*below the minimum number fixed in accordance with this Memorandum of Incorporation, they may, for as long as their number is reduced below such minimum, act only for the purpose of filling vacancies in their body in terms of section 68(3) or of summoning general meetings of the Company, but not for any other purpose. [LR Sch 10.16(d)]*

### 30. DIRECTORS' COMPENSATION AND FINANCIAL ASSISTANCE

30.1 *The Company may pay remuneration to the Directors for their services as Directors in accordance with a special resolution approved by the Shareholders within the previous 2 (two) years, as set out in section 66(8) and (9), and the power of the Company in this regard is not limited or restricted by this Memorandum of Incorporation.*

30.2 *Any Director who -*

30.2.1 *serves on any executive or other committee;*

30.2.2 *devotes special attention to the business of the Company;*

30.2.3 *goes or resides outside South Africa for the purpose of the Company; and/or*

30.2.4 *otherwise performs or binds himself to perform services which, in the opinion of the Directors, are outside the scope of the ordinary duties of a Director,*

*may be paid such extra remuneration or allowances in addition to or in substitution of the remuneration to which he may be entitled as a Director, as a disinterested quorum of the Directors may from time to time determine. [LR Sch 10.16(f)]*

30.3 *The Directors may also be paid all their travelling and other expenses properly and necessarily incurred by them in connection with -*

30.3.1 *the business of the Company; and*

30.3.2 *attending meetings of the Directors or of committees of the Directors of the Company. [LR Sch 10.16(f)]*

30.4 *The Board may, as contemplated in and subject to the requirements of section 45, authorise the Company to provide financial assistance to a Director, prescribed officer or other person referred to in section 45(2), and the power of the Board in this regard is not limited or restricted by this Memorandum of Incorporation.*

### 31. MANAGING DIRECTOR

31.1 *The Board must appoint a chief executive officer and an executive financial Director (as such offices are contemplated in the JSE Listings Requirements, if applicable) [LR 3.84(c) AND (g)]. The Directors may from time to time appoint 1 (one) or more of their body to the office of managing Director for such term and at such remuneration as they may think fit (subject only to the requirements of section 66(8) and (9), and may revoke such appointment subject to the terms of any agreement entered into in any particular case, provided that the period of office of a managing Director appointed in terms of an agreement shall be for a maximum period of 5 (five) years at any one time. A Director so appointed shall be subject to retirement in the same manner as the other Directors except during the period of his agreement, and his appointment shall terminate if he ceases for any reason to be a Director.*

### 37. DISTRIBUTIONS

37.1 *Subject to the provisions of the Act, in particular section 46, the JSE Listings Requirements and **Annexure A** hereto, the Company may make a proposed distribution if such distribution [LR Sch 10.17(a)] –*

37.1.1 *is pursuant to an existing legal obligation of the Company, or a court order; or*

37.1.2 *is authorised by resolution of the Board, provided however that the Board shall be obliged to declare a distribution to the B Shareholders in such maximum amount as may be available for distribution in the manner and within the timeframes contemplated in **Annexure A** hereto.*

- 37.7 No distribution of capital shall be made on the basis that such capital may be called up again by the Company. **[LR Sch 10.8]**
- 37.10 Unclaimed distributions must be held by the Company in trust indefinitely but subject to the laws of prescription. Following this period, the unclaimed distributions may be invested or otherwise be made use of by the Directors for the benefit of the Company. Any unclaimed monies in respect of which the claims of the relevant Securities holders have prescribed shall be forfeited by resolution of the Directors for the benefit of the Company and may be dealt with by the Directors or their assigns as they deem fit. **[LR Sch 10.17(c)]**
- 37.11 Any distribution, interest or other sum payable in cash to the holder of a Share may be paid by cheque or warrant sent by post and addressed to -
- 37.11.1 the holder at his registered address;
  - 37.11.2 in the case of joint holders, the holder whose name appears first in the Securities Register in respect of the share, at his registered address; or
  - 37.11.3 such person and at such address as the holder or joint holders may in writing direct.
- 37.17 Without detracting from the ability of the Company to issue capitalisation Shares, any distribution may be paid wholly or in part -
- 37.17.1 by the distribution of specific assets;
  - 37.17.2 by the issue of Shares, debentures or securities of the Company or of any other company;
  - 37.17.3 in cash; or
  - 37.17.4 in any other way which the Directors or the Company in general meeting may at the time of declaring the distribution determine.

#### 41. **AMENDMENT OF MEMORANDUM OF INCORPORATION**

- 41.1 Save for correcting errors substantiated as such from objective evidence or which are self-evident errors (including, but without limitation ejusdem generis, spelling, punctuation, reference, grammar or similar defects) in the MOI, which the Board is empowered to do in terms of section 17(1) and subject to the provisions of the Listings Requirements, all other amendments of the MOI shall be effected in accordance with section 16(1) and section 16(4) and the Listings Requirements. All such other amendments shall be approved by a special resolution passed by the Shareholders, but subject to clause 7.4 **[LR Sch 10.5(d) and (e)]**.
- 41.2 Notice of any corrections made in terms of clause 42.1 must be given to Shareholders which may be done by way of notification on the Company's web-site, if any.
- 41.3 For the avoidance of doubt, amendments to the Memorandum of Incorporation shall include, without limitation **[LR Sch 10.5(d)(i) to (vii) and LR Sch 10.5(e)]** -
- 41.3.1 the creation of any class of Shares;
  - 41.3.2 the variation of any preferences, rights, limitations and other terms attaching to any class of Shares;
  - 41.3.3 the conversion of one class of Shares into one or more other classes;
  - 41.3.4 an increase in the number of authorised Securities of a class;
  - 41.3.5 a consolidation of Securities;
  - 41.3.6 a sub-division of Securities; and/or
  - 41.3.7 the change of name of the Company.

## **Annexure A – ADDITIONAL CLASSES OF SHARES**

1. In addition to the Shares contemplated in clause 7.1.1 of the Memorandum of Incorporation to which this annexure is **Annexure A**, the Company is authorised to issue no more than 1 (one) no par value share, designated as a B Share, with the preferences, rights, limitations and other terms set out hereunder.

### **2. PREFERENCES, RIGHTS, LIMITATIONS AND OTHER TERMS ATTACHING TO THE B SHARES**

a. Save for such rights as are unalterable under applicable laws and regulations or as otherwise envisaged in this Memorandum of Incorporation, the B Share shall not have any rights, including voting rights, other than as outlined below. The B Share shall be issued to the holder strictly as compensation for the performance of services under the Management Agreement and accords to the holder:

2.2.1 the right to be entered in the Securities Register of the Company as the registered holder of that B Share;

2.2.2 the right to attend, participate in, and speak at any meeting of B Shareholders which, for the avoidance of doubt, shall not entitle the B Shareholder (other than as envisaged in paragraph 2.2.4 of this **Annexure A** below) to vote at any meeting of the ordinary Shareholders; [**LR Sch 10.5(c)**]

2.2.3 the right on a poll to exercise one vote per B Share held by that B Shareholder on any matter to be decided upon by the ordinary Shareholders (but only as envisaged in paragraph 2.2.4 below);

2.2.4 the right to receive notice of all Shareholder Meetings (including, for the avoidance of doubt, meetings of B Shareholders) and to attend and take part, but not vote at meetings of ordinary Shareholders, unless: [**LR Sch 10.5(h)**]

2.2.4.1 a B Dividend (as defined below) remains in arrears and unpaid for more than three months after the due date for payment thereof, provided that the right to vote conferred on the B Shareholder in terms of this paragraph 2.2.4.1 of this **Annexure A** shall cease if and when a B Dividend is thereafter declared and paid;

2.2.4.2 a B Dividend is not declared and paid when such B Dividend is due, within three months after such B Dividend is due, provided that the right to vote conferred on the B Shareholder in terms of this paragraph 2.2.4.1 of this **Annexure A** shall cease if and when a B Dividend is thereafter declared and paid; and

2.2.4.3 subject to paragraph 2.4 of this **Annexure A** below, a resolution of the Company (including, for the avoidance of doubt, a resolution to amend the Memorandum of Incorporation of the Company) is proposed which affects the rights, preferences, privileges or benefits attaching to the B Share or the rights of the B Shareholder that arise from the subscription for and/or holding of the B Share, including a resolution:

2.2.4.3.1 to wind-up, liquidate or dissolve the Company, or to have it placed under business rescue proceedings, or to pursue a moratorium or a composition, compromise or similar arrangement with any of its creditors;

2.2.4.3.2 to repurchase, cancel or expropriate the B Share (or any rights attaching thereto);

2.2.4.3.3 to authorise and/or issue any Securities in the Company which rank in priority to or *pari passu* with the B Share in respect of rights to dividends or a return of capital,

in which case the B Shareholder shall be entitled to vote at such meetings in the manner contemplated in clause 25.2 of the Memorandum of Incorporation;

2.2.5 if, at any time, the B Shareholder would be entitled to vote its B Share under paragraph 2.2.4 of this **Annexure A** at a Shareholder Meeting of the Company, if one were to be held, the B Shareholder may, by notice to the Company, require the Company to call a Shareholder Meeting to consider any of those matters on which the B Shareholder is entitled to vote, including a resolution to declare a B Share dividend when required under, or as envisaged by, this Memorandum of Incorporation or otherwise requiring the Company to comply with its obligations to the B Shareholder. Notwithstanding any other provisions of this Memorandum of

*Incorporation, a resolution adopted at such meeting will be binding on and must be given effect to by the Company and the Directors;*

2.2.6 *the right to receive out of the profits of the Company which are available for Distribution, in priority to and before any repayment of any capital or interest on any Shareholder loans by the Company or any provision for, declaration or payment of any dividend or return of capital or other Distribution on another class of Securities (including ordinary Shares) in the capital of the Company, dividends declared on the B Share (“**B Dividends**”) for each Accounting Period in an aggregate amount (for all the B Shares) calculated at the end of each Accounting Period in accordance with Formula 1, Formula 2, Formula 3 and Formula 4 below:*

**Formula 1:**

*Used to calculate the annual B Dividend which is subject to a claw-back mechanism.*

**Annual B Dividend formulas:**

$$X = (B/C) - 1$$

If X is **greater than or equal to** 10% then the following formula applies:

$$A = (B - C) \times ((X - 10\%)/X) \times 15\%$$

If X is **less than** 10% then  $A = 0$

**Formula 2:**

*Used to calculate the claw-back B Dividend.*

**Claw-back B Dividend formulas:**

$$Y = (B/E)^{(1/W)} - 1$$

If Y is **greater than or equal to** 10% then the following formula applies:

$$D = (B - E) \times ((Y - 10\%)/Y) \times 15\%$$

If Y is **less than** 10% then  $D = 0$

**Formula 3:**

*Used to calculate the adjustment factor to be applied to the actual B Dividend to be paid to B Shareholders.*

**Dividend adjustment formula:**

$$F = D - (Z + A)$$

**Formula 4:**

*Actual B Dividend to be paid in an Accounting Period.*

**B Dividend payable:**

$$G = A + F, \text{ however, if } G \text{ is } \textbf{less than } 0 \text{ then } G = 0$$

**Where:**

A = the annual B Dividend calculated for each Accounting Period, which is subject to the claw-back as calculated in Formula 2, Formula 3 and Formula 4;

B = the Invested NAV as at the last day of the Accounting Period, after subtracting any equity capital raised from shareholders in the listed market and after adding back the management fee paid and accrued to RH Bohphelo Management Company (Pty) Ltd (Registration No. 2016/533552/07) under the Management Agreement during the Accounting Period;

C = the Invested NAV as at the first day of the Accounting Period. For the purposes of the calculation of the 1st B Dividend payable, “C” will be based on the initial Invested NAV, being R500 000 000 (five hundred million rand), which is the NAV as at the date the Company is listed on the main board of the JSE;

D = the claw-back B Dividend calculated for each Accounting Period, which is subject to Formula 3 and Formula 4;

- E = R500 000 000 (five hundred million rand), being the NAV on the date that the Company is listed on the main board of the JSE;
- F = the adjustment to be applied to the B Dividend as a result of the claw-back, Annual B Dividend and previous B Dividends paid;
- G = the B Dividend payable to the B Shareholders for each Accounting Period;
- W = the number of full accounting periods, expressed in year(s) from the date the Company is listed on the main board of the JSE to the last day of the Accounting Period. As an example, if the Company were to calculate the B Dividend payable for the 5th year following the listing of the Company on the main board of the JSE, then "W" = 5;
- X = the growth in NAV, calculated as a percentage, measured from the first day of the Accounting Period to the last day of the Accounting Period;
- Y = the growth in NAV, calculated as a percentage, measured from the date that the Company is listed on the main board of the JSE, with an initial NAV of R500 000 000 (five hundred million rand) to the last day of the Accounting Period; and
- Z = the sum of all previous B Dividends paid (and accrued) to Manco, as calculated in terms of "G" above (not "A" above), from date that the Company is listed on the main board of the JSE to the first day of the Accounting Period (i.e. all B Dividends previously paid but excluding any B Dividend which may be payable during the current Accounting Period).

*2.2.7 a B Dividend shall be declared and paid in full within 30 (thirty) days after each Accounting Period. In the event that a B Dividend is not declared and paid within 30 (thirty) days after an Accounting Period (or that such B Dividend is declared, but not paid in full), for any reason whatsoever, than the B Dividend (and/or the unpaid portion thereof) shall be accumulated and accrue interest at the Prime Rate plus 2% (two percent) ) from the date on which such B Dividend (and/or the unpaid portion thereof) should have been paid until the date of actual payment thereof; and*

*2.2.8 any other rights attaching to the B Share in terms of the Act, any other provisions of this Memorandum of Incorporation or any other applicable law,*

*in each case in accordance with and subject to the further provisions of the Memorandum of Incorporation applicable to such B Share. Each B Share ranks pari passu in all respects with every other B Share.*

- b. For the avoidance of doubt, it is recorded and agreed that, save in respect of the repurchase of the B Share in the manner contemplated in this **Annexure A**, no dividend or return of capital or other Distribution whatsoever (including a distribution in the form of the B Dividend) shall accrue or be payable to the B Shareholder under any circumstances whatsoever after the date of termination of the Management Agreement;*
- c. The B Share will not be admitted to listing and trading on any stock exchange, including the securities exchange operated by the JSE.*
- d. The Company shall, only after (but not prior to) the termination of the Management Agreement, be obliged to repurchase the B Share in the manner set out in Schedule 2 to this **Annexure A**.*
- e. Subject to paragraph 2.5 of this **Annexure A**, the transferability of the B Share is hereby restricted and the B Share may not, once issued, be transferred in any way by the B Shareholder.*

## **Schedule 2 – OBLIGATION TO REPURCHASE THE B SHARE: TERMS AND CONDITIONS**

- 1. The Company shall be irrevocably obliged to repurchase, in the manner contemplated in (and subject to the provisions of) section 48 of the Act, the B Share from the B Shareholder (and the B Shareholder shall similarly be irrevocably and unconditionally obliged to sell the B Share to the Company), on written notice to the B Shareholder by no later than the 5th (fifth) Business Day after the "Repurchase Date". For the purposes of the foregoing, "**Repurchase Date**" means the date on which the Management Agreement is terminated*

2. Upon the exercise of the repurchase by the Company (as contemplated in paragraph 1 above), a sale or repurchase of the B Share shall be deemed to have been concluded between the Company and the B Shareholder on the following terms and conditions:
  - 2.1 the repurchase shall be subject to the provision of section 48 of the Act (or other applicable legislation, if any);
  - 2.2 the B Share shall be acquired with effect from the date on which the notice referred to in paragraph 1 of this Schedule 2 to **Annexure A** was delivered by the Company to the B Shareholder;
  - 2.3 the purchase price for the B Share shall be an amount equal to the sum of the following amounts (sounding in South African Rand and determined as at the time of the repurchase):
    - 2.4.1 the future value of the subscription price for the B Share, as determined by an Independent Auditor/Expert;
    - 2.4.2 all and any accrued unpaid and accumulated B Dividends; and
    - 2.4.3 if (and only if) the Management Agreement was terminated by any of the Parties thereto for convenience and not for cause, the greater amount between –
      - 2.4.3.1 the present value of the Management Fees (as defined in the Management Agreement), as determined by an Independent Auditor/Expert using appropriate valuation methodology as would be considered reasonable by the Independent Auditor/Expert and would include, as a minimum, a detailed discounted free cash-flow calculation; and
      - 2.4.3.2 5% (five percent) of the Average Market Capitalisation (as defined in the Management Agreement), calculated in accordance with **Annexure A** to the Management Agreement;
  - 2.4 the purchase price shall be payable in cash by way of direct electronic funds transfer in immediately available funds into a South African bank account nominated by the B shareholder in writing to the Company immediately against delivery of the relevant documents of title for the B Share (including, without limitation, all necessary share certificated and transfer forms), which the B shareholder shall be obliged to deliver to the Company within 2 (two) Business Days after the aforesaid repurchase becomes unconditional;
  - 2.5 the B share shall be repurchased voetstoots (i.e. on an “as is” basis) and without any warranties or representations of any nature whatsoever, save that the B Shareholder shall be deemed to warrant that –
    - 2.5.1 he is the beneficial as well as the registered owner of the B Share and that the B Share is un-encumbered; and
    - 2.5.2 no person has any right of whatsoever nature to acquire the B Share;
    - 2.5.3 the securities transfer tax payable in respect of the registration of the transfer of the Shares comprising the B Share in question shall be borne by the Company.

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## KING CODE AND CORPORATE GOVERNANCE

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The Board recognises the link between effective governance, sustainable performance and the creation of long-term value for all of its stakeholders. The Board is committed to the principles of transparency, integrity, fairness and accountability, and recognises the need to implement good corporate governance principles. The Board, therefore, seeks to apply the principles as set out in the King Code and the JSE Listings Requirements.

RH Bophelo has performed an assessment of the application of the principles set out in paragraph 3.84 of the JSE Listings Requirements, which assessment is reflected below:

Applied Principle	Comments
<p><b>3.84 (a)</b> Applied There must be a policy evidencing a clear balance of power and authority at board of directors' level, to ensure that no one director has unfettered powers of decision-making.</p>	<p>The Board consists of 9 Directors, 5 of which are non-executive Directors and 3 of which are independent Directors. RH Bophelo has a policy in place in order to ensure that the existing Board and any future Board will not consist of any Director that has unfettered powers of decision-making.</p> <p>The board of RH Bophelo is collectively committed to act in the best interests of the Company and all relevant stakeholders. There is a clear division of responsibilities at board level to ensure the balance of power between the chairman, CEO, CFO and non-executive directors.</p> <p>The Company's business is managed under the direction of the Board. The Board delegates to the CEO, and through the CEO to other senior management, the authority and responsibility for managing the Company. The Board's role is to oversee the management and governance of the Company and to monitor senior management's performance.</p>
<p><b>3.84 (b)</b> Applied The issuer must have an appointed chief executive officer and a chairman and these positions must not be held by the same person. The chairman must either be an independent non-executive director, or the issuer must appoint a lead independent director to provide independence where the chairman is not an independent non-executive director, in accordance with the King Code.</p>	<p>The chief executive officer (Q Zunga) and the chairman (JR Oliphant) are not the same person. The chairman is not independent, however, the Board has a lead independent non-executive Director (Dr SG Motuba).</p>

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3.84 (c)	Applied Principle	Comments
3.84 (c)	<p>Applied All issuers must, in accordance with the King Code appoint an (i) audit committee, (ii) a remuneration committee and (iii) a social and ethics committee. The composition of such committees must comply with the Companies Act and should be considered in accordance with the recommended practices in the King Code, provided that each committee must comprise of at least three members. A brief description of the committee mandates, the number of meetings held and other relevant information must be disclosed in the annual report.</p>	<p>RH Bophelo has appointed an audit and risk committee, a remuneration and nomination committee and a social and ethics committee as detailed below:</p> <p><b>Audit and risk committee:</b></p> <p><b>Composition:</b> L Shezi (chair), Dr SG Motuba, Dr K Ntshwana</p> <p><b>Number of meetings:</b> 1</p> <p><b>Mandate:</b> The audit and risk committee has been established by the Board to assist the board with regards to the matters set out below:</p> <ul style="list-style-type: none"> <li>(a) discharging its duties relating to the safeguarding of the Company's assets;</li> <li>(b) the operation of adequate systems and internal control processes;</li> <li>(c) the preparation of financial reports and statements that fairly present the results in compliance with all applicable legal requirements and accounting standards;</li> <li>(d) compliance with good governance practices;</li> <li>(e) nomination of the external auditors, considered to be independent, whose appointment is subject to shareholder approval;</li> <li>(f) interaction with external auditors; and</li> <li>(g) ensuring that the Company has implemented an effective plan for risk management that will enhance the Company's ability to achieve its strategic objectives.</li> </ul> <p>This also includes all of the responsibilities outlined in paragraph 3.84 (g) as further highlighted in this table (below).</p>

Applied Principle	Comments
	<p data-bbox="917 212 1300 280"><b>Remuneration and nomination committee mandate:</b></p> <p data-bbox="917 291 1372 358"><b>Composition:</b> Dr K Ntshwana (chair), LA Shezi, J Oliphant.</p> <p data-bbox="917 369 1204 403"><b>Number of meetings:</b> 1</p> <p data-bbox="917 414 1436 616"><b>Mandate:</b> The Board has opted to combine the responsibilities of the remuneration and nomination committee and form one committee that will handle the responsibilities of the committees collectively.</p> <p data-bbox="917 627 1436 907">RH Bophelo currently does not have any direct employees. The Company has entered into a management agreement with the Management Company, whereby the Management Company undertakes the recruitment of employees. The Company endeavours to guide the Management Company within the principles of this policy and in line with best industry practice.</p> <p data-bbox="917 918 1436 1019">All reference to 'employees', refers to future employees of the Company and its subsidiaries.</p> <p data-bbox="917 1030 1396 1131">The remuneration and nomination committee has been established by the Board of the Company to:</p> <ul data-bbox="917 1142 1436 1747" style="list-style-type: none"> <li>(a) assist the Board in determining and administering the remuneration policy;</li> <li>(b) approve the remuneration of all the executives;</li> <li>(c) oversee incentivisation of all employees;</li> <li>(d) consider any other matters relevant to remuneration of executive directors and staff;</li> <li>(e) to identify suitable board candidates to fill vacancies on the Board;</li> <li>(f) ensure that there's a succession plan in place for key management and members of the Board;</li> <li>(g) assessing the independence of non-executive directors and the composition of the board sub-committees.</li> </ul>

Applied Principle	Comments
	<p><b>Social and ethics committee mandate:</b></p> <p><b>Composition:</b> D Sekete (chair), VP Nomvalo and Dr S Motuba.</p> <p><b>Number of meetings:</b> 1</p> <p><b>Mandate:</b> The social and ethics committee shall oversee and report on the Company's ethics, responsible corporate citizenship, sustainable development and stakeholder relationships.</p> <p>The responsibilities of the social and ethics committee shall include statutory duties and any other responsibilities delegated to it by the Board. The primary responsibility of the social and ethics committee is to monitor the Company's activities, having regard to the relevant legislation and other legal requirements with regards to matters relating to:</p> <ul style="list-style-type: none"> <li>– Social and economic development</li> <li>– Good corporate citizenship</li> <li>– The environment, health and public safety</li> <li>– Relationship with all stakeholders</li> <li>– Labour and employment</li> </ul>
<p><b>3.84 (d)</b> Applied A brief CV of each director must be provided in respect of a new listing. It should further be noted that a brief CV for each director standing for election or re-election at a general meeting or the annual general meeting (in relation to Main Board issuers, such election or re-election may not take place at a meeting contemplated in Section 60 of the Companies Act) should accompany the notice of the general meeting or annual general meeting.</p>	<p>Please refer to Director's curriculum vitae as contained in <b>Annexure 9</b>. RH Bophelo will comply with Section 60 of the Companies Act.</p>

Applied Principle	Comments
<p><b>3.84 (e)</b> Applied The capacity of each director must be categorised as executive, non-executive or independent, using the following as guidelines to determine which category is most applicable to each director:</p> <ul style="list-style-type: none"> <li>(i) executive directors: <ul style="list-style-type: none"> <li>are directors that are involved in the management of the company and/or in full-time salaried employment of the company and/or any of its subsidiaries;</li> </ul> </li> <li>(ii) non-executive directors are directors that are not: <ul style="list-style-type: none"> <li>(1) involved in the day to day management of the business, or</li> <li>(2) full-time salaried employees of the company and/or any of its subsidiaries;</li> </ul> </li> <li>(iii) independence of directors should be determined holistically, and on a substance over form basis in accordance with the indicators provided in Section 94(4) of the Companies Act and King Code. In addition, it must be noted that any director that participates in a share incentive/option scheme, will not be regarded as independent.</li> </ul>	<p>All Directors have been classified. These can be found on the “<i>Corporate information and advisors</i>” section and throughout this Circular.</p>
<p><b>3.84 (f)</b> Applied All issuers must have an executive financial director. The JSE may, at its discretion, when requested to do so by the issuer and due to the existence of special circumstances, allow the financial director to be employed on a part time basis only. This request must be accompanied by a detailed motivation by the issuer and the audit committee.</p>	<p>RH Bophelo has an executive financial director (KD Mhlaba).</p>

Applied Principle	Comments
<p><b>3.84 (g)</b> Applied The audit committee must, notwithstanding its duties pursuant to Section 94 of the Companies Act:</p> <ul style="list-style-type: none"> <li>(i) consider, on an annual basis, and satisfy itself of the appropriateness of the expertise and experience of the financial director. The issuer must confirm this by reporting to shareholders in its annual report that the audit committee has executed this responsibility;</li> <li>(ii) ensure that the issuer has established appropriate financial reporting procedures, and that those procedures are operating.; and</li> <li>(iii) request and consider the following in their assessment of the suitability for appointment of their current or a prospective audit firm and designated individual auditor: <ul style="list-style-type: none"> <li>(a) the decision letter and findings report of the inspection performed by the IRBA or the professional/ regulatory body for auditors in their jurisdiction, on both the audit firm and their designated individual auditor;</li> <li>(b) the findings report of the internal engagement monitoring inspection performed by the audit firm on their designated individual auditor; and</li> <li>(c) the outcome and details of any legal or disciplinary proceedings instituted by any professional body of which they are a member or regulatory body to whom they are accountable, unless compliance with the requests referred to in (a) or (c) above are unlawful for the auditor in the jurisdiction in which they are regulated.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>(i) The audit committee has and will continue to consider on an annual basis and satisfy itself of the appropriateness of the expertise and experience of the financial director. This will be reported in the annual report</li> <li>(ii) The audit committee has and will continue to consider on an annual basis that RH Bophelo has established appropriate financial reporting procedures and that those procedures are operating.</li> <li>(iii) The audit committee has and will continue to consider on an annual basis the appointment of their current or a prospective audit firm and designated individual auditor: <ul style="list-style-type: none"> <li>(a) the decision letter and findings report of the inspection performed by the IRBA or the professional/ regulatory body for auditors in their jurisdiction, on both the audit firm and their designated individual auditor;</li> <li>(b) the findings report of the internal engagement monitoring inspection performed by the audit firm on their designated individual auditor; and</li> <li>(c) the outcome and details of any legal or disciplinary proceedings instituted by any professional body of which they are a member or regulatory body to whom they are accountable, unless compliance with the requests referred to in (a) or (c) above are unlawful for the auditor in the jurisdiction in which they are regulated.</li> </ul> </li> </ul>

<b>Applied Principle</b>	<b>Comments</b>
<p><b>3.84 (h)</b> Applied All issuers must appoint a company secretary in accordance with the Companies Act and recommended practices in the King Code.</p>	<p>The Company Secretary has been appointed in accordance with the Companies Act and recommended practices in the King Code.</p> <p>The Company Secretary has unfettered access to the board. The Company Secretary is not a member of the board and therefore maintains an arms-length relationship with its members.</p> <p>The board will evaluate the performance and independence of the Company Secretary on an annual basis.</p>
<p><b>3.84 (i)</b> Applied The board of directors or the nomination committee, as the case may be, must have a policy on the promotion of gender diversity at board level. The issuer must confirm this by reporting to shareholders in its annual report on how the board of directors or the nomination committee, as the case may be, have considered and applied the policy of gender diversity in the nomination and appointment of directors. If applicable, the board of directors or the nomination committee must further report progress in respect thereof on agreed voluntary targets.</p>	<p>The Board's policy on the promotion of gender diversity at Board level is to ensure that as soon as practically possible, there are an equal number of females to males that serve on the Board. The Company will continually confirm this by reporting to Shareholders in its annual report on how the Board has considered and applied the policy of gender diversity in the nomination and appointment of Director.</p> <p>As part of RH Bophelo's policy to create a balance of power at board level, the remuneration and nomination committee has been tasked to set targets for gender representation within the board by equalising the number of female to male representatives.</p>
<p><b>3.84 (j)</b> Applied The board of directors or the nomination committee, as the case may be, must have a policy on the promotion of race diversity at board level. The issuer must confirm this by reporting to shareholders in its annual report on how the board of directors or the nomination committee, as the case may be, have considered and applied the policy of race diversity in the nomination and appointment of directors. If applicable, the board of directors or the nomination committee must further report progress in respect thereof on agreed voluntary targets.</p>	<p>The Board's policy on race diversity at Board level is to ensure strict and strong compliance with the Broad-Based Black Economic Empowerment Act 53 of 2003, in order to maximise points in terms points in terms of the relevant scorecard.</p> <p>As part of RH Bophelo's policy to create a balance of power at board level, the remuneration and nomination committee has been tasked to set targets for race representation within the board which are in compliance with the Broad-Based Black Economic Empowerment Act, No.53 of 2003 as amended or substituted from time to time.</p>

	<b>Applied Principle</b>	<b>Comments</b>
<b>3.84 (k)</b>	Applied The remuneration policy and the implementation report must be tabled every year for separate non-binding advisory votes by shareholders of the issuer at the annual general meeting. The Remuneration policy must record the measures that the board of directors of the issuer commits to take in the event that either the remuneration policy or the implementation report, or both, are voted against by shareholders exercising 25% or more of the votes exercised. In order to give effect to the minimum measures referred to in the King Code, in the event that either the remuneration policy or the implementation report, or both are voted against by shareholders exercising 25% or more of the voting rights exercised, the issuer must in its voting results announcement pursuant to paragraph 3.91 provide for the following: a. An invitation to dissenting shareholders to engage with the issuer; and b. The manner and timing of such engagement	RH Bophelo's remuneration policy states that the implementation report must be tabled every year for separate non-binding advisory votes by Shareholders at the annual general meeting. The remuneration policy records the measures that the Board commits to take in the event that the report are voted against by Shareholders exercising 25% or more of the votes exercised. The report is in compliance with the King Code requirements such that if voted against by Shareholders exercising 25% or more of the voting rights exercised, RH Bophelo will in its voting results announcement, pursuant to paragraph 3.91 of the JSE Listings Requirements provide for the following: a. An invitation to dissenting Shareholders to engage with RH Bophelo; and b. The manner and timing of such engagement

RH Bophelo has performed an assessment of the application of the principles set out in the King Code, which assessment is reflected below:

	<b>Applied Principle</b>	<b>Comments</b>
<b>1.</b>	Applied The governing body should lead ethically and effectively.	As set out in RH Bophelo's board charter, the Directors, overseen by the chairperson, hold each another accountable for decision-making and ethical behaviour.
<b>2.</b>	Applied The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.	As set out in RH Bophelo's board charter, the Board is responsible for the monitoring and governance of the ethics of RH Bophelo. RH Bophelo's code of ethics guides the interaction between clients and stakeholders.  The board exercises ongoing oversight of the management of ethics and, in particular, oversees the following: i) Application of the Company's ethical standards to the processes for the recruitment, evaluation of performance and reward of employees, as well as the sourcing of suppliers through the following Company policies – – Procurement policy – Recruitment policy – Remuneration policy  The use of protected disclosure or whistle-blowing mechanisms to detect breaches of ethical standards through the Company's whistle blowing policy.

	<b>Applied Principle</b>	<b>Comments</b>
3.	Applied The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen.	<p>The Board is responsible for monitoring the overall responsible corporate citizenship performance of RH Bophelo.</p> <p>The board through its sub-committees shall oversee and monitor, on an ongoing basis, how the consequences of the Company's activities and outputs affect its status as a responsible corporate citizen. This oversight and monitoring shall be performed against measures detailed in the Company's stakeholder relations policy.</p>
4.	Applied The governing body should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.	<p>The board assumes responsibility for the Company's performance by steering and setting the direction for the realisation of the Company's core purpose and values through its investment policy strategy.</p> <p>The audit and risk committee assists the Board with the governance of risk and monitors risks and ensures the implantation of various mitigating controls. This responsibility is contained in the board charter and the audit and risk committee charters.</p>
5.	Applied The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance, and its short, medium and long-term prospects.	RH Bophelo's annual report will provide an assessment of its performance, measured against its objectives.
6.	Applied The governing body should serve as the focal point and custodian of the corporate governance in the organisation.	<p>The Board is the focal point and custodian of corporate governance of RH Bophelo. Its role and responsibilities and the way that it executes its duties and decision making are documented and are set out in the board charter. Further aspects of governance are addressed through the established Board sub- committees.</p> <p>Governance is a regular item on the Board agenda.</p>

	<b>Applied Principle</b>	<b>Comments</b>
7.	Applied The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.	The Board and its sub-committees consider on an annual basis, its composition in terms of balance of skills, experience, diversity, independence and knowledge and whether this enables it to effectively discharge its role and responsibilities. The Board consists of 9 Directors, 5 of which are non-executive Directors and 3 of which are independent Directors, resulting in a majority of non-executive Directors and a majority of independent Directors. The Board is satisfied that there is a balance of skills, experience, diversity and knowledge needed to discharge its role and responsibilities.
8.	Applied The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement, and assist with balance of power and the effective discharge of its duties.	The Board consists of 9 Directors, 5 of which are non-executive Directors and 3 of which are independent Directors, resulting in a majority of non-executive Directors and a majority of independent Directors.  The audit committee is satisfied that the auditor is independent and non-audit services are not performed and the audit firm has been appointed with the designated audit partner having oversight of the audit. The audit and risk committee oversees the finance function.
9.	Applied The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness.	The Board and both sub-committees' charters include the onus of annual assessments. Assessments of the performance by the Board, its sub-committees and the company secretary are conducted annually by way of internal evaluation process.
10.	Applied The governing body should ensure that the appointment of, and delegation to, management contribute to role clarity and effective exercise of authority and responsibilities.	The Board is satisfied that RH Bophelo is appropriately resourced.
11.	Applied The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.	The audit and risk committee assists the Board with the governance of risk. The Board is aware of the importance of risk management as it is linked to the strategy, performance and sustainability of the business are identified and managed within acceptable parameters. The audit and risk committee identifies, assesses, mitigates and manages risks within the existing operating environment. Mitigating controls are in place to address these risks which are monitored.

	<b>Applied Principle</b>	<b>Comments</b>
<b>12.</b>	Applied The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.	The Board, together with the audit and risk committee, oversees the governance of information technology. The Board is aware of the importance of technology and information in relation to RH Bophelo's strategy.
<b>13.</b>	Applied The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that it supports the organisation being ethical and a good corporate citizen.	The Board is assisted by the company secretary to monitor compliance with the various laws RH Bophelo is subject to.
<b>14.</b>	Applied The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in short-, medium- and long-term.	The Board, assisted by the remuneration and nomination committee, ensures that Directors are remunerated fairly, responsibly, transparently and in line with industry standards so as to promote the creation of value in a sustainable manner. This responsibility is contained in the remuneration and nomination committee's charter.
<b>15.</b>	Applied The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports.	The Board is satisfied that the assurance results indicate an adequate and effective control environment and integrity of reports for better decision-making. This responsibility is contained in the board charter and the audit and risk committee charter.
<b>16.</b>	Applied In the execution of its governance roles and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.	The Board believes that corporate social responsibility policies are intended to promote a culture of social responsibility within the Company, which will help improve the well-being of people, promote the economic and social development of the communities in which it has a presence, and create sustainable value for shareholders and investors, employees, investee companies, suppliers and other stakeholders of the Company.

<b>Applied Principle</b>	<b>Comments</b>
	<p>The Board has adopted a stakeholder relations policy to foster a framework of relations based on the principles of transparency, active listening, and equal treatment that favours the inclusion of stakeholders in the business and activities of the Company.</p> <p>The policy is based on information-gathering, surveying, engagement, and collaboration with the stakeholders. The social and ethics committee is ultimately responsible for supervising and co-ordinating the development of the strategy for relations between the Company and its stakeholders through the Company's stakeholder engagement plan.</p> <p>Various stakeholder groups have been identified and the Board will balance their legitimate and reasonable needs, interests and expectations.</p>
<p><b>17.</b> Applied The governing body of an institutional investor organisation should ensure that responsible investment is practiced by the organisation to promote the good governance and the creation of value by the companies in which it invests.</p>	<p>The Board, through RH Bophelo's Investment Policy, ensures that responsible investment is practiced by RH Bophelo to promote the good governance and the creation of value by the companies in which the RH Bophelo invests.</p>



## RH BOPHELO LIMITED

(Previously Newsshelf 1388 Proprietary Limited)  
(Incorporated in the Republic of South Africa)  
(Registration number: 2016/533398/06)  
(Share code: RHB ISIN: ZAE000244737)  
("RH Bophelo" or "the Company")

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### NOTICE OF GENERAL MEETING

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Notice is hereby given that the General Meeting of Shareholders will be held at 3rd floor, 18 Melrose Boulevard, Melrose Arch, Melrose North, Johannesburg, 2076, South Africa at 10:00 on Tuesday, 27 March 2018 for the purpose of considering, and if deemed fit, passing, with or without modification, the following resolutions set out in this Notice of General Meeting.

The definitions and interpretations commencing on page 6 of this Circular to which this Notice of General Meeting is attached, apply, *mutatis mutandis*, to this Notice of General Meeting and to the resolutions set out below.

For a special resolution to be approved by Shareholders, it must be supported by at least 75% (seventy five percent) of the voting rights exercised on the resolution. For the ordinary resolutions to be approved by Shareholders, it must be supported by more than 50% (fifty percent) of the voting rights exercised on the resolution.

The Circular record date ("**Circular Record Date**"), being the date on which Shareholders must have been recorded as such in the Shareholder register ("**Register**") for purposes of being entitled to receive the Circular and this notice, is Friday, 16 February 2018. The last day to trade in order to be reflected in the Register on the General Meeting Record Date, is, Tuesday, 13 March 2018. The General Meeting record date ("**General Meeting Record Date**"), being the date on which Shareholders must be recorded in the Register for purposes of being entitled to attend and vote at the General Meeting, is Friday, 16 March 2018.

#### ORDINARY RESOLUTION NUMBER 1 – APPROVAL OF THE ACQUISITIONS

"**RESOLVED AS AN ORDINARY RESOLUTION**, subject to the approval of Ordinary Resolution Numbers 2, 3 (only in terms of the AHC Acquisition) and 4, that the Acquisitions by RH Bophelo, being the 76% acquisition of the equity in VPH HoldCo (who will use these proceeds and other equity interests to acquire the businesses of VPHE, VPHT and VPHT) and the 60% acquisition of the equity of AHC as set out in the Acquisition Agreements, be and is hereby approved."

#### Reason and effect

The reason for Ordinary Resolution Number 1 is that the Acquisitions constitute acquisitions that require Shareholder approval by way of an ordinary resolution, in terms of the JSE Listings Requirements. The effect of Ordinary Resolution Number 1 is to grant the requisite approval for the Acquisitions in terms of the JSE Listings Requirements. To the extent that the Acquisitions are successfully implemented and subject to the approval of Ordinary Resolution Number 2, 3 (only in terms of the AHC Acquisition) and 4, RH Bophelo will no longer be classified as a SPAC and will be classified as an investment entity.

#### ORDINARY RESOLUTION NUMBER 2 – USE AND RETENTION OF RESIDUAL CAPITAL

"**RESOLVED AS AN ORDINARY RESOLUTION** that, subject to the approval of Ordinary Resolution Numbers 1, 3 (only in terms of the AHC Acquisition) and 4, the use and retention of the Residual Capital by the Company to source new investments and for working capital purposes, be and is hereby approved."

### **Reason and effect**

The reason for Ordinary Resolution Number 2 is that, in terms of paragraph 4.35 of the JSE Listings Requirements, the use and retention of the Residual Capital by RH Bophelo requires Shareholder approval by way of an ordinary resolution. The effect of Ordinary Resolution Number 2 is to grant RH Bophelo the requisite approval for the use and retention of the Residual Capital in terms of the JSE Listings Requirements.

In the event that the use and retention of the Residual Capital is not approved, RH Bophelo will return to Shareholders the Residual Capital after a sufficient amount is retained for working capital, as determined by the Board, in order to meet the solvency and liquidity requirements of the Companies Act. Shareholders are therefore advised that by approving the Acquisitions, they are indirectly approving the use and retention of the working capital.

### **ORDINARY RESOLUTION NUMBER 3 – PLACING OF AUTHORISED BUT UNISSUED SHARES UNDER THE CONTROL OF DIRECTORS**

**“RESOLVED AS AN ORDINARY RESOLUTION** that, subject to the approval of Ordinary Resolution Numbers 1 (only in terms of the AHC Acquisition), 2 and 4, authorised but unissued A Ordinary Shares be and are hereby placed under the control of the Directors for the purpose of funding the share component of the AHC Acquisition (excluding the agterskot arrangement), subject to the Companies Act, the MOI and the provisions of the JSE Listings Requirements, be and is hereby approved.”

### **Reason and effect**

The reason for Ordinary Resolution Number 3 is to allow Directors to issue new A Ordinary Shares in terms of the AHC Acquisition as they currently do not have authority to do as such. The effect is that RH Bophelo will be able to fulfil its obligations in terms of the AHC Acquisition Agreements. The exact number of A Ordinary Shares to be issued is unknown as at the Last Practicable Date given that the 30 day VWAP will only be determined at a future point in time, however, it is anticipated that this will range between 1 086 957 and 1 250 000 new A Ordinary Shares.

### **ORDINARY RESOLUTION NUMBER 4 – APPROVAL OF THE INVESTMENT POLICY**

**“RESOLVED AS AN ORDINARY RESOLUTION** that, subject to the approval of Ordinary Resolution Numbers 1, 2 and 3 (only in terms of the AHC Acquisition), the Investment Policy of RH Bophelo as set out in **Annexure 8** of the Circular, be and is hereby approved by Shareholders.”

### **Reason and effect**

The reason for Ordinary Resolution Number 4 is that the JSE requires Shareholders to approve the Investment Policy, given that RH Bophelo initially listed as a SPAC and post the Acquisitions, RH Bophelo will be classified as an investment entity. The effect of Ordinary Resolution Number 4 is that Shareholders will have approved the Investment Policy. To the extent that the Acquisitions are subsequently implemented, RH Bophelo will no longer be classified as a SPAC and will be classified as an investment entity in terms of section 15 of the JSE Listings Requirements.

### **ORDINARY RESOLUTION NUMBER 5**

**“RESOLVED AS AN ORDINARY RESOLUTION** that, any Director or the Company Secretary of RH Bophelo be and is hereby authorised to do all such things and sign all such documents as are necessary to give effect to the ordinary resolutions proposed and adopted at the General Meeting at which this ordinary resolution is proposed.”

### **Reason and effect**

To all the Directors or Company Secretary to conclude the Acquisitions.

### **SPECIAL RESOLUTION NUMBER 1 – AUTHORISATION TO GRANT FINANCIAL ASSISTANCE**

**“RESOLVED AS A SPECIAL RESOLUTION** that, the granting of the loan in terms of the VPH Loan Agreement to VPH Doctors SPV constitutes or gives rise to the granting by the Company of financial assistance as contemplated in sections 44 and/or 45 of the Companies Act and the provision of such financial assistance be and is hereby authorised by way of special resolution in terms of sections 44(3)(a)(ii) and 45(3)(a)(ii) of the Companies Act respectively.”

### **Reason and effect**

The reason for and effect of special resolution number 1 is to authorise the Company to provide financial assistance as set out above. The inclusion of special resolution number 1 is to approve the financial assistance to be provided by RH Bophelo as set out above which falls within the categories of financial assistance contemplated in sections 44 and 45 of the Companies Act.

### **SPECIAL RESOLUTION NUMBER 2 – APPROVAL AND ADOPTION OF THE REVISED MEMORANDUM OF INCORPORATION**

**“RESOLVED AS A SPECIAL RESOLUTION** that, subject to the approval of Ordinary Resolution Number 4, in terms of section 16(1)(c) of the Companies Act, the Current MOI be and is hereby substituted in its entirety by the Revised MOI as signed by the chairperson of the General Meeting on the first page thereof for identification purposes, with effect from the date of filing of the required notice of amendment with CIPC”

### **Reason and effect**

The reason for and effect of special resolution number 2 is to approve the adoption of the Revised MOI in substitution of the Current MOI in order to harmonise the Company’s constitutional documents with JSE Listings Requirements pursuant to its re-classification as an investment entity in terms of Section 15 of the JSE Listings Requirements.

### **VOTING AND PROXIES**

The date on which Shareholders must be recorded, as such in the Register maintained by the Transfer Secretaries of the Company for purposes of being entitled to receive this notice is Friday, 16 February 2018.

The date on which Shareholders must be recorded in the Register for purposes of being entitled to attend and vote at this meeting is Friday, 16 March 2018. Accordingly, the last day to trade to be entitled to attend and vote at this meeting is Tuesday, 13 March 2018.

Section 63(1) of the Companies At, No 71 of 2008, as amended, requires that meeting participants provide satisfactory identification. Meeting participants will be required to provide proof of identification to the reasonable satisfaction of the chairman of the General Meeting and must accordingly bring a copy of their identity document, passport or driver’s licence to the General Meeting. If in doubt as to whether any document will be regarded as satisfactory proof of identification, meeting participants should contact the Transfer Secretaries for guidance.

Shareholders entitled to attend and vote at the General Meeting, may appoint one or more proxies to attend, speak and vote in his/her stead. A proxy need not be a member of the Company. A form of proxy (*yellow*), in which the relevant instructions for its completion are set out, is enclosed for use by a Certificated Shareholder or Dematerialised Shareholder with “Own-Name” registration who wishes to be represented at the General Meeting. Completion of a form of proxy (*yellow*) will not preclude such Shareholder from attending and voting (in preference to that Shareholder’s proxy) at the General Meeting.

### **By order of the board**

**Q Zunga**

*Chief Executive Officer*

**Friday, 23 February 2018**

#### **Registered office**

3rd floor, 18 Melrose Boulevard  
Melrose Arch, Melrose North  
Johannesburg, 2076  
South Africa

#### **Transfer Secretaries**

Computershare Investor Services Proprietary Limited  
Rosebank Towers, 15 Biermann Avenue, Rosebank  
Johannesburg, 2196  
South Africa





## RH BOPHELO LIMITED

(Previously Newshelf 1388 Proprietary Limited)  
 (Incorporated in the Republic of South Africa)  
 (Registration number: 2016/533398/06)  
 (Share code: RHB ISIN: ZAE000244737)  
 ("RH Bophelo" or "the Company")

### FORM OF PROXY (YELLOW) – ONLY FOR USE BY CERTIFICATED SHAREHOLDERS AND DEMATERIALIZED SHAREHOLDERS WITH "OWN-NAME" REGISTRATION

The definitions and interpretations commencing on page 6 of the Circular to which this form of proxy is attached, apply *mutatis mutandis*, to this form of proxy.

For use at the General Meeting of Shareholders of the Company, to be held at 3rd floor, 18 Melrose Boulevard, Melrose Arch, Melrose North, Johannesburg, 2076, South Africa at 10:00 on Tuesday, 27 March 2018.

I/We (Full names in BLOCK LETTERS please)

of (address)

Telephone number

Cellphone number

E-mail address

being the registered holder(s) of:  A Ordinary Shares in RH Bophelo Limited hereby appoint:

1. \_\_\_\_\_ or failing him/her

2. \_\_\_\_\_ or failing him/her

3. The chairman of the General Meeting

as my/our proxy to vote for me/us on my/our behalf at the General Meeting which will be held for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat and at each adjournment thereof and to vote for and/or against the said resolutions and/or to abstain from voting in respect of the A Ordinary Shares of the Company registered in my/our name(s), in accordance with the following instructions (see notes):

	Number of A Ordinary Shares		
	For	Against	Abstain
<b>Ordinary resolution number 1:</b> Approval of the Acquisitions			
<b>Ordinary resolution number 2:</b> Use and retention of Residual Capital			
<b>Ordinary resolution number 3:</b> authorised but unissued A Ordinary Shares are placed under the control of the Directors in order to implement the share component of the AHC Acquisition (excluding the agterskot)			
<b>Ordinary resolution number 4:</b> Approval of Investment Policy			
<b>Ordinary resolution number 5:</b> Any Director or the Company Secretary of RH Bophelo is authorised to do all such things and sign all such documents necessary to give effect to the ordinary resolutions proposed at the General Meeting at which this ordinary resolution is proposed			
<b>Special resolution number 1:</b> Authorisation for the Company to grant financial assistance			
<b>Special resolution number 2:</b> Adoption of the Revised MOI			

\*One vote per A Ordinary Share held by Shareholders. Shareholders must insert the relevant number of votes they wish to vote in the appropriate box provided or "X" should they wish to vote all Shares held by them. If the form of proxy (yellow) is returned without an indication as how the proxy should vote on any particular matter, the proxy will exercise his/her discretion as to whether, and if so, how he/she votes.

Signed at \_\_\_\_\_ on \_\_\_\_\_ 2018

Signature \_\_\_\_\_ Capacity of signatory (where applicable)

E-mail address \_\_\_\_\_

Note: Authority of signatory to be attached – see notes 8 and 9

Telephone number \_\_\_\_\_

Cellphone number \_\_\_\_\_

Assisted by me (where applicable) \_\_\_\_\_

Full name \_\_\_\_\_

Capacity \_\_\_\_\_

Signature \_\_\_\_\_

## SUMMARY OF RIGHTS CONTAINED IN SECTION 58 OF THE COMPANIES ACT

In terms of section 58 of the Companies Act:

- A Shareholder may, at any time and in accordance with the provisions of section 58 of the Companies Act, appoint any individual (including an individual who is not a Shareholder) as a proxy to participate in, and speak and vote at, a Shareholders' meeting on behalf of such Shareholder.
- A Shareholder may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by the Shareholder.
- A proxy may delegate his authority to act on behalf of a Shareholder to another person, subject to any restriction set out in the instrument appointing such proxy.
- Irrespective of the form of instrument used to appoint a proxy, the appointment of a proxy is suspended at any time and to the extent that the relevant Shareholder chooses to act directly and in person in the exercise of any of such Shareholder's rights as a Shareholder.
- Any appointment by a Shareholder of a proxy is revocable, unless the form of instrument used to appoint such proxy states otherwise.
- If an appointment of a proxy is revocable, a Shareholder may revoke the proxy appointment by (i) cancelling it in writing, or making a later inconsistent appointment of a proxy and (ii) delivering a copy of the revocation instrument to the proxy and to the relevant company.
- A proxy appointed by a Shareholder is entitled to exercise, or abstain from exercising, any voting right of such Shareholder without direction, except to the extent that the relevant company's memorandum of incorporation, or the instrument appointing the proxy, provides otherwise.
- If the instrument appointing a proxy or proxies has been delivered by a Shareholder to a company, then, for so long as that appointment remains in effect, any notice that is required in terms of the Companies Act or such company's memorandum of incorporation to be delivered to a Shareholder must be delivered by such company to:
  - the relevant Shareholder; or
  - the proxy or proxies, if the relevant Shareholder has: (i) directed such company to do so, in writing; and (ii) paid any reasonable fee charged by such company for doing so.

### Notes:

1. Each Shareholder is entitled to appoint 1 (one) or more proxies (none of whom need be a Shareholder) to attend, speak and vote in place of that Shareholder at the General Meeting.
2. A Shareholder may insert the name of a proxy or the names of two alternative proxies of the Shareholder's choice in the space/s provided with or without deleting "the chairman of the General Meeting," but the Shareholder must initial any such deletion. The person whose name stands first on the form of proxy (*yellow*) and who is present at the General Meeting will be entitled to act as proxy to the exclusion of those whose names follow.
3. A Shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by the Shareholder in the appropriate box provided or an "X" should the Shareholder wish the proxy to exercise all votes. Failure to comply with the above will be deemed to authorise and direct the chairman of the General Meeting, if the chairman is the authorised proxy, to vote or abstain from voting at the General Meeting as the chairman deems fit, or any other proxy to vote or abstain from voting at the General Meeting as he/she deems fit, in respect of all the votes of the Shareholder exercisable at the meeting.
4. Completed forms of proxy (*yellow*) and the authority (if any) under which they are signed must be lodged with or posted to the Transfer Secretaries at Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 or PO Box 61051, Marshalltown, 2107, to be received by them by no later than 10:00 on Friday, 23 March 2018 (it being deemed, for purposes hereof, that the General Meeting will commence at 10:00 on Tuesday, 27 March 2018).
5. The completion and lodging of this form of proxy (*yellow*) will not preclude the relevant Shareholder from attending the General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such Shareholder wish to do so.
6. The chairman of the General Meeting may accept or reject any form of proxy (*yellow*) not completed and/or received in accordance with these notes or with the Current MOI and Revised MOI of RH Bophelo.
7. Any alteration or correction made to this form of proxy (*yellow*) must be initialled by the signatory/ies.
8. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity (e.g. for a company, close corporation, trust, pension fund, deceased estate, etc.) must be attached to this form of proxy (*yellow*), unless previously recorded by RH Bophelo or the Transfer Secretaries.
9. Where this form of proxy (*yellow*) is signed under power of attorney, such power of attorney must accompany this form of proxy (*yellow*), unless it has been registered by RH Bophelo or the Transfer Secretaries or waived by the chairman of the General Meeting.
10. Where A Ordinary Shares are held jointly, all joint holders are required to sign this form of proxy (*yellow*).
11. A minor Shareholder must be assisted by his/her parent/guardian, unless the relevant documents establishing his/her legal capacity are produced or have been registered by RH Bophelo or the Transfer Secretaries.
12. Dematerialised Shareholders who do not own Shares in "own-name" dematerialised form and who wish to attend the General Meeting, or to vote by way of proxy, must contact their CSDP or Broker who will furnish them with the necessary letter of representation to attend the General Meeting or to be represented thereat by proxy. This must be done in terms of the agreement between the Shareholder and his/her CSDP or Broker.
13. This form of proxy (*yellow*) shall be valid at any resumption of an adjourned meeting to which it relates although this form of proxy (*yellow*) shall not be used at the resumption of an adjourned meeting if it could not have been used at the General Meeting from which it was adjourned for any reason other than it was not lodged timeously for the meeting from which the adjournment took place. This form of proxy (*yellow*) shall, in addition to the authority conferred by the Companies Act except insofar as it provides otherwise, be deemed to confer the power generally to act at the General Meeting in question, subject to any specific direction contained in this form of proxy (*yellow*) as to the manner of voting.
14. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the death or mental disorder of the principal or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the Share in respect of which the proxy is given, provided that no notification in writing of such death, insanity, revocation or transfer as aforesaid shall have been received by the Transfer Secretaries before the commencement of the meeting or adjourned meeting at which the proxy is used.
15. Any proxy appointed pursuant to this form of proxy (*yellow*) may not delegate her or his authority to act on behalf of the relevant Shareholder.
16. In terms of section 58 of the Companies Act, unless revoked, an appointment of a proxy pursuant to this form of proxy (*yellow*) remains valid only until the end of the General Meeting or any adjournment of the General Meeting.
17. The definitions and interpretations commencing on page 6 of this Circular apply, *mutatis mutandis*, to this Form of Proxy.



