

COMBINATION OF MEDICLINIC INTERNATIONAL LIMITED AND AL NOOR HOSPITALS GROUP PLC AND GBP600 MILLION SUBSCRIPTION OF SHARES IN AL NOOR HOSPITALS GROUP PLC BY REMGRO

1. INTRODUCTION

Remgro shareholders are referred to the joint announcement released by Mediclinic International Limited ("Mediclinic") and Al Noor Hospitals Group plc ("Al Noor") on 14 October 2015 on the Stock Exchange News Service of the Johannesburg Stock Exchange ("JSE") and on the Regulatory News Service of the London Stock Exchange ("LSE") respectively ("Joint Announcement"), wherein Mediclinic and Al Noor announced they have reached agreement on the terms for the combination of their respective businesses (the "Combination") pursuant to which Al Noor will offer to acquire 100% of the issued share capital of Mediclinic by way of a scheme of arrangement in respect of Mediclinic under section 114 of the South African Companies Act 2008 (the "Mediclinic Scheme"). Given the relative size of Mediclinic and Al Noor, the Combination will be classified as a reverse takeover of Al Noor under the Listing Rules of the UK Listing Authority (the "UKLA").

Al Noor is the largest private healthcare provider in the Emirate of Abu Dhabi. It provides primary and secondary care in the Emirate of Abu Dhabi and the wider region through its portfolio of hospitals and medical centres and continues to expand into selective tertiary care. Al Noor currently operates three hospitals and 21 free-standing medical centres in the United Arab Emirates ("UAE"). Al Noor employs over 4,000 people including 683 physicians.

Al Noor, as enlarged by the acquisition of Mediclinic (the "Enlarged Group"), will be renamed Mediclinic International plc on or after completion of the Combination. Following completion of the Combination, the Enlarged Group will be one of the world's largest acute private healthcare operators outside the United States of America, with strong market positions in South Africa, Switzerland and the UAE as well as exposure to the UK market through a minority stake in Spire Healthcare Group plc.

Remgro through its wholly-owned subsidiary Remgro Healthcare Holdings (Pty) Ltd ("Remgro Healthcare") currently holds a 41.90% interest in Mediclinic. In addition to the Al Noor shares received by Remgro in the Mediclinic Scheme and as an indivisible component of the Combination, Remgro Healthcare or a wholly-owned subsidiary of Remgro Healthcare, will subscribe for an additional 72,115,384 shares in Al Noor at a subscription price of GBP8.32 per share for an aggregate amount of GBP600 million ("Remgro Subscription").

2. OVERVIEW OF THE COMBINATION

2.1 Key terms of the Combination

Under the terms of the Combination:

- Pursuant to the Mediclinic Scheme, Al Noor will become the sole shareholder of Mediclinic, with Mediclinic shareholders being ultimately entitled to receive 0.6250 Al Noor shares for every Mediclinic share held by them;
- The above ratio has been fixed on a nil-premium basis with reference to the closing price of the Mediclinic shares on the JSE, and of the Al Noor shares on the LSE, based on the 5 day VWAP up to and including 1 October 2015 (which was GBP5.20 and GBP8.32, respectively);
- Existing Al Noor shareholders will be entitled to receive a special dividend of GBP3.28 per Al Noor share held, conditional on completion of the Mediclinic Scheme (the "Special Dividend");
- Al Noor will offer to buy back up to 74.1 million Al Noor shares (approximately 63% of Al Noor's issued shares) at a price of GBP8.32 per share, conditional on completion of the Mediclinic Scheme ("Tender Offer"). Al Noor shareholders will be subject to a scale-back arrangement to the extent that the aggregate number of shares tendered would exceed 74.1 million (the "Scale-Back");
- The Enlarged Group is expected to retain its premium listing on the Main Market of the LSE and will apply for an inward secondary listing on the main board of the JSE. The Enlarged Group is expected to be admitted to the FTSE 100 index based on its expected market capitalisation.

2.2 Rationale for the Combination

The Combination will result in the creation of a large and internationally diversified healthcare operator with deep operational expertise and a well-balanced geographic profile across Southern Africa, Switzerland and the UAE. The Enlarged Group will, on a revenue basis, be the largest private healthcare provider in the UAE with established relationships with key stakeholders in both Dubai and Abu Dhabi, including:

- Strong strategic fit and complementarity between the regional operations of the two businesses in the UAE, given Mediclinic's concentration at the high end of the acuity/quality curve and Al Noor's focus on premium customers, as well as respective strengths in the Dubai and Abu Dhabi healthcare markets;
- Potential costs savings through procurement benefits as a result of greater scale, shared operations in the UAE and a combination of existing corporate functions;
- Transfer of knowledge and best practice; and
- Significant opportunities for growth in the UAE as a result of a rapidly ageing demographic, an increasing incidence of lifestyle-related medical conditions such as diabetes and obesity and inherent service gaps in the current healthcare market.

A premium listing on the LSE will deliver long-term strategic benefits to the Enlarged Group, including:

- Anticipated to be eligible for FTSE 100 inclusion;
- Increased liquidity and greater access to global investor base;
- Likely reduction in long-term cost of capital; and
- Greater potential for utilisation of shares as currency for future acquisitions.

2.3 Conditions precedent to the Combination

Remgro shareholders are referred to the Joint Announcement for the detailed list of conditions precedent to the Mediclinic Scheme.

2.4 Shareholding post the Combination

The Combination will result in Mediclinic shareholders (including Remgro, but only in respect of the Al Noor shares received by it pursuant to the Mediclinic Scheme) owning between 84% and 93% of the Enlarged Group, dependent on take-up by existing Al Noor shareholders under the Tender Offer. It is expected that Remgro will hold between 35.2% and 39.2% of the Enlarged Group.

3. OVERVIEW OF THE REMGRO SUBSCRIPTION

3.1 Key terms of the Remgro Subscription

In terms of the Remgro Subscription and in order to part-fund the Special Dividend and the Tender Offer:

- Remgro Healthcare has agreed for Remgro Healthcare or a wholly-owned subsidiary of Remgro Healthcare ("Subscriber") to subscribe for 72,115,384 new Al Noor shares at a fixed price of GBP8.32 per share to raise proceeds of GBP600 million, regardless of the outcome of the Tender Offer; and
- The Subscriber will not be entitled to the Special Dividend or participate in the Tender Offer in respect of Al Noor shares issued to it under the Remgro Subscription or the Combination.

3.2 Rationale for the Remgro Subscription

Remgro's strategy is to grow its business mainly by supporting and investing through several of its platform investments with ambitions to use its strong South African base and platform investments to grow not only locally but also internationally. Recognising Mediclinic as Remgro's main investment in its healthcare portfolio the Combination will enable Remgro to substantially grow its healthcare portfolio and enhance returns via geographic diversification.

In terms of the structure of the Combination there is a requirement for funding to settle the Special Dividend and Tender Offer. Remgro has agreed to provide a portion of this funding in the form of equity to facilitate the Combination and in doing so allows the Company to maintain its level of shareholding in the Enlarged Group similar to its current shareholding in Mediclinic. Based on a reasonable set of assumptions the Remgro Subscription is earnings accretive.

3.3 Conditions precedent to the Remgro Subscription

The Remgro Subscription is conditional on completion of the Mediclinic Scheme.

3.4 Funding of the Remgro Subscription

The Remgro Subscription will be funded by way of the Company's existing cash resources as well as financing arranged by Rand Merchant Bank (a division of FirstRand Bank Limited) and Morgan Stanley Inc.

4. REMGRO SHAREHOLDING POST THE COMBINATION AND REMGRO SUBSCRIPTION

Taking into account the Combination and Remgro Subscription, Remgro will in aggregate directly or indirectly own between 41.0% and 45.2% of the Enlarged Group, dependent on take-up by Al Noor shareholders under the Tender Offer.

5. FINANCIAL EFFECTS OF THE COMBINATION AND REMGRO SUBSCRIPTION

As at 31 December 2014 Al Noor had gross assets of GBP210.5 million. On an equity accounted basis based on the 31 December 2014 Al Noor financial year end results, Remgro's shareholding of between 41.0% and 45.2% in Al Noor amounts to between GBP21.5 million and GBP23.7 million in additional earnings on a *pro forma* adjusted basis.

6. UK CITY CODE ON TAKEOVERS AND MERGERS AND WHITEWASH RESOLUTION

On completion of the Combination and the Tender Offer, Remgro is expected, as a result of the Mediclinic Scheme and the Remgro Subscription, to hold between 41.0% and 45.2% of the shares in the Enlarged Group, depending on the outcome of the Tender Offer. Under Rule 9 of the UK City Code on Takeovers and Mergers (the "Code"), a person who (together with persons acting in concert with it) acquires an interest in shares carrying more than 30% of the voting rights in a company that is subject to the Code, must normally make an offer to acquire all of the remaining shares in the company.

The UK Panel on Takeovers and Mergers (the "Panel") has agreed in principle to waive this obligation, subject to the Panel's approval of the shareholder circular to be published by Al Noor and the independent Al Noor shareholders passing a separate "whitewash" resolution, to be taken on a poll, waiving the requirement for Remgro to make an offer for all of the shares in Al Noor pursuant to Rule 9 of the Code.

7. TIMETABLE AND NEXT STEPS

Full details of the Combination (including the Mediclinic Scheme, the Special Dividend and Tender Offer) will be contained in the Mediclinic and Al Noor shareholder circulars to be published by Mediclinic and Al Noor, respectively, on or about 17 November 2015.

It is expected that the shareholder meetings of Mediclinic and Al Noor will be held during December 2015 and that the Combination will complete during the first quarter of 2016.

Stellenbosch
14 October 2015

Investment Bank, Financial Advisor
and Sponsor to Remgro



Joint Mandated Lead Arrangers and Underwriters,
Debt Advisors and Bookrunners for the Bridge Facility



Morgan Stanley

International Legal Counsel to Remgro

South African Legal Counsel to Remgro

Legal Counsel to the Joint Mandated Lead Arrangers

SLAUGHTER AND MAY



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