

ELECTRONIC TRANSMISSION DISCLAIMER

IMPORTANT: You must read the following disclaimer before continuing. This electronic transmission applies to the attached supplementary rights offer circular (the “**Supplementary Circular**”) and you are therefore advised to read this disclaimer carefully before reading, accessing or making any other use of the attached Supplementary Circular. In accessing this electronic transmission and the attached Supplementary Circular, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access. You acknowledge that the delivery of this electronic transmission and the attached Supplementary Circular is confidential and intended for you only and you agree you will not forward, reproduce or publish this electronic transmission or the attached Supplementary Circular to any other person.

The securities referred to in this electronic transmission and the attached Supplementary Circular (the “**Securities**”) may only be distributed in (i) “offshore transactions” in compliance with Regulation S under the US Securities Act of 1933 (the “**US Securities Act**”) and (ii) within the United States to qualified institutional buyers (“**QIBs**”) as defined in Rule 144A under the US Securities Act (“**Rule 144A**”). Any forwarding, distribution or reproduction of this electronic transmission or the attached Supplementary Circular in whole or in part is unauthorised. Failure to comply with this notice may result in a violation of the US Securities Act or the applicable laws of other jurisdictions. Nothing in this electronic transmission and the attached Supplementary Circular constitutes an offer of securities for sale in any jurisdiction where it is unlawful to do so.

The Securities have not been and will not be registered under the US Securities Act or with any securities regulatory authority of any state or jurisdiction of the United States and may not be offered, sold, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, within the United States except (i) to a person that the holder and any person acting on its behalf reasonably believes is a QIB as defined in Rule 144A, pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act, or (ii) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S under the US Securities Act, in each case in accordance with any applicable securities laws of any state or jurisdiction of the United States.

The Securities have also not been and will not be registered under the securities laws of Canada, Australia or Japan and may not be offered, sold, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, within such jurisdictions except pursuant to an applicable exemption.

This electronic transmission, the attached Supplementary Circular and the Rights Offer are only addressed to and directed at persons in member states of the European Economic Area (the “**EEA**”) who are “qualified investors” within the meaning of Article 2(1)(e) of the Directive 2003/71/EC (and amendments thereto, including Directive 2010/73/EU, to the extent implemented in the Relevant Member States) (the “**Prospectus Directive**”) (“**Qualified Investors**”). In addition, in the United Kingdom, this electronic transmission and the attached Supplementary Circular is being distributed only to, and is directed only at, (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “**Order**”), or (ii) high net worth entities falling within Article 49(2)(a) to (d) of the Order, or (iii) persons to whom it may otherwise lawfully be communicated (all such persons together being referred to as “**relevant persons**”). This electronic transmission and the attached Supplementary Circular must not be acted on or relied on (i) in the United Kingdom, by persons who are not relevant persons, and (ii) in any member state of the EEA other than the United Kingdom, by persons who are not Qualified Investors. Any investment or investment activity to which this electronic transmission and the attached Supplementary Circular relates is available only to relevant persons (i) in the United Kingdom and (ii) Qualified Investors in any member state of the EEA other than the United Kingdom, and will be engaged in only with such persons. Accordingly, the information in this electronic transmission and the attached Supplementary Circular is not intended to be viewed by or distributed or passed on (directly or indirectly) to, and should not be acted upon by any other class of persons, save for such persons or class of persons contemplated herein.

Confirmation of Your Representation: This electronic transmission and the attached Supplementary Circular are delivered to you on the basis that you are deemed to have represented to Life Healthcare Group Holdings Limited (the “**Company**”) and each of Absa Bank Limited (acting through its Corporate and Investment Banking division) and Rand Merchant Bank, a division of FirstRand Bank Limited, (the “**Joint Bookrunners**”) that: (i) you are a QIB acquiring such Securities for your own account or for the account of another QIB; (ii) you are acquiring such Securities in offshore transactions in compliance with Regulation S under the US Securities Act; (iii) if you are in the United Kingdom, you are a relevant person, and/or a relevant person who is acting on behalf of, relevant persons, in the United Kingdom and/or Qualified Investors to the extent you are acting on behalf of persons or entities in the United Kingdom or the EEA; (iv) if you are in any member state of the EEA other than the United Kingdom, you are a Qualified Investor and/or a Qualified Investor acting on behalf of, Qualified Investors or relevant persons, to the extent you are acting on behalf of persons or entities in the EEA or the United Kingdom; (v) you are an institutional investor that is eligible to receive this electronic transmission and the attached Supplementary Circular; and (vi) you are not a resident of, or located in, Canada, Australia or Japan.

These materials are not for distribution, directly or indirectly, in or into the United States (including its territories and dependencies, any state or jurisdiction of the United States and the District of Columbia), Canada, Australia or Japan. There will be no public offer of securities in the United States, Canada, Australia or Japan.

You are reminded that you have received this electronic transmission and the attached Supplementary Circular on the basis that you are a person into whose possession this electronic transmission and the attached Supplementary Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver this electronic transmission or the attached Supplementary Circular, electronically or otherwise, to any other person.

The Joint Bookrunners are acting exclusively for the Company and no one else in connection with the Rights Offer. They will not regard any other person (whether or not a recipient of the attached Supplementary Circular) as their respective clients in relation to the Rights Offer and will not be responsible to anyone other than the Company for providing the protections afforded to their respective clients nor for giving advice in relation to the Rights Offer or any transaction or arrangement referred to herein and in the attached Supplementary Circular. No representation or warranty, express or implied, is made by the Joint Bookrunners as to the accuracy, completeness or verification of the information set forth in this electronic transmission and the attached Supplementary Circular, and nothing contained in this electronic transmission and the attached Supplementary Circular is, or shall be relied upon as, a promise or representation in this respect, whether as to the past or the future. The Joint Bookrunners assume no responsibility for its accuracy, completeness or verification and, accordingly, disclaim, to the fullest extent permitted by applicable law, any and all liability which they might otherwise be found to have in respect of this electronic transmission and the attached Supplementary Circular or any such statement.

The attached Supplementary Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Joint Bookrunners, any person who controls any of the Joint Bookrunners or the Company, any director, officer, employee or agent of any of them or any affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the attached Supplementary Circular distributed to you in electronic format and the hard copy version of the Supplementary Circular. If verification is required, please request a hard copy of the Supplementary Circular.



Life Healthcare Group Holdings Limited

(Incorporated in the Republic of South Africa)
Registration number 2003/002733/06
JSE share code: LHC ISIN: ZAE000145892
("Life" or the "Company")

SUPPLEMENTARY CIRCULAR IN RESPECT OF THE 34.21659 FOR 100 RIGHTS OFFER OF 367,346,939 NEW LIFE ORDINARY SHARES AT R24.50 PER NEW LIFE ORDINARY SHARE

THIS SUPPLEMENTARY CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

This supplementary circular ("**Supplementary Circular**") is intended to be read with the rights offer circular dated 28 March 2017 ("**Circular**"), prepared and published by Life in connection with the renounceable Rights Offer to "**Qualifying Shareholders**", being holders of ordinary shares of R0.00001 each ("**Life Ordinary Shares**") in Life's shareholder register (the "**Register**") at the close of business (SAST) on Friday, 31 March 2017 (the "**Record Date**") who are not Restricted Shareholders (as defined in the Circular).

Other than the update set out in this Supplementary Circular, all other details in relation to the Circular remain unchanged. To the extent there is any inconsistency between this Supplementary Circular and the Circular, the provisions of this Supplementary Circular will prevail. Unless otherwise indicated, terms defined in the "*Definitions and Interpretations*" section commencing on page 173 of the Circular apply throughout this Supplementary Circular, including this cover page.

Subject to the restrictions set out below, if you have disposed of all of your Life Ordinary Shares, then this Supplementary Circular should be handed to the purchaser of such shares or to the CSDP, broker, banker or other agent through whom the disposal was effected. This Supplementary Circular should not be distributed in, forwarded to or transmitted in or into or from the United States of America (the "**United States**"), or in, into or from Australia, Canada or Japan (the "**Restricted Territories**"); or any other jurisdiction where to do so might constitute a violation of local securities laws or regulations (except in the absolute discretion of Life pursuant to any exemption from such laws and regulations).

This Supplementary Circular is issued solely for the purpose of providing information to Qualifying Shareholders and is not an invitation to the public to subscribe for shares in the Company.

Life and the Joint Bookrunners do not accept responsibility, and will not be held liable, for any failure on the part of the CSDP or Broker of a Qualifying Dematerialised Shareholder to notify such shareholder of the details of this Supplementary Circular.

The Letters of Allocation and the Rights Offer Shares have not been and will not be registered under the US Securities Act of 1933 (the "**US Securities Act**"), or under any securities laws of any state or other jurisdiction of the United States and may not be offered, sold, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, within the United States except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. There will be no public offer of the Letters of Allocation and the Rights Offer Shares in the United States. The Letters of Allocation and the Rights Offer Shares are being offered and sold in offshore transactions in compliance with Regulation S of the US Securities Act ("**Regulation S**") and within the United States only to qualified institutional buyers ("**QIBs**") as defined in Rule 144A of the US Securities Act ("**Rule 144A**") pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. Purchasers are hereby notified that sellers of the Rights Offer Shares may be relying on the exemption from section 5 of the US Securities Act provided by Rule 144A.

The Letters of Allocation and the Rights Offer Shares will also not be registered under the securities laws of any of the Restricted Territories and may not be offered, sold, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, within such jurisdictions except pursuant to an applicable exemption. In particular, subject to certain exceptions, this Circular, any accompanying Form of Instruction and any other such documents should not be distributed in, forwarded to or transmitted in or into the United States or any other Restricted Territory.

The Directors, whose names are given on pages 149 to 158 of the Circular, collectively and individually, accept full responsibility for the accuracy of the information given 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 Supplementary Circular contains all information required by law.

This Supplementary Circular is available in English only. Copies of the Circular and this Supplementary Circular may be obtained from the registered offices of the Company and the Sponsor at the addresses set out below from Wednesday, 5 April 2017 to Thursday, 13 April 2017, both days inclusive. The Circular is and this Supplementary Circular will also be available in electronic form from the Company's website (<http://www.life.co.za/>) from Tuesday, 4 April 2017. The information contained on the Company's website is not incorporated by reference in this Supplementary Circular and does not form a part of this Supplementary Circular.

Company

Oxford Manor
21 Chaplin Road
Illovo
Johannesburg, 2196
South Africa

Sponsor

Rand Merchant Bank, a division of FirstRand Bank Limited
(Registration number 1929/001225/06)
1 Merchant Place
Corner Fredman Drive and Rivonia Road
Sandton, 2146
(PO Box 786273, Sandton, 2196, South Africa)

Joint Bookrunner and Underwriter



Joint Bookrunner and Underwriter



Sponsor



Legal advisers to Life as to US law

ALLEN & OVERY

Legal advisers to Life as to South African law

ALLEN & OVERY

**Legal advisers to the Joint Bookrunners
as to US law**

Linklaters

**Legal advisers to the Joint Bookrunners
as to South African law**

WEBBER WENTZEL

in alliance with > Linklaters

**Independent reporting accountants
and auditors of Life**



**Independent reporting accountants
and auditors of Alliance Medical**



NOTICE TO INVESTORS

The Rights Offer is being made in accordance with the Companies Act, 2008 (the “**Companies Act**”) and is only addressed to persons to whom it may lawfully be made. By subscribing for any Rights Offer Shares or purchasing any Letters of Allocation, you will be deemed to have represented and agreed that: (i) you are not (and any person for whom you are acting is not) a Restricted Shareholder or otherwise (a) a resident in any jurisdiction in which such offer would be unlawful or (b) a person to whom the Rights Offer may not lawfully be made; and (ii) you have received all necessary information required to make an informed investment decision.

This Supplementary Circular is not an offer of new Life Ordinary Shares, or an invitation to exercise any of the Rights pursuant to the Letters of Allocation, in any jurisdiction in which such offer would be unlawful. In a number of countries, in particular in the United States, Australia, Canada and Japan, the distribution of this Supplementary Circular, the exercise of Rights pursuant to the Letters of Allocation, the offer of the Rights Offer Shares, as well as the sale of the Rights Offer Shares, are subject to restrictions imposed by law (such as registration, admission or other regulations). No action has been or will be taken by Life or by the Joint Bookrunners to permit the possession or distribution of this Supplementary Circular (or any Letter of Allocation) in any jurisdiction where such distribution may otherwise lead to a breach of any law or regulatory requirement.

Accordingly, neither this Supplementary Circular nor any advertisement nor any other offering material may be distributed or published in any jurisdiction except under circumstances that will be in compliance with applicable laws and regulations. Persons into whose possession this Supplementary Circular may come are required to inform themselves about and comply with such restrictions, in particular not to publish or distribute this Supplementary Circular in violation of applicable securities regulations. Any failure to comply with such restrictions may result in a violation of applicable securities regulations. This Supplementary Circular does not constitute an offer to sell the Letters of Allocation or the Rights Offer Shares to any person in any jurisdiction in which it is unlawful to make such offer to such person, or a solicitation of an offer to buy the Letters of Allocation or the Rights Offer Shares from a person in a jurisdiction in which it is unlawful to make such solicitation.

No person is or has been authorised to give information or to make any representation regarding this Rights Offer other than those contained in this Supplementary Circular and, if given or made, such information or representations shall not be relied upon as having been so authorised. No representation or warranty, express or implied, is made by the Joint Bookrunners as to the accuracy, completeness or verification of the information contained in this Supplementary Circular, and nothing contained in this Supplementary Circular is, or shall be relied upon as, a promise or representation by the Joint Bookrunners in this respect, whether as to the past or the future. The Joint Bookrunners assume no responsibility for its accuracy, completeness or verification and, accordingly, disclaim to the fullest extent permitted by applicable law any and all liability whether arising in delict (tort), contract or otherwise which they might otherwise be found to have in respect of this Supplementary Circular or any such statement. Information given or representations made in connection with this Rights Offer or the subscription or the sale of the Letters of Allocation or the Rights Offer Shares that are inconsistent with those contained in this Supplementary Circular are invalid.

Investors acknowledge that: (i) they have not relied on the Joint Bookrunners or any person affiliated with the Joint Bookrunners in connection with any investigation of the accuracy of any information contained in this Supplementary Circular or their investment decision; and (ii) they have relied only on the information contained in this Supplementary Circular, and that no person has been authorised to give any information or to make any representation concerning Life, Alliance Medical Group Limited (“**AMG**” and, together with its subsidiaries, “**Alliance Medical**”) or each of their respective subsidiaries (altogether, the “**Enlarged Group**”), the Letters of Allocation or the Rights Offer Shares (other than as contained in this Supplementary Circular) and, if given or made, any such other information or representation should not be relied upon as having been authorised by Life or the Joint Bookrunners.

The distribution of this Supplementary Circular does not mean that the data contained herein is current as of any time after the date of this Supplementary Circular. In particular, neither the delivery of this Supplementary Circular nor the offer, sale or delivery of the Letters of Allocation or the Rights Offer Shares means that no adverse changes have occurred or no events have happened which may or could result in an adverse effect on the Enlarged Group’s business, financial condition or results of operations.

Nothing contained in this Supplementary Circular is intended to constitute investment, legal, tax, accounting or other professional advice. This Supplementary Circular is for your information and nothing in this Supplementary Circular is intended to endorse or recommend a particular course of action. In making an investment decision, each investor must rely on its own examination, analysis and enquiry of the Enlarged

Group and the terms of the Rights Offer, including the merits and risks involved. Neither Life, nor any of the Joint Bookrunners, nor any of their respective representatives, is making any representation to any offeree, subscriber or purchaser of the Letters of Allocation or the Rights Offer Shares regarding the legality of an investment in the Letters of Allocation or the Rights Offer Shares by such offeree, subscriber or purchaser under the laws applicable to such offeree, subscriber or purchaser. Each investor should consult its own advisers before acquiring the Letters of Allocation or subscribing for or purchasing the Rights Offer Shares. Investors are required to make their independent assessment of the legal, tax, business, financial and other consequences of acquiring the Letters of Allocation or subscribing for or purchasing the Rights or the Rights Offer Shares. They are also required to make their independent assessment of the risks involved in acquiring the Letters of Allocation or subscribing for or purchasing the Rights or the Rights Offer Shares.

The Joint Bookrunners are acting exclusively for Life and no one else in connection with the Rights Offer. They will not regard any other person (whether or not a recipient of this Supplementary Circular) as their respective client in relation to the Rights Offer and will also not be responsible to anyone other than Life for providing the protections afforded to their clients or for giving advice in relation to the Rights Offer or any transaction or arrangement referred to herein.

In connection with the Rights Offer, each of the Joint Bookrunners and any of their respective affiliates, acting as an investor for its own account, may exercise Rights in terms of the Letters of Allocation in the Rights Offer and in that capacity may retain, purchase or sell for its own account such securities and any Letters of Allocation or Rights Offer Shares or related investments and may offer or sell such shares or other investments otherwise than in connection with the Rights Offer. Accordingly, references in this Supplementary Circular to shares being offered should be read as including any offering of Letters of Allocation or Rights Offer Shares to any of the Joint Bookrunners or any of their respective affiliates acting in such capacity. None of the Joint Bookrunners intends to disclose the extent of such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

NOTICE TO INVESTORS IN THE UNITED STATES

The Letters of Allocation and the Rights Offer Shares offered hereby have not been and will not be registered under the US Securities Act, or with any securities regulatory authority of any state or other jurisdiction in the United States, and may not be offered, sold, exercised, transferred or delivered, directly or indirectly, in or into the United States at any time except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and applicable state and other securities laws of the United States. The Letters of Allocation will be issued and the Rights Offer Shares are being offered, in the United States only to QIBs in reliance on exemptions from registration under the US Securities Act.

THE LETTERS OF ALLOCATION AND THE RIGHTS OFFER SHARES OFFERED HEREBY HAVE NOT BEEN RECOMMENDED BY ANY US FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT PASSED UPON THE MERITS OF THE OFFERING OR CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS SUPPLEMENTARY CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

In the United States, this Supplementary Circular is being furnished on a confidential basis solely for the purpose of enabling a prospective purchaser to consider purchasing the particular securities described herein.

The information contained in this Supplementary Circular has been provided by Life and the other sources identified herein. Distribution of this Supplementary Circular to any person other than the offeree specified by Life and those persons, if any, retained to advise such offeree with respect thereto is unauthorised, and any disclosure of its contents, without the prior written consent of Life, is prohibited. Any reproduction or distribution of this Supplementary Circular in the United States, in whole or in part, and any disclosure of its contents to any other person is prohibited. This Supplementary Circular is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for, or otherwise acquire, the securities described herein. Investors agree to the foregoing by accepting delivery of this Supplementary Circular.

If, at any time, Life is neither subject to Section 13 or 15(d) of the US Securities Exchange Act of 1934 (the “**US Exchange Act**”) nor exempt from reporting pursuant to Rule 12g3-2(b) under the US Exchange Act, it will furnish, upon request, to any owner of the Rights Offer Shares, or any prospective purchaser designated by any such owner, the information required to be delivered pursuant to Rule 144A(d)(4) under the US Securities Act. In such cases, Life will also furnish to each such owner all notices of shareholders’ meetings and other reports and communications that are made generally available by Life to its shareholders.

NOTICE TO INVESTORS IN SOUTH AFRICA

The Rights Offer will not constitute an “offer to the public”, as envisaged in Chapter 4 of the Companies Act and, accordingly, this Supplementary Circular does not, nor does it intend to, constitute a “registered

prospectus”, as contemplated in Chapter 4 of the Companies Act. Should any person who is not a Qualifying Shareholder (or its renouncee) receive this Supplementary Circular, they should not, and will not be entitled to, acquire any Rights Offer Shares or Letters of Allocation or otherwise act thereon.

NOTICE TO INVESTORS IN THE UNITED KINGDOM

This Supplementary Circular is only being distributed to and is only directed at: (i) persons who are outside the United Kingdom; or (ii) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “**Order**”); or (iii) high net worth entities falling within Article 49(2)(a) to (d) of the Order; or (iv) persons to whom it may otherwise lawfully be communicated (all such persons together being referred to as “relevant persons”). The Rights Offer Shares and Letters of Allocation are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Rights Offer Shares or Letters of Allocation will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this Supplementary Circular or any of its contents.

MEMBER STATES OF THE EEA

In relation to each member state of the EEA which has implemented Directive 2003/71/EC (“**Prospectus Directive**”) (“**Relevant Member State**”) (other than the United Kingdom), an offer to the public of the Rights Offer Shares or Letters of Allocation contemplated by this Supplementary Circular may not be made in that Relevant Member State pursuant to the Rights Offer prior to the publication of a prospectus in relation to the Rights Offer Shares or Letters of Allocation which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in the first Relevant Member State, all in accordance with the Prospectus Directive, except that an offer to the public in that Relevant Member State of such Rights Offer Shares or Letters of Allocation may be made at any time under the following exemptions under the Prospectus Directive, if they are implemented in that Relevant Member State:

- (a) to any legal entity which is a “qualified investor” within the meaning of Article 2(1)(e) of the Prospectus Directive, as implemented in the Relevant Member State (“**Qualified Investor**”); or
- (b) by the Joint Bookrunners to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of Directive 2010/73/EU, 150, natural or legal persons (other than Qualified Investors), subject to obtaining the prior consent of the Joint Bookrunners for any such offer; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive subject to obtaining the prior consent of the Joint Bookrunners for any such offer,

provided that no such offer of the Rights Offer Shares or Letters of Allocation shall result in a requirement for the Company or the Joint Bookrunners to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive and each person who initially acquires any Rights Offer Shares or Letters of Allocation or to whom any offer is made will be deemed to have represented, warranted and agreed to and with the Company and the Joint Bookrunners that it is a Qualified Investor.

For the purposes of this provision, the expression “an offer to the public in relation to any Rights Offer Shares or Letters of Allocation in any Relevant Member State” means the communication in any form and by any means of sufficient information on the terms of the Rights Offer, the Rights Offer Shares or Letters of Allocation to be offered so as to enable an investor to decide to subscribe for or purchase any Rights Offer Shares or Letters of Allocation, as the same may be varied for that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State.

In the case of any Rights Offer Shares or Letters of Allocation being offered to a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, such financial intermediary will also be deemed to have represented, warranted and agreed that it is a Qualified Investor and (a) the Rights Offer Shares or Letters of Allocation acquired by it have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than Qualified Investors, or in circumstances in which the prior consent of the Joint Bookrunners has been obtained to each such proposed offer or resale; or (b) where Rights Offer Shares or Letters of Allocation have been acquired by it on behalf of persons in any Relevant Member State other than Qualified Investors, the offer of those Rights Offer Shares or Letters of Allocation to it is not treated under the Prospectus Directive as having been made to such persons. The Company and the Joint Bookrunners and each of their respective affiliates and others will rely upon the truth and accuracy of the foregoing representation, warranty and agreement.

NOTICE TO INVESTORS IN AUSTRALIA, CANADA, JAPAN AND CERTAIN OTHER JURISDICTIONS

The Rights Offer will not be made to persons who are residents of Australia, Canada or Japan, or in any jurisdiction in which such offering would be unlawful.

NOTICE TO NOMINEES, CUSTODIANS AND FINANCIAL INTERMEDIARIES

Any person, including nominees, custodians and other financial intermediaries who would, or otherwise intends to, or has a contractual or legal obligation to forward this Supplementary Circular or any information relating to this Rights Offer to any jurisdiction outside of South Africa, should adhere to the restrictions set out above and in the section entitled “*Circular to Qualifying Shareholders – Overseas Shareholders*” commencing on page 50 of the Circular. In connection with any subscriptions for the Rights Offer Shares or any sales or purchases of the Letters of Allocation, nominees, custodians and financial intermediaries will be deemed to have represented and warranted that they have complied with the terms of the Rights Offer.

ENFORCEMENT OF CIVIL LIABILITIES

The ability of a Life Ordinary Shareholder resident in, or a citizen of, a jurisdiction outside South Africa (“**Overseas Shareholder**”) to bring an action against Life may be limited under law. The rights of “**Life Shareholders**”, being registered holders of Life Ordinary Shares are governed by South African law, the Listings Requirements and by Life’s memorandum of incorporation, as amended (the “**MOI**”). An Overseas Shareholder may not be able to enforce a judgment against some or all of the Directors and executive officers. It may not be possible for an Overseas Shareholder to affect service of process upon the Directors and executive officers within the Overseas Shareholder’s country of residence or to enforce against the Directors and executive officers judgments of courts of the Overseas Shareholder’s country of residence based on civil liabilities under that country’s securities laws. There can be no assurances that an Overseas Shareholder will be able to enforce any judgments in civil and commercial matters or any judgments under the securities laws of countries other than South Africa against the Directors or executive officers who are residents of countries other than those in which judgment is made. In addition, South African or other courts may not impose civil liability on the Directors or executive officers in any original action based solely on foreign securities laws brought against Life or its Directors or executive officers in a court of competent jurisdiction in South Africa or other countries.

CERTAIN FORWARD-LOOKING STATEMENTS

This Supplementary Circular includes certain “forward-looking statements” that reflect the current views or expectations of the Directors with respect to future events and future financial and operational performance. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements, including, without limitation, those concerning: the economic outlook for the industries in which the Enlarged Group operates; use of the proceeds of the Rights Offer; the Enlarged Group’s ability to successfully integrate the operations of Alliance Medical and recognise expected synergies; the success of strategic initiatives and investments related to Alliance Medical and its operations; the Enlarged Group’s ability to implement its strategy; the competitive environments in which the Enlarged Group operates; trends in the industries and markets in which the Enlarged Group operates; future operating results, growth prospects and outlook for the operations of the Enlarged Group, individually or in the aggregate; and the Enlarged Group’s liquidity and available capital resources and expenditure. Such forward-looking statements generally reflect the Enlarged Group’s current plans, estimates, projections and 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”, “will”, “may”, “estimated”, “potential” or similar words and phrases. Similarly, statements that describe the Enlarged Group’s objectives, plans or goals are or may be forward-looking statements.

Although the Directors believe that the expectations reflected in these and other forward-looking statements are reasonable, no assurances can be given that such expectations will materialise or prove to be correct. These forward-looking statements are based on various estimates and/or assumptions subject to known and unknown risks, uncertainties and other factors that may cause future events or the Enlarged Group’s actual results, performance or achievements to differ materially from those expressed or implied by these forward-looking statements.

These risks, uncertainties and other factors include, among others:

- the Enlarged Group’s ability to maintain good relationships with the doctors who provide medical services at its facilities;
- the Enlarged Group’s relationships with medical healthcare funders and changes in tariffs that the Enlarged Group is able to agree with the medical healthcare funders;
- the Enlarged Group’s ability to identify and acquire new facilities and integrate future acquisitions;
- the Enlarged Group’s ability to comply with its existing licences and regulatory requirements and obtain new licences to expand its facilities;
- the impact of new laws, regulations and standards (and the interpretation and application thereof) in healthcare regulation and cost reimbursement, the environment, tax and health and safety;
- the Enlarged Group’s ability to attract and retain skilled personnel and employees; and
- competition in the industry in which the Enlarged Group operates and the outcome of the South Africa Competition Commission (the “**Competition Commission**”) market inquiry into the private healthcare sector.

Additional factors that could cause the Enlarged Group’s actual results, performance or achievements to differ materially from those contained herein include, but are not limited to, those discussed under “*Risk Factors*” in the Circular. Consequently, investors are cautioned not to place undue reliance on the forward-looking statements.

Qualifying Shareholders should carefully review all information included in the Circular, including the historical financial statements and the notes thereto presented in the respective annexures to the Circular, and this Supplementary Circular. The forward-looking statements included in this Supplementary Circular are made only as of the date of this Supplementary Circular. Life undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this Supplementary Circular or to reflect the occurrence of future events. All subsequent written and oral forward-looking statements attributable to Life or any person acting on its behalf are qualified by the cautionary statements above.

REASON FOR SUPPLEMENTARY CIRCULAR

With reference to the current trading commentary set out in the Circular under “*Operating and Financial Review – Current Trading and Prospects*”, Life Healthcare shareholders were advised on 28 March 2017 that Life expected to have greater clarity regarding the matters set out under “*Operating and Financial Review – Current Trading and Prospects*”, and would provide further information in relation thereto.

The purpose of this Supplementary Circular is to provide Life Healthcare shareholders with a trading statement.

TRADING STATEMENT

Introduction

The Enlarged Group's strategic objective is to establish a sizeable international business and to accelerate the transition from a South African focused acute care group to an international, diversified healthcare provider. The Enlarged Group's international expansion strategy has been focused on selected attractive markets that display supportive characteristics for the longer-term growth of the private healthcare market.

In line with this strategy, the Enlarged Group completed the acquisition of Alliance Medical Group Limited ("Alliance Medical") in November 2016. Alliance Medical is one of Europe's leading providers of complex molecular and diagnostic imaging services, with operations in the United Kingdom, Italy, Ireland, Spain, the Netherlands, Germany, Finland, Bulgaria, France and Norway.

This acquisition establishes the Enlarged Group as an international healthcare provider with diversified healthcare businesses and a geographically diversified revenue stream. International revenue and Normalised EBITDA as a percentage of total revenue and Normalised EBITDA are estimated to change as follows:

	Six months ended 31 March 2017	Six months ended 31 March 2016
Revenue	18% – 24%	7%
Normalised EBITDA	16% – 20%	4%

Normalised EBITDA is defined as operating profit before depreciation on property, plant and equipment and amortisation of intangible assets and non-trading related costs and income.

The Enlarged Group sees the entry into diagnostics as a natural part of its growth and diversification strategy which, over the past few years, has included the expansion of services into mental health, acute physical rehabilitation, renal dialysis and oncology.

Trading statement

Life Healthcare shareholders are referred to the current trading commentary set out in the Circular under "Operating and Financial Review – Current Trading and Prospects".

Life Healthcare shareholders are advised that although the interim results for the six months ended 31 March 2017 are not yet finalised, the Enlarged Group's revenue, Normalised EBITDA, EBITDA earnings per share and headline earnings per share for the six months ended 31 March 2017 are expected to vary from those reported in the comparative period, the six months ended 31 March 2016, within the following estimated ranges:

Measure	Estimated range	Estimated six months ended 31 March 2017	Six months ended 31 March 2016	Note
Revenue	+20% to +25%	R9 432m to R9 825m	R7 860m	1
Normalised EBITDA	+11% to +15%	R2 330m to R2 414m	R2 099m	2
EBITDA	0% to +3%	R2 154m to R2 219m	R2 154m	3
Earnings per share (cents)	-60% to -70%	37.2 to 27.9	93.0	4
Headline Earnings per share (cents)	-50% to -60%	46.5 to 37.2	93.0	4,5

Notes:

- Revenue for the six months ended 31 March 2017 is estimated to increase by between 20% and 25% over the comparable period in 2016, primarily due to the inclusion of the results of Alliance Medical with effect from 21 November 2016. Alliance Medical is estimated to increase its revenue by between 5.5% and 6.0% over the comparable period in 2016.

Revenue from the Southern African operations is estimated to increase by between 3.5% and 5.5% over the comparable period in 2016. Revenue was negatively impacted by the lower volumes in the hospital division in paid patient days ("PPDs") of between 0.9% and 1.2% below last year. These activity numbers are an improvement on the PPDs as of the end of February as a result of better trading in March as well as Easter being in April in 2017 as opposed to March in 2016. Overall lower volumes have been due to limited or no growth in the private healthcare market, a greater than expected slowdown in the South African economy, an increase in active case management by medical aids away from hospital admissions and doctors going on holiday for longer periods and more frequently than anticipated. The result of the lower PPD volumes caused the weighted occupancy levels to reduce from 69.9% in the comparable period to an estimated level of between 68% and 69%. The number of beds in operation has increased from 8 557 as at 31 March 2016 to 8 702 as at 31 March 2017. Despite the lower trading in the Southern Africa Hospitals division, the Healthcare Services division continues to show good growth with revenue increasing by between 20% and 24%.

2. Normalised EBITDA is the primary measure the Enlarged Group uses to assess underlying financial performance.

The impact of the Alliance Medical acquisition and the trading of Southern Africa and Poland is estimated to result in an increase in Normalised EBITDA for the six months ended 31 March 2017 of between 11% and 15% compared to the comparable period in 2016.

- Normalised EBITDA for the Southern Africa operations is estimated to be 2.5% to 3.5% below the comparable period, primarily due to the lower trading in the Southern Africa operations and the impact of the loss of the Gauteng Mental Health contract in the Healthcare Services division in July 2016.
- The Polish operations performed to expectations but Normalised EBITDA will be significantly below last year. This is due to the impact of the reduction in tariffs as promulgated in Poland effective 1 July 2016 and further cardiology tariff reductions from 1 January 2017.
- Alliance Medical has performed to the Enlarged Group's expectations. The business has performed well against the comparative period with Normalised EBITDA expected to be higher on a constant currency basis.

3. EBITDA is operating profit before depreciation on property, plant and equipment and amortisation of intangible assets.

4. Earnings per share ("EPS") and headline earnings per share ("HEPS") are expected to be below the comparative period last year primarily due to the impact of the acquisition of Alliance Medical and once-off items related to the investment in Poland. Max Healthcare has performed well at an operational level but the earnings from this business were impacted by the monetisation of the currency and the costs associated with growing the business.

The impact of the once-off non-trading related items are:

Relating to the Alliance Medical acquisition:

- Transaction costs relating to the acquisition are estimated to be between R240m – R260m (resulting in a decrease in EPS and HEPS of between 22.7 and 24.6 cents per share). All transaction costs relating to the rights offer have been capitalised;
- Interest costs related to the acquisition funding are estimated to be between R370m – R390m for the period (resulting in a decrease in EPS and HEPS of between 35.1 and 37.0 cents per share). Debt funding of approximately R9 billion will be repaid by the equity raised through the rights offer and will reduce the interest cost correspondingly for the second half of the financial year;
- Reversal of the contingent consideration related to the acquisition of Alliance Medical is estimated to be between R180m – R220m (resulting in an increase in EPS and HEPS of between 17.1 and 20.9 cents per share);

Relating to the Poland investment:

- A further impairment required in Poland of up to R150m as a result of the additional reduction in tariffs in cardiology from 1 January 2017 (resulting in a decrease in EPS of 14.2 cents per share but no impact on HEPS); and
- The one-off release of contingent consideration relating to the Polish business in the six months ended 31 March 2016 that has not reoccurred during the six months ended 31 March 2017.

5. The Enlarged Group defines headline earnings per share in accordance with the SAICA Circular 2/2015, as headline earnings, which consists of profit after tax attributable to ordinary equity holders, adjusted for impairment of investment, loss on remeasuring previously held interest in associate to fair value, profit on disposal of investment in associate and other re-measurement items (all net of related tax and non-controlling interests), divided by the weighted average number of ordinary shares in issue during the period.

Headline earnings per share accordingly excludes the impact of the impairment in Poland.

The Enlarged Group is in the process of finalising its results for the six months ended 31 March 2017 and the above results are based on preliminary information. The preliminary information presented above is subject to the completion of our financial closing procedures, which have not yet been completed. Our final interim financial results for the six months ended 31 March 2017 may differ from the above.

The trading statement above has been prepared by, and is the responsibility of, the Enlarged Group's management. PricewaterhouseCoopers, the Enlarged Group's external auditors, has not audited, reviewed, compiled or performed any procedures with the respect to the trading statement contained in this Supplementary Circular. Accordingly, PricewaterhouseCoopers does not express an opinion or any other form of assurance with respect thereto.