



RH BOPHELO LIMITED
(Incorporated in the Republic of South Africa)
(Registration number: 2016/533398/06)
(JSE Share Code: RHB, ISIN: ZAE000244737)
("RH Bophelo" or "the Company")

ANNOUNCEMENT REGARDING THE ACQUISITION OF 25.0% OF THE EQUITY IN GENRIC INSURANCE COMPANY LIMITED AND RELATED SHAREHOLDER LOAN ("GENRIC")

1. INTRODUCTION

RH Bophelo is pleased to announce that on 6th September 2019 it entered into a Sale of Shares and Claims agreement ("**Agreement**"), through its wholly owned subsidiary, RH Financial Services Proprietary Limited ("**RHFS**") (*being an entity established specifically for the purpose of the Acquisitions*), in terms of which, upon the fulfilment or waiver (*as the case may be*) of the conditions precedent contained in the Agreement, RHFS, will, *inter alia* -

- acquire 25.0% of the issued share capital in GENRIC through the purchase of GENRIC shares from the existing shareholders, being IM Investments Proprietary Limited ("**IM Investments**") and Borman Consulting and Investments Proprietary Limited ("**Borman**") (the "**Acquisition**").

2. INFORMATION ON GENRIC

GENRIC is a niche insurance business with an experienced and agile management team offering innovative, unconventional short-term niche insurance solutions through its partnership model with specialist underwriting management agencies, brokers and insurtech businesses.

3. RATIONALE FOR THE ACQUISITION

RH Bophelo is building an ecosystem of inter-connected healthcare businesses. The ecosystem requires that RH Bophelo does away with traditional industry borders, requiring RH Bophelo to develop strategic partnerships in order to innovate and grow the respective value chains. RH Bophelo currently delivers healthcare via –

- Its network of hospital infrastructure; and
- Access to healthcare insurance products through its acquisition of Wesmart.

These businesses will work seamlessly together eliminating traditional industry borders in order to capture as much of our client spend within RH Bophelo as possible and practical, whilst also seeking out efficiencies in doing so.

The Acquisition creates a platform for RH Bophelo's target clientele as a result of being able to offer a full suite of services from healthcare to insurance. Insurance is a key mechanism that will be used to capture the spend within RH Bophelo's ecosystem and hence the Acquisition is a strategic fit for RH Bophelo. Furthermore, RH Bophelo sees a clear way to insure not only infrastructure, but also, medical equipment, patients, doctors and ultimately lifestyles.

Other rationale includes:

- Black transformed insurance company;
- Can issue guarantees for development to bankers;
- Able to write products with access to the actuaries within GENRIC;
- Revenue diversification for RH Bophelo;

- Higher return profile in financial services as compared to infrastructure; and
- Ability to create more products, thereby for RH Bophelo to facilitate access to those who are not covered.

4. SALIENT TERMS OF THE ACQUISITION

RHFS acquisition of GENRIC shares

RH Bophelo (through RHFS) will, *inter alia*, acquire 25.0% of the entire issued share capital in GENRIC for a total consideration of R52.5 million as follows:

- Cash of R45.0 million from RH Bophelo's existing cash resources; and
- RH Bophelo will acquire an interest bearing shareholders loan of R7.5 million at an interest rate of prime less 3.5% for R7.5 million in exchange for an issue of RH Bophelo shares, which shares will be issued at RH Bophelo's 30 day volume weighted average price ("VWAP") calculated as at the date the conditions precedent to the Agreement having been fulfilled or waived (*as the case may be*).

5. CONDITIONS PRECEDENT

The remaining conditions precedent, in terms of the Acquisitions, which are to be fulfilled or waived (*as the case may be*) by no later than 30 November 2019 (or such later date as the parties may agree to in writing), are as follows:

- by not later than 15 September 2019, the board of directors of GENRIC will have passed resolutions approving the entry into the Sale of Shares and Claims Agreement
- by no later than 15 September 2019, GENRIC's Current Shareholders irrevocably and unconditionally agree to the Acquisition and waive any pre-emptive rights or similar rights they may have in respect of or to purchase the share held by IM Investments and Borman
- by not later than 15 September 2019, GENRIC will provide RHFS with GENRIC's Draft unaudited financial statements for the year ended 30 June 2019;
- by not later than 31 October 2019, GENRIC will provide RHFS with GENRIC's audited financial statements for the year ended 30 June 2019 and an actuarial report/opinion from GENRIC's Head of the Actuarial Function in accordance with the Prudential Standards
- by not later than 30 November 2019, the approvals required by the Competition Commission, the Prudential Authority and the Financial Sector Conduct Authority for the implementation of the Acquisition will have been granted, either unconditionally or subject to conditions as will have been approved in writing by RHFS and by IM Investments and Borman respectively

6. FINANCIAL INFORMATION

GENRIC

The latest unaudited management accounts prepared on an IFRS basis, for the 12 month period ending 30 June 2019, of which RH Bophelo is satisfied, showed that GENRIC had a net asset value of R114 089 311 (One Hundred and Fourteen Million Eighty Nine Thousand and Three Hundred and Eleven Rand) and a net profit after tax of R18 440 565 (Eighteen Million Four Hundred and Forty Thousand Five Hundred and Sixty Five Rand).

7. EFFECTIVE DATE

The effective date of the Acquisition is expected to be on or about 30 November 2019 (*subject to the Conditions Precedent noted in paragraph 5 above*).

8. CATEGORISATION

This is a voluntary announcement in terms of section 15 of the JSE Listings Requirements.

Johannesburg
9 September 2019

Sponsor to RH Bophelo: Deloitte & Touche Sponsor Services Proprietary Limited

Legal Advisor to RH Bophelo: Motsoeneng Bill Attorneys Incorporated