

LIFE HEALTHCARE GROUP HOLDINGS LIMITED  
Incorporated in the Republic of South Africa  
Registration number: 2003/002733/06  
ISIN: ZAE000145892  
Share Code: LHC  
("Life Healthcare" or "the Company")

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**LIFE HEALTHCARE INCREASES ITS SHAREHOLDING IN MAX HEALTHCARE INSTITUTE LIMITED**

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## **1. INTRODUCTION**

Shareholders are advised that the Company will be increasing its shareholding in Max Healthcare Institute Limited ("MHC") to approximately 46.4% from its current shareholding of 26%. MHC, the leading private hospital provider in the Delhi-NCR region, is currently a subsidiary of Max India, one of India's leading multi business corporates ("the transaction").

## **2. THE TRANSACTION**

### **2.1 Background**

In January 2012, Life Healthcare invested Rs. 516.5 Cr, (R830 million) to acquire a 26% stake in MHC. MHC is one of India's leading private hospital groups and operates 12 hospitals in North India, with a focus on high end tertiary and quaternary care. The current transaction will lead to a shareholding equalisation of both joint venture ("JV") partners (Life Healthcare and Max India) as envisaged in the original JV agreement. The International Finance Corporation ("IFC") holds the balance of the shareholding.

India is an important market for the Company's international growth strategy and the acquisition of the additional shares in MHC is in line with the Company's growth strategy. The Company is confident in the quality of the asset in terms of infrastructure, clinicians and the ability of management to deliver on the business plans.

### **2.2 Terms of the transaction**

The transaction will be concluded through a 50% primary issue of new MHC shares and a 50% secondary acquisition of MHC shares held by Max India. The primary issue will be used to reduce debt and to fund further expansion. The expected date for the conclusion of the transaction is 31 August 2014. Post the transaction; both JV partners will have equal representation on the MHC Board.

The transaction is subject to the following conditions precedent:

- definitive agreements being entered into between the two parties; and
- obtaining exchange control approval from the South African Reserve Bank and any other regulatory approval that may be required.

### **2.3 The consideration**

The Company will invest up to a maximum of an additional Rs. 766 Cr in MHC (approximately R1, 350 million) at Rs.67.50 (approximately R11.91 per share). The exact amount is dependent on certain rights that the IFC has to participate in the primary issue and secondary sale. Life Healthcare will fund the transaction by raising additional debt.

Illovo  
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