Remgro Limited

(Incorporated in the Republic of South Africa) (Registration number: 1968/006415/06) ISIN: ZAE000026480 JSE and A2X Share code: REM ("**Remgro**")

ANNOUNCEMENT

Recommended cash acquisition of Mediclinic International plc ("Mediclinic") by Manta Bidco Limited ("Bidco") (a newly formed company owned by joint offerors: (i) Remgro (through the "Relevant Remgro Subsidiaries", as defined below); and (ii) SAS Shipping Agencies Services S.à r.l. ("SAS"), a wholly owned subsidiary of MSC Mediterranean Shipping Company SA ("MSC") (together, the "Consortium")) to be effected by means of a Scheme of Arrangement under Part 26 of the UK Companies Act 2006

1. INTRODUCTION

Remgro is pleased to announce that the boards of Bidco, Remgro, SAS and Mediclinic excluding the Remgro appointed board members have reached agreement on the terms of a recommended cash offer by Bidco to acquire the entire issued and to be issued ordinary share capital of Mediclinic, other than the 328,497,888 Mediclinic shares (representing approximately 44.56 per cent. of Mediclinic's issued ordinary share capital as at 2 August 2022, being the latest practicable date prior to the date of this announcement) already held by Remgro (through its wholly owned subsidiaries Remgro Health Limited, Remgro Healthcare Holdings Proprietary Limited and Remgro Jersey GBP Limited ("**Relevant Remgro Subsidiaries**")) (the "**Offer**"). The Offer is to be effected by means of a Scheme of Arrangement ("**Scheme**") under Part 26 of the UK Companies Act 2006, although the Consortium retains flexibility and reserves the right (with the consent of the UK Panel on Takeovers and Mergers ("**Panel**") and subject to the terms of a co-operation agreement entered into between Remgro, SAS, Bidco and Mediclinic) to switch to a Contractual Offer under the UK City Code on Takeovers and Mergers (the "**Code**"). The Offer will be made via Bidco, being a newly-incorporated company owned by the Consortium on a 50:50 basis.

Remgro shareholders are advised that Bidco and Mediclinic have accordingly today released an announcement ("**Offer Announcement**") in accordance with Rule 2.7 of the Code regarding the Offer. Shareholders are referred to the Offer Announcement published on the London Stock Exchange with Share code: MDC, the Johannesburg Stock Exchange ("**JSE**") with Share Code: MEI and the Namibia Stock Exchange with Share Code: MEP and which can be accessed on the Mediclinic website at *https://investor.mediclinic.com/regulatory-news/offer-mediclinic-international-plc,* for further details regarding the Offer and the unanimous recommendation of the independent Mediclinic board members. A copy of the Offer Announcement will also be available subject to certain restrictions relating to persons resident in restricted jurisdictions (as contemplated in the Offer Announcement) on the websites of Remgro, MSC and Mediclinic at *www.remgro.com, www.msc.com* and *https://investor.mediclinic.com/regulatory-news/offer-mediclinic-international-plc,* respectively, by no later than 12 noon (London time) on 5 August 2022. For the avoidance of doubt, the contents of these websites are not incorporated into and do not form part of this announcement.

Under the terms of the Offer, which shall be subject to the satisfaction (or waiver, where applicable) of, amongst others, the conditions set out in Appendix 1 of the Offer Announcement (and summarised at paragraph 6 *(Conditions))* and such further terms to be set out in the document to be sent to Mediclinic shareholders ("**Mediclinic Shareholders**") in connection with the Scheme ("**Scheme Document**"), relevant holders of Mediclinic shares ("**Scheme Shareholders**") shall be entitled to receive: **for each Mediclinic share 504 pence in cash** ("**Offer Price**"). Mediclinic Shareholders shall be entitled to receive the final dividend of 3 pence per Mediclinic share declared by Mediclinic on 25 May 2022 and approved at the Mediclinic Annual General Meeting on 28 July 2022 (the "**Agreed Dividend**"). Following the Agreed Dividend record date (which is currently expected to be 5 August 2022), the Offer Price shall be reduced by the amount of the Agreed Dividend, in which case any references to the Offer Price will be deemed to be a reference to the Offer Price as so reduced and eligible Mediclinic Shareholders will be entitled to retain the Agreed Dividend when paid (which is currently expected to be on 26 August 2022).

2. BACKGROUND TO AND REASONS FOR THE OFFER

Mediclinic was founded by the Remgro group in South Africa. It commissioned Dr Edwin Hertzog to undertake a feasibility study on private hospital provision in the Western Cape. His conclusive research resulted in the formation of Mediclinic in 1983. Dr Hertzog led Mediclinic for 37 years until 2020, when he stepped down as non-executive chairman. Today the Mediclinic group of companies ("**Group**") operates 74 hospitals, five sub-acute hospitals, two mental health facilities, 20 day case clinics and 22 outpatient clinics in South Africa, Namibia, Switzerland and the Middle East. In addition, the Group holds a 29.7 per cent. interest in Spire Healthcare Group plc, a leading private healthcare group based in the UK and listed on the London Stock Exchange. Remgro has been a longstanding and supportive shareholder in Mediclinic's 39 year history, which includes its geographic expansion into Switzerland and the Middle East, and this support has been instrumental to the success of the business.

Remgro is an investment holding company, listed on the JSE, which was originally established in the 1940's by the late Dr AE Rupert. Under the guidance of the Rupert family, its investment portfolio has evolved substantially over time and today includes investments across various industries. Its investments are mainly in the healthcare, consumer products, financial services, infrastructure, industrial and media industries. During its history, Remgro has forged many strategic partnerships to drive superior returns for its shareholders through sustainable dividends and capital growth. Remgro has high regard for Mediclinic's management and operations and wishes to support its long-term growth ambition to further develop existing operations and expand into new geographies. Remgro believes evolution in Mediclinic's ownership structure towards a long-term, sustainable construct, alongside a closely aligned partner, will be critical in realising its full potential.

During the last 50 years, the Aponte family has built the MSC group into a global business focused on the maritime transport, logistics and cruise industries. Today, MSC is a leading shipping and private cruise business and employs more than 100,000 employees. MSC is headquartered in Switzerland and has operations in 155 countries, including a strong presence across Africa and the Middle East.

Remgro and MSC are strongly aligned in their common desire to invest for the long-term in the private healthcare sector and the Consortium members also share a deep appreciation for the importance of access to high quality healthcare and the corresponding positive societal impact. The Consortium believes that significant, long-term investment is required to realise the potential of Mediclinic's network of hospitals, clinics and other facilities, and to drive continued growth for the benefit of all stakeholders across the continuum of care. Furthermore, the Consortium believes that private ownership will better enable the management team to focus on and execute their strategic vision for the business, supported by a well-capitalised and closely aligned shareholder group, away from the requirements of the public markets, particularly in light of operating, regulatory and macro-economic uncertainty. Private ownership will better support Mediclinic by providing greater flexibility to capitalise on growth opportunities in existing and new markets, in a more agile manner.

Remgro recognises the significant benefits of a partner with a shared long-term investment horizon, with the financial resources available to support the ongoing investment in the business to maintain its leading market positions. MSC, in its position as a leading container shipping company and private cruise operator, brings extensive experience in operating a global business and the Consortium believes Mediclinic will be able to leverage both Consortium partners' expertise as it seeks to continue to grow and expand its geographical footprint. Remgro and MSC therefore believe that private ownership, under the Consortium's stewardship, will significantly benefit all stakeholders, including Mediclinic's patients, employees, doctors, host governments and wider Southern African, Swiss and Middle Eastern stakeholders.

3. INFORMATION ON BIDCO

Remgro (acting through the Relevant Remgro Subsidiaries) and MSC (acting through its wholly owned subsidiary SAS) are joint offerors with respect to the Offer. Following completion of the Offer, Bidco will be owned in the following proportions: (i) the Relevant Remgro Subsidiaries will, in aggregate, own 50 per cent. of Bidco; and (ii) SAS will own 50 per cent. of Bidco.

The current directors of Bidco are Jannie Durand (with Stefan Crouse appointed as his alternate) and Hugues Favard. Further details in relation to Bidco will be contained in the Scheme Document.

4. ACQUISITION CONSIDERATION AND FINANCIAL INFORMATION FOR REMGRO

The Relevant Remgro Subsidiaries, SAS and Bidco have entered into a Subscription and Rollover Agreement, pursuant to which: (i) the Relevant Remgro Subsidiaries have agreed to sell their existing 328 497 888 Mediclinic shares ("**Existing Mediclinic Interest**") to Bidco in exchange for shares in Bidco; and (ii) Remgro Healthcare Holdings Proprietary Limited and SAS have agreed to fund Bidco by way of equity to enable Bidco to satisfy the cash consideration payable to Scheme Shareholders under the Offer. Following the implementation of the subscriptions and sales (which shall take place as soon as reasonably practicable (and, in any event, within five Business Days) following the date on which the Scheme becomes effective ("**Effective Date**")), the issued share capital of Bidco will be held as to 50 per cent. by each of Remgro (through the Relevant Remgro Subsidiaries) and MSC (through its wholly owned subsidiary, SAS), for the avoidance of doubt, with Remgro's Existing Mediclinic Interest contributing towards Remgro's 50 per cent. interest in Bidco.

Remgro accounts for its Existing Mediclinic Interest held through the Relevant Remgro Subsidiaries as an equity accounted investment. In terms of the Subscription and Rollover Agreement, Remgro (through the Relevant Remgro Subsidiaries) will: (i) exchange its Existing Mediclinic Interest for an equivalent interest in Bidco; and (ii) subscribe for further shares in Bidco for approximately £201 million (representing an additional indirect equity stake of approximately 5.44 per cent. in Mediclinic) plus 50 per cent. of joint expenses and applicable stamp duties in connection with the Offer. Following completion of the Offer, Remgro will own an indirect 50 per cent. interest in Bidco and will also account for its Bidco investment as an equity accounted investment.

Remgro's cash subscription for shares in Bidco constitutes a "Category 2 Acquisition" ("**Acquisition**") for Remgro in terms of the JSE Listings Requirements. The Acquisition will be funded from Remgro's available cash resources. Based on Mediclinic's audited consolidated financial statements for the financial year ended 31 March 2022 ("**Mediclinic Financial Statements**"): (i) the net asset value of the Group amounted to £3,107 million as at 31 March 2022; and (ii) the earnings and headline earnings of the Group and its operations, for the financial year ended 31 March 2022, were £151 million and £140 million, respectively. Based on the Mediclinic Financial Statements, the value of the net assets that are the subject of Remgro's Acquisition is approximately £169 million and the earnings and headline earnings attributable to these net assets are approximately £8.2 million and £7.6 million, respectively.

5. OTHER SIGNIFICANT TERMS RELATING TO THE SCHEME AND THE ACQUISITION

Further details of the Scheme, including an indicative timetable for its implementation, will be set out in the Scheme Document, which is expected to be despatched to Mediclinic Shareholders as soon as reasonably practicable and, in any event, (save with the consent of the Panel) within 28 days of this announcement.

The Relevant Remgro Subsidiaries, SAS and Bidco have entered into a Shareholders' Agreement in relation to Bidco, which includes provisions governing: (i) the terms on which the Relevant Remgro Subsidiaries and SAS will hold their shares in Bidco following the Effective Date; and (ii) certain other matters relating to the governance of Bidco and the Group following the Effective Date. Under the terms of the Shareholders' Agreement, the Relevant Remgro Subsidiaries (acting together) and SAS will each be entitled to appoint three directors to the Bidco board. Certain activities by Bidco and the Group will require unanimous director approval or shareholder approval, including (among other matters): (i) approval of the business plan and budget; (ii) any major investment, acquisitions or capital expenditure; (iii) entry into any related party transactions; (iv) amendments to constitutional documents; (v) any material change to the nature, scale and/or scope of the Mediclinic business; and (vi) any changes to the share capital of any member of the Group. The Shareholders' Agreement also contains customary conditions on transfers of shares and exit provisions.

6. CONDITIONS

The Offer, and therefore Remgro's Acquisition, will be subject to, among other things, the following events ("**Conditions**") occurring on or before 11.59 p.m. on 30 June 2023, or such later date as may be agreed by Bidco and Mediclinic (with the consent of the Panel and as the High Court of Justice in England and Wales ("**Court**") may approve (if such approval(s) are required)):

a) the approval of the Scheme by a majority in number of the Scheme Shareholders who are present and vote, whether in person or by proxy, at the meeting of Scheme Shareholders to be convened pursuant to an order of the Court under section 896 of the UK Companies Act and who represent not less than 75 per cent. in value of the Scheme shares voted by those Scheme Shareholders (excluding any votes by the Relevant Remgro Subsidiaries);

b) the resolutions required to approve and implement the Scheme being duly passed by Mediclinic Shareholders representing the requisite majority or majorities of votes cast at the Mediclinic General Meeting (including any votes by the Relevant Remgro Subsidiaries) in connection with the Scheme (or any adjournment thereof);

c) the sanction of the Scheme by the Court (with or without modification but subject to any modification being on terms acceptable to Mediclinic and Bidco);

d) the delivery of a copy of the order of the Court sanctioning the Scheme to the UK Registrar of Companies;

e) the receipt of approval of the Financial Surveillance Department of the South African Reserve Bank for the Offer; and

f) the receipt of any relevant approvals, confirmation that such clearances are not necessary, or any relevant waiting periods having expired under the respective merger control (competition) regimes in South Africa, Namibia, Switzerland and Cyprus.

Subject to satisfaction (or waiver, where applicable) of the Conditions, the Scheme is expected to become effective in Q1 2023.

A further announcement will be made as appropriate.

Enquiries:

Remgro

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Linklaters LLP and Webber Wentzel are retained as legal advisers to Remgro and the Consortium. Centerview Partners UK LLP is retained as financial adviser to Remgro. Nomura International plc and M&M Capital are appointed as the lead financial adviser and financial adviser, respectively, to the Consortium.

Important Notices

The release, publication or distribution of this announcement in jurisdictions other than South Africa may be restricted by law and therefore any persons who are subject to the laws of any jurisdiction other than South Africa should inform themselves about, and observe any applicable requirements. This announcement has been prepared for the purposes of complying with JSE Listings Requirements and the information disclosed in this announcement may not be the same as that which would have been disclosed if this announcement had been prepared in accordance with the laws of jurisdictions outside South Africa. This announcement is not for publication or distribution, directly or indirectly, in or into the United States of America. This announcement is not an offer of securities for sale into the United States. The securities referred to herein have not been and will not be registered under the U.S. Securities Act of 1993, as amended, and may not be offered or sold in the United States, except pursuant to an applicable exemption from registration. No public offering of securities is being made in the United States.

Stellenbosch
4 August 2022

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