Life Healthcare Group

NOTICE OF ANNUAL GENERAL MEETING

AND ABRIDGED SHAREHOLDER REPORT

2019

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NOTICE OF ANNUAL GENERAL MEETING

Life Healthcare Group Holdings Limited
Registration number: 2003/002733/06
Share code: LHC
ISIN: ZAE000145892
("Life Healthcare" or the "Company")

Notice is hereby given in terms of section 62(1) of the Companies Act No 71 of 2008, as amended (the Companies Act) that the annual general meeting (AGM) of shareholders of Life Healthcare will be held at the Johannesburg Stock Exchange, 1 Exchange Square, 2 Gwen Lane, Sandown, Sandton, 2196 on Wednesday, 29 January 2020, at 11:30, or any adjournment or postponement thereto, to (i) consider, and if deemed fit to pass the following ordinary and special resolutions with or without modification/s; and (ii) deal with such other business as may be dealt with at the AGM.

This document is important and requires your immediate attention

If you are in any doubt about the action you should take, consult your broker, central securities depository participant (CSDP), banker, financial adviser, accountant or other professional adviser immediately. The notice of AGM is only available in English and copies may be obtained from the registered office of the Company and the transfer secretaries, Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196.

Registered and corporate office

Oxford Manor, 21 Chaplin Road, Illovo, 2196
Private Bag X13, Northlands, 2116
Telephone 011 219 9000
Email: company.secretary@life.co.za

Included in this document are the following:

- The notice of AGM setting out resolutions to be proposed at the meeting, with explanatory notes. There are also guidance notes if you wish to attend the meeting or to vote by proxy.
- A proxy form for completion, signature and submission to the share registrars by shareholders holding the Company's ordinary shares in certificated form or recorded in subregistered electronic form in "own name".

Salient record dates

- The record date in terms of section 59 of the Companies Act for shareholders to be recorded on the securities register of the Company in order to receive notice of annual general meeting is **Friday, 6 December 2019**.
- The last day to trade in the Company's shares in order to be recorded on the securities register of the Company in order to be able to attend, participate and vote at the annual general meeting is **Tuesday, 21 January 2020**.
- The record date in terms of section 59 of the Companies Act for shareholders to be recorded on the securities register of the Company in order to be able to attend, participate and vote at the annual general meeting is **Friday, 24 January 2020**.

Presentation to shareholders

Presentation of the audited financial statements

The audited annual financial statements of the Company and the Group for the year ended 30 September 2019 (as approved by the board of directors of the Company), incorporating the external auditor, audit committee and directors' reports, are presented to shareholders in terms of section 30(3) of the Companies Act.

A summary of the annual financial statements is contained herein as Annexure D to this notice. The complete annual financial statements appear on the Company's website at **www.lifehealthcare.co.za**.

Presentation of the social, ethics and transformation committee report

To present the report of the social, ethics and transformation committee of the Company and the Group for the year ended 30 September 2019, in terms of Regulation 43 of the Companies Regulations 2011 (the Regulations). The report is contained herein as Annexure A to this notice, and is also available on the Company's website at **www.lifehealthcare.co.za**.

Ordinary resolutions

Percentage of voting rights – ordinary resolutions

Ordinary resolutions numbered 1 to 5 contained in this notice of AGM, require the approval of a minimum of 50% plus one vote of the votes exercised on the resolutions by the shareholders present or represented by proxy at the AGM in order for the resolutions to be adopted.

1. Ordinary resolution number 1

Appointment of independent external auditors

To appoint Deloitte & Touche (Deloitte) as independent external auditors of the Company, replacing PricewaterhouseCoopers South Africa, and Mr B Nyembe as the individual designated auditor, to hold office until the conclusion of the next AGM in 2021 in terms of section 90(1) of the Companies Act.

The audit committee has evaluated the independence and experience of both Deloitte and Mr Nyembe and has concluded that both the firm and the individual designated auditor are independent of the Company in accordance with section 94(8) of the Companies Act. In compliance with the JSE Listings Requirements (paragraph 3.84(g)(iii), the audit committee obtained and considered all information listed in paragraph 22.15(h) of the Listings Requirements of the JSE in its assessment of the suitability of Deloitte, as well as Mr Nyembe, for appointment.

The audit committee concluded that, based on the outcome of the inspection by the Independent Regulatory Board of Auditors (IRBA) on Deloitte, no matters were raised that negatively impacted the suitability of Deloitte and Mr Nyembe for appointment as external auditors and individual designated auditor, respectively, of the Company.

There are no current, pending or finalised legal or disciplinary processes which affect the suitability of Deloitte or Mr Nyembe for appointment as the Company's external auditors and individual designated auditor.

Further information on the execution of the duties of the audit committee is set out in the audit committee report, contained in the annual financial statements.

Ordinary resolution number 1

"RESOLVED that Deloitte & Touche and Mr B Nyembe be and are hereby appointed as independent external auditors and individual designated auditor of the Company respectively, to hold office until the conclusion of the next AGM in terms of section 90(1) of the Companies Act."

2. Ordinary resolution number 2

(Comprising separate ordinary resolutions numbered 2.1 to 2.3)

Rotation of directors

To re-elect, by way of separate resolutions, the following directors, each of whom retire in terms of the provisions of the Memorandum of Incorporation (MoI) of the Company, and, each being eligible, offer themselves for re-election:

2.1 Marian Jacobs*

2.2 Royden Vice*

2.3 Pieter van der Westhuizen

** Mr Royden Vice and Professor Marian Jacobs are 72 years and 71 years of age respectively. In terms of clause 28.7.4 of the MoI of the Company, the nominations and governance committee has opined on their continued tenure on the board, and unreservedly support their re-election.*

These directors are retiring due to the one-third rotation requirement in the MoI. Accordingly, shareholders are requested to consider and, if deemed fit, to re-elect these retiring directors as members of the board of the Company, by way of passing the separate ordinary resolutions set out below. Brief résumés in respect of each director offering themselves for re-election as directors of the Company are attached hereto as ANNEXURE E.

Ordinary resolution number 2.1

"RESOLVED that Marian Jacobs be and is hereby re-elected as an independent non-executive director of the Company with effect from 29 January 2020."

Ordinary resolution number 2.2

"RESOLVED that Royden Vice be and is hereby re-elected as an independent non-executive director of the Company with effect from 29 January 2020."

Ordinary resolution number 2.3

"RESOLVED that Pieter van der Westhuizen be and is hereby re-elected as an executive director of the Company with effect from 29 January 2020."

3. Ordinary resolution number 3

(Comprising separate ordinary resolutions numbered 3.1 to 3.4)

Election of audit committee members

To elect, by way of separate ordinary resolutions, members of the audit committee consisting of independent non-executive directors in terms of section 94(4) of the Companies Act and appointed in terms of section 94(2) of the Companies Act to perform the duties and responsibilities stipulated in section 94(7) of the Companies Act and other duties described in the audit committee's terms of reference which are available on the Company's website, **www.lifehealthcare.co.za**. In terms of Regulation 42 of the Act, at least one-third of the members of the Company's audit committee must have academic qualifications, or experience, in economics, law, corporate governance, finance, accounting, commerce, industry, public affairs or human resource management.

The board has determined that each of the members standing for election is independent and that they possess the required qualifications, skills and experience as contemplated in Regulation 42 of the Act and collectively, they have sufficient qualifications and experience to fulfil their duties as contemplated in section 94(7) of the Companies Act. The following independent non-executive directors, each being eligible, offer themselves for election/re-election:

3.1 Peter Golesworthy
3.2 Audrey Mothupi
3.3 Garth Solomon
3.4 Royden Vice*.

** Subject to re-election as a director pursuant to ordinary resolution number 2.2.*

The resolutions pertaining to the re-election of the members of the audit committee are to be voted on individually.

Brief résumés in respect of each independent non-executive director offering themselves for re-election as members of the audit committee are attached hereto as ANNEXURE E.

Ordinary resolution number 3.1

"RESOLVED that Peter Golesworthy, who is an independent non-executive director, be and is hereby re-elected, with effect from 29 January 2020, as a member and the Chairman of the audit committee."

Ordinary resolution number 3.2

"RESOLVED that Audrey Mothupi, who is an independent non-executive director, be and is hereby re-elected, with effect from 29 January 2020, as a member of the audit committee."

Ordinary resolution number 3.3

"RESOLVED that Garth Solomon, who is an independent non-executive director, be and is hereby re-elected, with effect from 29 January 2020, as a member of the audit committee."

Ordinary resolution number 3.4

"RESOLVED that Royden Vice, who is an independent non-executive director, be and is hereby re-elected, with effect from 29 January 2020, as a member of the audit committee."

4. Ordinary resolution number 4

Approval of the remuneration policy

In accordance with the King Code of Governance Principles for South Africa 2016TM (King IV™*), shareholder approval is sought for the Company's remuneration policy and implementation thereof by way of separate non-binding advisory votes. The non-binding votes enable shareholders to express their views on the Company's remuneration policy and on the implementation thereof. The detailed remuneration policy and implementation report, for which approval is being sought, are contained herein as Annexures B and C, respectively.

In the event that the remuneration policy or the implementation report, or both have been voted against by 25% or more of the voting rights exercised by shareholders in the non-binding advisory vote, the board will delegate representatives to actively engage with the majority shareholders to address and conciliate the substantiating objections and concerns and to ameliorate the policy and/or report as appropriate, taking cognisance of the shareholder feedback and proposals resulting from the engagement, and as approved by the board.

Ordinary resolution number 4.1

"RESOLVED that the Company's remuneration policy be and is hereby approved by way of a non-binding advisory vote, as recommended in King IV."

Ordinary resolution number 4.2

"RESOLVED that the implementation of the Company's remuneration policy be and is hereby approved by way of a non-binding advisory vote, as recommended in King IV."

5. Ordinary resolution number 5

Authorisation to sign documents to give effect to resolutions

"RESOLVED that any one director of the Company or the Group Company Secretary be and are hereby authorised to do all such things and sign all such documents and take all such actions as they consider necessary to give effect to all the ordinary and special resolutions set out in this notice of AGM."

Special resolutions

Percentage of voting rights – special resolutions

Special resolutions numbered 1 to 3, contained in this notice of AGM, require approval of a minimum of 75% (seventy-five percent) of the votes exercised on the resolutions by the shareholders present or represented by proxy at the AGM in order for the resolutions to be adopted.

6. Special resolution number 1

Remuneration payable to non-executive directors and the Chairman

"RESOLVED that, in terms of sections 66(8) and 66(9) of the Companies Act and on recommendation of the Human Resources and Remuneration Committee, the Company be and is hereby authorised to remunerate its non-executive directors and Chairperson of the board for their services as directors and/or pay any fees related thereto with specific increases as detailed in the table below, provided that the aforementioned authority to remunerate directors shall be valid until the annual general meeting of the Company in 2022.

Committee	Entity	Retain per annum	Total meeting fees per annum	Current annual cost	Proposed retainer per annum	Proposed fees per annum	Proposed annual cost	% Increase in rate
Directors' fees	Chairperson	601 656	401 104	1 002 760	631 740	421 160	1 052 900	5.0
	Board member	159 204	105 644	264 848	175 128	116 208	291 336	10.0
Lead independent director	Board member	232 740	154 436	387 176	256 020	169 880	425 900	10.0
Audit	Chairperson	157 956	105 192	263 148	173 748	115 712	289 460	10.0
	Board member	92 808	61 872	154 680	97 452	64 968	162 420	5.0
Remuneration	Chairperson	120 912	80 604	201 516	126 960	84 636	211 596	5.0
	Board member	60 516	40 344	100 860	63 540	42 360	105 900	5.0
Nominations and governance	Chairperson	80 242	53 640	134 064	88 464	59 004	147 468	10.0
	Board member	44 004	29 104	73 108	46 200	30 560	76 760	5.0
Risk	Chairperson	100 668	67 113	167 781	110 736	73 824	184 560	10.0
	Board member	52 488	34 992	87 480	57 732	38 490	96 222	10.0
Investment	Chairperson	136 920	91 276	228 196	143 772	95 844	239 616	5.0
	Board member	68 640	45 756	114 396	75 504	50 332	125 836	10.0
Clinical governance, quality and safety	Chairperson	112 644	75 096	187 740	118 272	78 848	197 120	5.0
	Board member	61 219	40 813	102 032	64 284	42 856	107 140	5.0
Social, ethics and transformation	Chairperson	96 552	64 368	160 920	106 212	70 806	177 018	10.0
	Board member	48 504	32 337	80 841	51 900	34 602	86 502	7.0

The proposed increases in fees are based on a comprehensive benchmarking conducted by an independent remuneration consultant against other industry sector companies (our peer group, consisting of direct and indirect competitors), and other similar-sized JSE listed companies.

Reason and effect
In terms of sections 66(8) and 66(9) of the Companies Act, remuneration may only be paid to members of the board for their services as directors in accordance with a special resolution approved by the shareholders within the previous two years and if not prohibited in terms of the Company's MoI.

Therefore, the reason for and effect of special resolution number 1 is for the Company to obtain the approval of shareholders for the payment of remuneration to its non-executive directors for their services as directors of the Company until the annual general meeting of the Company in 2022 in accordance with section 66 of the Companies Act. Shareholders are advised that should the need arise to increase directors' fees in 2021, the Company will table a special resolution to this effect at the annual general meeting of the Company in 2021.

7. Special resolution number 2

Approval for the granting of financial assistance in terms of sections 44 and 45 of the Companies Act

"RESOLVED that, to the extent required by the Companies Act, the board of directors of the Company may, subject to compliance with the requirements of the Company's MoI, the Companies Act, and the Listings Requirements of the JSE, each as presently constituted and as amended from time to time, authorise the Company to provide direct or indirect financial assistance as contemplated in section 44 and/or section 45 of the Companies Act, by way of loan, guarantee, the provision of security or otherwise, to:

- any of its present or future subsidiaries and/or any other company or corporation that is or becomes related or interrelated to the Company, for any purpose or in connection with any matter, including, but not limited to, the subscription of any option, or any securities issued or to be issued by the Company or a related or interrelated company, or for the purchase of any securities of the Company or a related or interrelated company as contemplated under section 44 of the Companies Act; and/or
- to any person who is a participant in any of the share or other employee incentive schemes of the Company, for the purpose of, or in connection with, the subscription of any option, or any securities, issued or to be issued by the Company or a related or interrelated company, or for the purchase of any securities of the Company or a related or interrelated company, where such financial assistance is provided in terms of any such scheme that does not constitute an employee share scheme that satisfies the requirements of section 97 of the Companies Act.

Such authority to endure for two years, until the AGM of the Company in 2022.

Reason and effect
Notwithstanding the title of section 45 of the Companies Act, being 'Loans or other financial assistance to directors', on a proper interpretation, the body of the section may also apply to financial assistance (as such term is defined therein) provided by a company to related or interrelated companies and corporations, including, inter alia, its subsidiaries, for any purpose.

Furthermore, section 44 of the Companies Act may also apply to financial assistance provided by a company to related or interrelated companies, in the event that the financial assistance is provided for the purposes of, or in connection with, the subscription of any options, or any securities, issued or to be issued by the Company or a related or interrelated company, or for the purchase of any securities of the Company or related or interrelated company.

Both section 44 and section 45 of the Companies Act provide, inter alia, that the particular financial assistance must be provided pursuant to a special resolution of the shareholders, adopted within the previous two years, which approved such assistance either for the specific recipient, or generally for a category of potential recipients, and the specific recipient falls within that category and that the board of directors must be satisfied that (i) immediately after providing the financial assistance, the Company would satisfy the solvency and liquidity test; and (ii) the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company.

The reason for and effect of special resolution number 2 is to grant the directors of the Company the authority until the AGM of the Company in 2022 to provide financial assistance, when the need arises, in accordance with the provisions of sections 44 and 45 of the Companies Act. This means that the Company is authorised, among other things, to grant loans to its subsidiaries and to guarantee the debt of its subsidiaries.

The board undertakes that, insofar as the Companies Act requires, it will not adopt a resolution to authorise such financial assistance, unless the directors are satisfied that:
- immediately after providing the financial assistance, the Company would satisfy the solvency and liquidity test as contemplated in the Companies Act;
- the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company.

As part of the authority above, the Company will not provide financial assistance to directors, prescribed officers or 'any person'. The Company also notes the obligation to send a letter to shareholders and trade unions as per section 45(5) of the Act within 10 business days after the Company's board adopted the resolution if the total value of the financial assistance contemplated in that resolution, together with any previous such resolution during the financial year, exceeds one-tenth of 1% of the Company's net worth at the time of the resolution; or within 30 business days after the end of the financial year, in any other case.

8. Special resolution number 3

General authority to repurchase shares

"RESOLVED that the board of directors of the Company be and is hereby authorised, by a way of a renewable general authority, to approve the repurchase by the Company or by any of its subsidiaries of any of the shares issued by the Company, upon such terms and conditions and in such amounts as the board of directors may from time to time determine, but subject to the provisions of sections 46 and 48 of the Companies Act, the MoI of the Company and the Listings Requirements of the JSE, including, inter alia, that:
- the general repurchase of the shares may only be implemented through the order book of the JSE and done without any prior understanding or arrangement between the Company and the counterparty (reported trades are prohibited);
- this general authority shall only be valid until the next AGM of the Company, provided that it shall not extend beyond 15 months from the date of this resolution;
- an announcement must be published as soon as the Company has repurchased shares constituting, on a cumulative basis, 3% of the number of ordinary shares in issue as at the date that this special resolution number 3 is passed, pursuant to which the aforesaid 3% threshold is reached, containing full details thereof, as well as for each 3% in aggregate of the initial number of shares repurchased thereafter. Such announcement will be made as soon as possible and, in any event, by not later than 08:30 on the business day following the day on which the 3% threshold is reached or exceeded;
- subject to section 48 of the Companies Act, the general authority to repurchase is limited to a maximum of 5% in the aggregate in any one financial year of the Company's issued share capital at the beginning of the financial year, provided that the number of shares purchased and held by or for the benefit of a subsidiary or subsidiaries of the Company, taken together, shall not exceed 10% in the aggregate of the number of issued shares in the Company;
- a resolution has been passed by the board of directors of the Company and/or any subsidiary of the Company, as the case may be, approving the purchase, that the Group has satisfied the solvency and liquidity test as defined in the Companies Act, and that since the solvency and liquidity test was applied there have been no material changes to the financial position of the Company or the Group;

- repurchases must not be made at a price more than 10% above the weighted average of the market value of the shares for five business days immediately preceding the date that the transaction is effected. The JSE should be consulted for a ruling if the Company's securities have not traded in such five business day period;
- the Company may at any point in time only appoint one agent to effect any repurchase(s) on the Company's behalf;
- any such general repurchases are subject to exchange control regulations and approval at that point in time; and
- the Company may not effect a repurchase during any prohibited period as defined in terms of the Listings Requirements of the JSE unless there is a repurchase programme in place as contemplated in terms of 5.72(h) of the Listings Requirements of the JSE, where the dates and quantities of securities to be traded during the relevant period are fixed (not subject to any variation), and full details thereof have been submitted to the JSE in writing prior to the commencement of the prohibited period.

Reason and effect

The reason for and effect of special resolution number 3 is to grant the board of directors a general authority in terms of the Listings Requirements of the JSE, up to and including the date of the following AGM of the Company (provided it shall not extend beyond 15 months from the date the resolution is passed) to authorise the Company and any of its subsidiary companies to repurchase the Company's issued shares on such terms, conditions and in such amounts as determined from time to time by the directors of the Company subject to the limitations set out above. In terms of the Company's MoI, the repurchase of securities must be undertaken in accordance with the Listings Requirements of the JSE.

In special resolution number 3, reference is made to sections 46 and 48 of the Companies Act. Section 46 regulates the making of 'distributions' by a company, which includes the transfer by a company of money or other property of a company, other than its own shares, to or for the benefit of one or more holders of any of the shares, or to the holder of a beneficial interest in any such shares, of that company or of another company within the same group of companies, as consideration for the acquisition (i) by a company of any of its shares, as contemplated in section 48 of the Companies Act; or (ii) by any company within the same group of companies, of any shares of a company within that group of companies. Section 46 of the Companies Act prohibits the making of such a distribution unless (a) the distribution is pursuant to an existing legal obligation of the Company, or a court order or the board of the Company, by resolution, has authorised the distribution; (b) it reasonably appears that the Company will satisfy the solvency and liquidity test immediately after completing the proposed distribution; and (c) the board of directors of the Company has, by resolution, acknowledged that it has applied the solvency and liquidity test, as set out in section 4 of the Companies Act, and reasonably concluded that the Company will satisfy the solvency and liquidity test after completing the proposed distribution.

Section 48 of the Companies Act regulates the acquisition by a company of its own shares and the acquisition by a subsidiary company of shares in its holding company. Section 48(8) sets out those circumstances in which a special resolution of shareholders is required under the Companies Act for such acquisitions. Section 48(8) also requires compliance with sections 114 and 115 of the Companies Act if the acquisition considered alone, or together with other transactions in an integrated series of transactions, involves the acquisition by the Company of more than 5% of the issued shares of any particular class of the Company's shares. Sections 114 and 115 of the Companies Act regulate schemes of arrangement.

At the present time, the directors have no specific intention with regard to the utilisation of this authority, which will only be used if the circumstances are appropriate. The Company wishes to confirm that any repurchase of shares, if implemented, will only be dealt with via the formal JSE trading system.

Disclosures/information required in terms of the Listings Requirements of the JSE

For the purposes of considering special resolution number 3 and in compliance with the Listings Requirements of the JSE, the following information is provided:

Directors' statement after considering the effect of a repurchase pursuant to a general authority

The directors of the Company agree that they will not undertake any repurchase, as contemplated in special resolution number 3 above, unless:

- the Company and the group are in a position to repay their debts in the ordinary course of business for a period of 12 months after the date of the repurchase;
- the assets of the Company and the group, being fairly valued in accordance with International Financial Reporting Standards, are in excess of the liabilities of the Company and the Group for a period of 12 months after the date of the repurchase;
- the share capital and reserves of the Company and the Group are adequate for ordinary business purposes for a period of 12 months after the date of the repurchase; and
- the available working capital of the Company and the Group will be adequate for ordinary business purposes for a period of 12 months after the date of the general repurchase.

Directors' responsibility statement

The board of directors of the Company collectively and individually accept full responsibility for the accuracy of the information pertaining to special resolution number 3 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 resolution contains all information required by the Listings Requirements of the JSE.

No material changes

Other than the facts and developments reported on in the Company's integrated report for 2019, there have been no material changes in the financial position of the Company and its subsidiaries since the date of signature of the audit report and the date of this notice.

The following further disclosures required in terms of the Listings Requirements of the JSE are set out in Annexures F and G, attached hereto:

- Major shareholders of the Company
- Share capital of the Company.

General information

Electronic participation

The Company intends to make provision for the shareholders of the Company, or their proxies, to participate in the AGM by way of electronic communication (teleconference call). In this regard, should any shareholder or its proxy wish to participate in the AGM by way of electronic participation, such shareholder/proxy should contact the Company Secretary in writing (including details as to how the shareholder/proxy or its representative can be contacted) by email at avanthip@life.co.za at least 48 hours prior to the AGM (by no later than Monday, 27 January 2020, 11:30). The transfer secretaries will then arrange for such shareholder/proxy (and its representative) to provide reasonably satisfactory identification to the transfer secretaries for the purposes of section 63(1) of the Companies Act (which includes a green bar-coded identification document issued by the South African Department of Home Affairs, a smart identity card issued by the South African Department of Home Affairs, a valid driver's licence or a valid passport), and for the transfer secretaries to provide such shareholder/proxy (or its representative) with details as to how to access any electronic participation to be provided. The costs of accessing any means of electronic participation provided by the Company will be borne by such shareholder/proxy so accessing the electronic participation.

Voting and proxies

Members who have not dematerialised their shares or who have dematerialised their shares with 'own name' registration are entitled to attend and vote at the meeting and are entitled to appoint a proxy or proxies to attend, participate in, speak and vote at the AGM in their stead. The person so appointed as a proxy need not be a member. It is requested for administrative purposes only, that forms of proxy be completed and forwarded to The Meeting Specialists Proprietary Limited (TMS) by 11:30, on Monday, 27 January 2020, via one of the following channels:

- **Post**: PO Box 62043, Marshalltown, 2017, South Africa
- **Email:** proxy@tmsmeetings.co.za
- **By hand:** TMS offices, 1st floor, JSE Limited, 1 Exchange Square, 2 Gwen Lane, Sandown, Sandton, 2196

Any forms of proxy not received by this date must be handed to the Chairman of the AGM immediately prior to the proxy exercising a shareholder's rights at the meeting. Forms of proxy must only be completed by members who have not dematerialised their shares or who have dematerialised their shares with 'own name' registration.

All meeting participants (including proxies) are required in terms of section 63(1) of the Companies Act to provide reasonably satisfactory identification before being entitled to attend or participate in the AGM. Forms of identification include a green bar-coded identification document issued by the South African Department of Home Affairs, a smart identity card issued by the South African Department of Home Affairs, a valid driver's licence or a valid passport.

This notice of AGM includes the attached form of proxy. The attention of members is directed to the additional notes and instructions relating to the attached form of proxy, which notes and instructions are set out in the form of proxy. On a show of hands, every member of the Company present in person or represented by proxy shall have one vote only. On a poll, every member of the Company shall have one vote for every share held in the Company by such member.

Members who have dematerialised their shares, other than those members who have dematerialised their shares with 'own name' registration, should contact their Central Securities Depository Participant (CSDP) or broker in the manner and time stipulated in their agreement:

- to furnish them with their voting instructions; and
- in the event that they wish to attend the meeting, to obtain the necessary authority to do so.

Equity securities held by a share trust or scheme will not have their votes taken into account for the purposes of the resolutions proposed in terms of the Listings Requirements of the JSE.

By order of the board

Avanthi Parboosing
Group Company Secretary

Illovo
20 December 2019

FORM OF PROXY

Life Healthcare Group Holdings Limited
Registration Number 2003/002733/06
JSE code: LHC
ISIN: ZAE000145892

This proxy form is not for completion by those shareholders who have dematerialised their shares (other than those whose shareholding is recorded in their own name in the sub-register maintained by their CSDP or broker). Such shareholders should provide their CSDP or broker with their voting instructions.

I/We (please print name in full) ____________________

of (address) ____________________ contact number __________

being the holder(s) of __________ ordinary shares in the Company, do hereby appoint __________

or, failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us and on my/our behalf at the annual general meeting of the Company to be held at JSE, 1 Exchange Square, 2 Gwen Lane, Sandown, Sandton, 2916 on Wednesday, 29 January 2020, at 11:30 or any adjournment thereof.

I/We wish to vote as follows:

Voting instructions		For	Against	Abstain
Ordinary business				
1.	Appointment of independent external auditors			
2.	Re-election of directors			
2.1	M Jacobs			
2.2	R Vice			
2.3	P van der Westhuizen			
3.	Re-election of audit committee members:			
3.1	PJ Golesworthy (Chairman)			
3.2	AM Mothupi			
3.3	GC Solomon			
3.4	RT Vice (subject to re-election as per 2.2)			
4.	Advisory endorsement of the Group's remuneration policy and implementation report:			
4.1	Endorsement of the Group's remuneration policy			
4.2	Endorsement of the Group's remuneration implementation report			
5	Authority to sign documents to give effect to resolutions			
Special resolutions				
1.	Approval of non-executive directors' remuneration			
2.	General authority to provide financial assistance			
3.	General authority to repurchase Company shares			

Signed this __________ day of __________ 2020

Signature ____________________

NOTES TO THE FORM OF PROXY

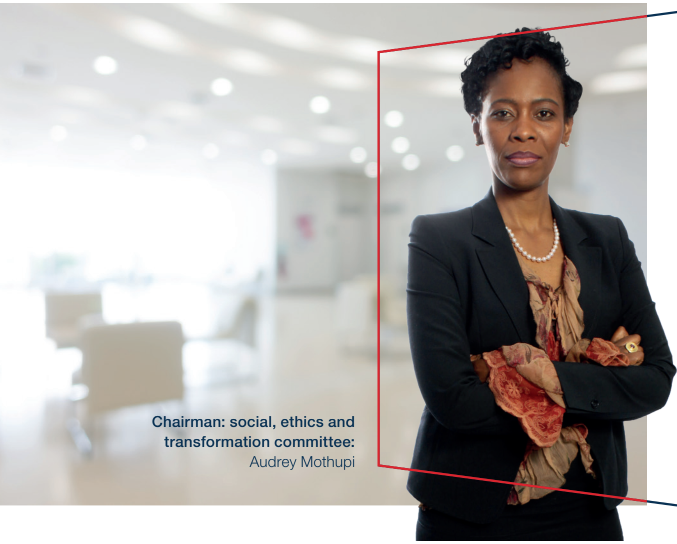
1. A shareholder entitled to attend and vote at the annual general meeting is entitled to appoint one or more proxies to attend, speak and vote in his/her stead. A proxy need not be a registered shareholder of the Company.
2. Every shareholder present in person or by proxy and entitled to vote at the annual general meeting of the Company shall, on a show of hands, have one vote only, irrespective of the number of shares such shareholder holds. In the event of a poll, every shareholder shall be entitled to that proportion of the total votes in the Company which the aggregate amount of the nominal value of the shares held by such shareholder bears to the aggregate amount of the nominal value of all the shares issued by the Company.
3. Shareholders registered in their own name are shareholders who elected not to participate in the Issuer Sponsored Nominee Programme and who appointed Computershare Limited as their Central Securities Depository Participant (CSDP) with the express instruction that their uncertificated shares are to be registered in the electronic uncertificated securities register in their own names.

INSTRUCTIONS ON SIGNING AND LODGING THE FORM OF PROXY

1. A shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space/s provided, with or without deleting "the Chairman of the annual general meeting", but any such deletion must be initialled by the shareholder. Should this space/s be left blank, the proxy will be exercised by the chairman of the annual general meeting. The person whose name appears first on the form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. A shareholder's voting instructions to the proxy must be indicated by the insertion of an "X", or the number of votes which that shareholder wishes to exercise, in the appropriate spaces provided. Failure to do so will be deemed to authorise the proxy to vote or to abstain from voting at the annual general meeting as he/she thinks fit in respect of all the shareholder's exercisable votes. A shareholder or his/her proxy is not obliged to use all the votes exercisable by him/her or by his/her proxy, but the total number of votes cast, or those in respect of which abstention is recorded, may not exceed the total number of votes exercisable by the shareholder or by his/her proxy.
3. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries.
4. Proxy forms may be forwarded to the meeting scrutineers, The Meeting Specialists Proprietary Limited (TMS) by 11:30, on Monday, 27 January 2020, via one of the following channels:
   Post: PO Box 62043, Marshalltown, 2017, South Africa
   Email: proxy@tmsmeetings.co.za
   By hand: TMS offices, 1st floor, JSE Limited, 1 Exchange Square, 2 Gwen Lane, Sandown, Sandton, 2196

   This is to allow for processing of such proxies and the orderly arrangement of matters on the date of the annual general meeting. All other proxies not lodged by this time must be handed to the Chairman prior to the proxy exercising their right to vote at the annual general meeting.
5. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded or waived by the Chairman of the annual general meeting.
6. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so.
7. The appointment of a proxy in terms of this form of proxy is revocable in terms of the provisions of section 58(4)(c) read with section 58(5) of the Companies Act, and accordingly a shareholder may revoke the proxy appointment by cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and to the Company.
8. The completion of any blank spaces need not be initialled. Any alterations or corrections to this form of proxy must be initialled by the signatory/ies.
9. The Chairman of the annual general meeting may accept any form of proxy which is completed other than in accordance with these instructions provided that he is satisfied as to the manner in which a shareholder wishes to vote.

ANNEXURE A:
SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE REPORT



Chairman: social, ethics and transformation committee:
Audrey Mothupi

I am pleased, on behalf of the social, ethics and transformation committee, to present this report to shareholders for the financial year ended 30 September 2019, in accordance with the requirements of the Companies Act. The Group continues to strive to deliver value to all our stakeholders as a responsible and caring corporate citizen in line with our core values of providing quality and effective healthcare to our patients.

The purpose of the report is to share with shareholders and other stakeholders how the committee discharged its responsibilities in accordance with its mandate. The mandate of the committee is contained in formal terms of reference, which are amended as necessary. The committee's terms of reference are approved by the committee and thereafter reviewed and approved by the board annually. The terms of reference guide the committee in performing its oversight role to ensure that the Group, as a responsible corporate citizen, conducts business in an ethical and sustainable manner and that its reputation is safeguarded.

COMPOSITION OF THE COMMITTEE

The members of the committee for the period under review were as follows:

- AM Mothupi (Chairman and independent non-executive director)
- Dr MP Ngatane (independent non-executive director)
- PJ Golesworthy (independent non-executive director)
- Dr SB Viranna (Group Chief Executive Officer and executive director)

Senior executives and functional heads attend meetings of the committee, as appropriate. All members of management who present on various matters are experts on each of the disciplines or areas falling within the mandate of the committee specified in regulation 43(5) of the Companies Act. The Chairman of the board is a standing invitee. The committee met three times during the year under review, and the proceedings of each meeting were reported to the board.

RESPONSIBILITIES

The committee has a statutory responsibility to monitor the Group's activities in terms of the Companies Act with regard to matters relating to:

- ethics and business integrity
- social and economic development;
- good corporate citizenship;

- environment, health, patient and public safety;
- consumer relationships; and
- labour and employment practices.

The committee has the responsibility to draw matters within its mandate to the attention of the board and to shareholders.

FUNCTIONING

The committee oversees the Group's social and organisational activities relating to the environment and its stakeholders. It monitors the Group's sustainability performance to ensure that the organisation's business integrity framework supports its culture, it is seen as a responsible corporate citizen, and that there is a balance between the Group and the accompanying needs, interests and expectations of all its stakeholders.

The committee, together with the clinical quality and safety committee of the board, also pays credence to the ethical standards adopted by the Company in ensuring and promoting moral and social values such as patients' welfare and safety, patients' privacy, clinical quality and compliance with relevant legislation.

During the financial year ended 30 September 2019, the committee undertook an exercise aimed at aligning the committee's mandate and focus areas with the Group's values and strategic focus areas.

The key issues addressed by the committee during the year under review included the following:

- The finalisation of the Group's global code of conduct and the accompanying roll-out and implementation plan in this regard. Our code requires all employees and others to be treated with fairness, equality and respect to foster an open, transparent, progressive and trusting environment that is free from prejudice, discrimination and harassment
- The appointment of a Group Ethics Officer and the creation of a Group ethics management committee that will manage ethics and business integrity from a holistic perspective
- The appointment of a Group Sustainability Manager and the creation of a Group sustainability management committee that will manage sustainable development imperatives at a Group level
- The environment, health and public safety and compliance to relevant legislation
- Pending legislation or recently enacted legislation that may have a potentially material impact on the Group eg POPIA, labour and employment equity legislation
- The Group's transformation strategy and review of the Group's transformation initiatives
- Employment equity targets for the southern Africa business and other transformation imperatives for the International operations
- Performance with regard to the B-BBEE scorecard, procurement and enterprise development, and effective and ethical leadership
- Skills and other development programmes aimed at employees' education
- Labour and employment practices and policies
- Corporate social initiatives including the Company's role in society
- Consumer relationships and reputation management, including the Group's advertising, public relations and compliance with consumer protection laws

CONCLUSION

The committee was pleased to note that the Group retained its position as a constituent of the FTSE/JSE Responsible Index based on the FTSE environmental, social and governance (ESG) rating. This achievement reinforces the committee's view that ESG responsibilities are imperative to the Group. Based on its monitoring activities for the year, no substantive non-compliance with legislation and regulations relevant to the committee's mandate was raised. The committee is satisfied that it has discharged its responsibilities in accordance with its mandate for the year ended 30 September 2019.

Audrey Mothupi
Chairman: social, ethics and transformation committee

ANNEXURE B: REMUNERATION REPORT

Chairman: remuneration and human resources committee:
Royden Vice

At Life Healthcare we feel a deep sense of responsibility to ensure we appropriately reward, retain and develop our people. The remuneration committee is committed to reviewing and evolving the Group's reward and talent philosophies on an ongoing basis to ensure appropriate incentives for "doing what is right", fair application in the organisation, enforceability, and alignment to market best practice.

This report comprises three sections:

1. A report of material matters covered by the committee during the year, from the Chairman of the remuneration and human resources committee.
2. Life Healthcare's remuneration philosophy, framework and policy.
3. Life Healthcare's remuneration implementation report.

SECTION 1: REMUNERATION COMMITTEE CHAIRMAN'S REPORT

Dear Shareholder,

I am pleased to present the 2019 remuneration report for the Group.

At Life Healthcare we feel a deep sense of responsibility to ensure we appropriately reward, retain and develop the + 21 800 people we employ in SA and internationally. We recognise the requirement to interrogate our reward and talent philosophies on an ongoing basis, to ensure they continue to be fit-for-purpose as the global healthcare landscape evolves.

At our January 2019 AGM we received a vote of 75.49% in favour of our implementation report and 74.49% in favour of our remuneration policy, and hence committed to engage shareholders on the issues raised. No shareholder participants registered for our telecon on 23 May 2019, but we did enjoy the opportunity to talk to several shareholders individually to address specific concerns and share broader guidance on how we are thinking about executive reward design at Life Healthcare. We discuss these key issues in our remuneration report.

We recognise the value of our shareholder engagement, and commit to continuing to engage shareholders going forward.

The Group delivered a sound performance in this past financial year, despite the challenging economic and operating conditions in all countries in which we operate. Against a backdrop of Brexit uncertainty and some isolated radiopharmacy production issues, performance in our UK business was slightly below expectations. The remainder of the business performed in line with expectations. Overall we delivered a 9.3% increase in revenue on the previous year, and a 2.5% increase in operating profit.

During the year the remuneration and human resources committee covered several material matters which included:

- Completing an inaugural Group-wide talent process, which will run annually going forward.
- The establishment of a formal guaranteed pay progression model that rewards employees for their contribution to value creation, and helps attract and retain top performing talent in a competitive market.
- Aligned to our pay progression model and market realities, the adjustment of guaranteed pay for the Group CEO and Group CFO.
- Replacement of EBITDA with EBITA in our short-term incentive plan, to ensure effects of depreciation are adequately accounted for.
- Finalisation of the performance conditions underpinning our long-term incentive plan, to ensure alignment to the board-approved Group strategy (approved June 2019).
- Continued integration of remuneration practices across countries to ensure Group alignment and application of best practice.
- Appointment of two Group executives (Chief Digital Officer and Group Company Secretary) and the appointment of an International CEO.
- Exploration of several mechanisms to continue to strengthen our reward approach (including malus and clawback).
- Introduction of specific measures aimed at bolstering our transformation objectives.

These matters are explained in detail in our remuneration policy report.

As a result of the decisions and progress listed above, the remuneration and human resources committee believes the Group's remuneration policy has been strengthened in the past year in response to changing business realities as well as legitimate shareholder concerns. We are confident that our remuneration policies support the business strategy in aligning incentives appropriately, and align to market best practice. We are committed to reviewing and evolving the Group's remuneration policy on an ongoing basis to ensure appropriate incentives for doing what is right, fair application in the organisation, enforceability, and alignment to market best practice.

I thank my fellow remuneration committee members, Adv Mahlape Sello and Garth Solomon, who have assisted me this year in ensuring robust conversation and sound decision making. The committee meets formally three times per year, but I am grateful for the many additional hours they have spent deliberating and preparing for our formal meetings.

Royden Vice
Chairman: Remuneration and human resources committee

SECTION 2: LIFE HEALTHCARE'S REMUNERATION PHILOSOPHY, FRAMEWORK AND POLICY

REMUNERATION PHILOSOPHY

Life Healthcare's remuneration philosophy is to ensure that employees are rewarded fairly and appropriately for their contribution to value creation for the Group, and for 'doing what is right'. Our resulting remuneration framework and policies, which are a key component of our broader employee value proposition, aim to:

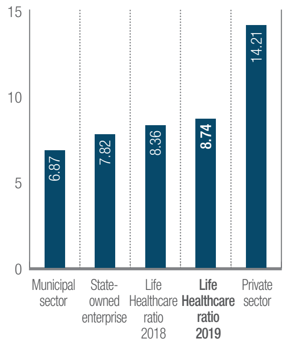
- attract, motivate, reward and retain our people;
- promote the achievement of strategic objectives within the Group's values and risk appetite;
- promote an ethical culture and responsible corporate citizenship; and
- provide a balanced remuneration mix within the Group's financial constraints.

Our remuneration philosophy informs our reward framework and guides policy. We continually review our remuneration policies to ensure our approach remains relevant, fair and appropriate in light of what is a continually evolving context.

In this context the Group periodically consults market survey providers for an indication of the guaranteed remuneration and annual cash incentive payments made generally and sectorally. We use these inputs, along with guidance from external remuneration experts, to assess our positioning compared to the market in terms of key talent. We then overlay various contextual factors, including industry trends, the Group's financial position and legislative requirements, to evaluate our performance in delivering fair and equitable remuneration as part of our employee value proposition.

We are always aware of the need to ensure fair and responsible remuneration per King IV and draft guidelines and practice notes of IoDSA. In this context, the Group applies the 10:10 methodology to gauge the fairness of our wage gap. The Company's 10:10 ratio continues to reflect a more equal distribution of income between higher and lower income earners compared to the private sector in general, as depicted below. The slight deterioration in this ratio in the past year is the result of hiring additional Group executives to drive the Group's growth strategy, and pay increases for the Group CEO and Group CFO to align their remuneration to market benchmarks.

Ratio (10:10)



Source: African journal of Reward – Edition 2 (Bryden Morton and Chris Blair) – March 2017.

Our remuneration and human resources committee follows a systematic agenda to review remuneration strategy and overall policy. It oversees, without interfering in areas where management ordinarily have discretion, the implementation of policy over an annual cycle, verifies that policy enables fair and equitable remuneration, and ensures sound governance. At least annually, formal feedback is provided to the board on how the policy objectives are being achieved, and this feedback forms part of the process of obtaining approval of the remuneration report.

Life Healthcare's remuneration philosophy and supporting policies are widely shared with employees.

Remuneration framework

We take a total reward approach to remuneration. Our remuneration framework has been designed to achieve a fair and sustainable balance between annual, short and long-term variable remuneration, where participation in short and long-term incentive schemes depend on an employee's role and level within the Group. The King IV principles relating to fair and responsible remuneration guide application of our policy.

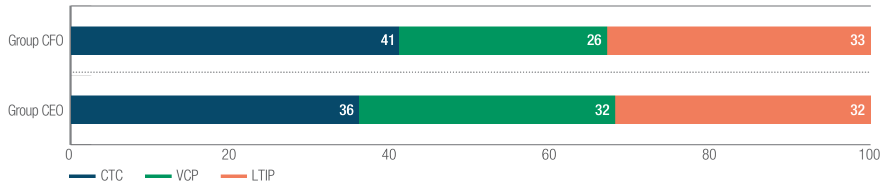
The below table summarises the remuneration components offered in Life Healthcare:

ELEMENT	COMPONENTS	DESCRIPTION
GUARANTEED PAY	Base pay	Fixed annual salary
	13th cheque	An amount equivalent to one month's base pay payable in December
	Benefits	Contributions to retirement, risk funds and medical benefits, leave entitlements, allowances and flexible work conditions
VARIABLE REMUNERATION	Short-term performance incentives	Variable compensation plan (VCP)
	Share-based awards	Employee share plan
	Long-term performance incentives	Long-term incentive plan
NON-EXECUTIVE DIRECTOR FEES	Fees for service	A non-executive director is a member of a company's board of directors who is not part of the executive team and is involved in policymaking and planning exercises
ALL OTHER PAYMENTS		Including, for example, loss of office or termination payments and restraint payments

UNDERLYING PRINCIPLES	MECHANICS	PARTICIPATION
Market-related progressive pay policy, tailored to role. Influenced by market conditions, company performance, internal equity, individual performance, individual potential.	Reviewed annually (1 January)	All employees
Paid to employees as recognition for their contribution during the year to the Company.	Delivery in December provided employed in this month	All permanent employees of LHC Acute business (excluding executive and senior managers)
Integrated approach towards wellness, to drive employee effectiveness and engagement. Industry benchmarked, priced and reviewed as part of annual salary review process. Compliance with relevant legislation. Specialist allowances to recognise skills and to incentivise and retain employees. Other variable allowances paid for additional services rendered.	Reviewed annually (1 January)	All employees
Determined by company, business unit and individual performance with line of sight measures (balanced scorecard approach). Pay for performance: rewards performance against stretch targets to encourage superior performance. Formula directed, with committee discretion.	Delivered in cash bi-annually based on performance outcomes (November, May)	Executives and senior managers who have line of sight and contribute to the profitability of the business
The Company has funded, via a trust, the purchase of shares on an annual basis for the benefit of employees. The objectives of the plan are to incentivise and retain employees. The trust holds the shares and confers 'rights' or units of shares to employees.	Employees need to remain in the employ of the Company for seven years to obtain the full quota of the rights of each allocation made. Delivered annually in July from year five	Permanent employees who belong to specified Company retirement funds and have one year's service at the date of grant are eligible for an allocation
Designed to ensure long-term sustainability of the Group. Promotes employee retention, recruitment and motivation by enabling personal wealth creation when the Group grows. Aligns managers' interests with those of shareholders. Performance-based (award is conditional on achievement of Group performance against long-term targets). Formula directed.	Delivered annually (January)	Executives and senior managers who have a more strategic focus and are able to influence the long-term performance and sustainability of the Group
The fees in respect of non-executive directors are reviewed on an annual basis. Independent survey house data is used for benchmarking purposes, taking account of role, size of organisation, sector and industry. Fees are paid as a combination of a retainer and a fee per meeting to ensure alignment with the emerging market practice.	Reviewed annually (1 January)	Non-Executive Directors
Executive employment contracts for management are generally subject to a three-month notice period and a subsequent six-month restraint of trade. The Group CEO and Group CFO have a three-year employment cycle, details of which are contained in the remuneration report.		Executive or senior management (as applicable)

The on-target pay mix apportionment for the Group CEO and Group CFO in Life Healthcare is graphically displayed below.

On-target pay mix Group Executive (%)



Key changes to remuneration in 2019

In 2019 we implemented changes to several reward components in our efforts to ensure continued alignment between our reward and our strategy, and to respond to market factors. We have summarised these changes below, and explain each in more detail in the sections that follow.

Changes in remuneration policy – FY2019

REASON FOR CHANGE		
SHORT-TERM INCENTIVE SCHEME	Changed EBITDA measure to EBITA measure in respect of Company financial rating	Depreciation included in the financial measure to encourage prudent allocation of capital
	Changed Group executive to six-monthly review	Review period to align to strategic focus areas being effected and provide flexibility to pivot and concentrate focus as required
LONG-TERM INCENTIVE SCHEME	Performance conditions finalised Introduction of a country EBIT measure Introduction of a dual capital efficiency metric	To ensure alignment to the board-approved Group strategy To ensure better line of sight particular to each country To ensure satisfactory return of capital versus WACC for our current business and prudent capital allocation for delivery of business performance in line with business case for our key growth initiatives. This aligns with the Group's strategy to be an international healthcare business and to do what is in the best long-term interests of the Company
	Introduction of country Life Healthcare core purposes outcomes Cash settlement for off-shore participants	Specific targets core to each business have been set per country Rules of the long-term incentive scheme revised to enable delivery of payment in cash by off-shore entities to participants, due to exchange control requirements

Shareholder engagement

Subsequent to our AGM in January 2019 where we received a vote of **74.49%** in favour of our remuneration policy, we engaged shareholders on the issues raised and also discussed our broader approach to executive reward design. The key issues raised by shareholders at our AGM are addressed below.

TOPIC	SHAREHOLDER COMMENTS	REMUNERATION COMMITTEE RESPONSES
LONG-TERM INCENTIVE SCHEME	Inadequate disclosure of performance conditions and vesting scales in advance	The first allocation in terms of the restated scheme was made effective 1 January 2019. Performance conditions could only be agreed by the remuneration and human resources committee once the Group strategy had been approved by the board (June 2019), hence the delay in disclosure. The Company recognises this caused shareholder discomfort, and will continue to disclose performance conditions and relevant vesting scales, as done previously.
	Rationale for change of performance conditions	The rationale for changing performance conditions in the previous financial year is as follows: Retained normalised Group HEPS for Group CEO/CFO. Removed TSR due to the difficulty in selecting and maintaining a sensible comparator group. The movement in share price already impacts the value of the performance shares – thus ensuring alignment with shareholders. ROCE versus WACC introduced to address capital allocation efficiency. Improved line of sight for the different geographies by measuring country EBIT.
FY18 ONCE-OFF ALTERNATIVE	Rationale for link to short-term incentive measures	Utilisation of the chosen method of reward was tested against relevant legislation and best practice. One of the major limitations in scheme selection was the fact that we could not use any scheme that utilises the Life Healthcare share as a building block to determine the number of units awarded to participants (as a consequence of operating under a cautionary).
SHORT-TERM INCENTIVE SCHEME	Performance results generous	The 2018 process was consistent with the process followed in prior years and the final budget objectives were agreed at Group executive and board level. For financial targets we add inflation, GDP movement, impact of acquisitions and then additionally build in a management stretch component. We continue to set challenging stretch targets during our budget process, where budgeted target is only achieved if executives deliver fully to plan. We benchmark our STI reward levels at "on-target" level and thus demand excellent performance before benchmarked reward is earned.
ADDITIONAL SHORT-TERM INCENTIVE SCHEME	Rationale for introduction of additional scheme	Challenging FY2018 – operated under a cautionary which ran from 21 November 2017 to 19 September 2018 (as a result of the India/Max transaction). This, coupled with tough operating conditions, constrained our ability to reward and retain senior operations managers. The outperformance incentive scheme was designed to reward exceptional talent and performance to aid retention.

Remuneration policy

Guaranteed pay

Historically Life Healthcare has paid at market median at an aggregate level, where we allow individual discretion to pay within a range which stretches from 12.5% below market rate to 12.5% above market rate.

In our efforts to attract and retain top performing talent in a competitive market, we have now established a formal guaranteed pay progression model that rewards employees for their contribution to value creation. As an organisation it is critical that we ensure correct base pay, as guaranteed pay serves as the foundation of our reward design and is hence a crucial determinant of variable pay.

Specifically, we will pay up to 75th percentile for exceptional/top performing employees, ensuring that average guaranteed pay for the Group remains anchored at market median via a symmetrical overall pay distribution.

We assess three pay progression factors: comparative ratio to market rate for job, individual performance and potential. Poor performers and those whose premium positioning in range isn't supported by their performance, potential or criticality of skills, will receive commensurately lower increases.

This pay model must be supported by a disciplined and rigorous annual talent review process. We completed our inaugural Global Talent Review in July this year, where we focused on both performance and potential, using best practice tools to interrogate and plot each of these dimensions. We will run this talent process annually, iterating and refining over time to ensure a robust talent identification and management practice which is shared across the Group, and demonstrating factually that we out-reward top talent in a disciplined and rigorous way.

We recently elected to pay our Group CFO at 75th percentile (effective 1 July 2019), aligned to this principle. Our CFO has 20 years of experience at Life Healthcare, serving as Group CFO since 1 April 2016. Over the past few years we have taken a conservative approach to his pay increases, but recognise the need for a more significant increase to position his guaranteed package and total remuneration competitively to local peers. This is particularly important from a retention perspective, given he is one of the few long-serving Group executive members, and holds the institutional knowledge which is critical for continued stability and sustainability of the Group.

Our CEO was newly appointed to the role in the prior year, and his remuneration was initially set below the market. We believe that he has demonstrated his ability to lead our company, and hence elected to adjust his guaranteed package to the market median of CEOs of companies of comparable size and complexity. This increase was effected on 1 July 2019.

We were supported in this process by a leading reward expert who guided the committee on:

Emerging market practice
Reward benchmarks

Details of Group CEO and Group CFO pay are provided in our implementation report.

Benefits

Life Healthcare Employee Benefit Structure

The benefits that form part of total cost to company include the following:

Retirement funds

The Company operates two defined contribution retirement funds:
- The Life Healthcare Provident Fund
- The Life Healthcare DC Pension Fund

In addition, the Company operates two defined benefit funds that have been closed to new membership since 1996. The Life Healthcare DB Pension Fund provides retirement benefits for **92** active members and **236** pensioners.

The Lifecare Group Holdings (LGH) Pension Fund no longer has active members. The fund has purchased an annuity policy which covers the liability to pay pensions.

The Company-supported retirement funds offer Group life cover and disability benefits to members. Permanent disability and death are covered by lump sum payments that are underwritten by an insurer. The standard cover for new employees is three times annual salary for death and disability cover. Some historical anomalies to this standard cover exist.

Medical aid

It is a condition of SA employment for permanent employees earning above **R9 150** per month (with effect from 1 January 2019) to belong to a Company-supported medical aid, unless membership of a spouse's medical aid can be proven.

Membership of a principal member, spouse and up to two children is subsidised by the Company.

The Company participates in the open medical scheme market and offers Medshield and Discovery Health as options to employees. In addition, medical aid membership is voluntary for employees who earn below the threshold level referred to above.

However, the Company has procured a primary health benefit for employees earning below R9 150 per month who opt not to join a medical aid. This benefit covers, via a bespoke network, doctors' consultations, medication and a certain number of prescribed minimum benefits.

Variable remuneration

Short-term incentive scheme (variable compensation plan (VCP))

Our executives and senior management receive short-term rewards aligned to our standard remuneration policy. The Group emphasises pay for performance, and any business and/or personal performance below a set threshold results in non-payment of incentives.

In setting targets, we are mindful that external factors, some of which are unpredictable, can mitigate performance. That said, we strongly believe overall sustainable performance should be evaluated and targeted, using a mix of financial and non-financial measures that are directly controllable, but equally affordable and aligned with shareholder outcomes. We continue to set challenging stretch targets during our budget process, where budgeted target is only achieved if executives deliver fully to plan. Thus, **95%** achievement of financial targets attracts **100%** of on-target reward and **100%** achievement attracts **125%** reward, where we benchmark our STI reward levels at 'on-target' level and thus demand excellent performance before benchmarked reward is earned.

The board may apply its discretion on all payments, to mitigate against unintended consequences, but this discretion is reluctantly applied and used only in exceptional circumstances. Such discretion for executives is fully disclosed in the implementation report.

We apply a balanced scorecard approach which rewards achievement of short-term strategic, financial and non-financial objectives aligned to our one-year business plan.

Balanced scorecard measures are weighted differently at each level of the organisation in line with the accountability of employees and the behaviour that needs to be encouraged; and both modifiers and gatekeepers are applicable where appropriate, where the gatekeeper acts as a penalty, and a modifier may enhance or decrease incentives for performance relative to targets.

Maximum rewards as a percentage of 'on-target' performance for all employees are as follows:

- Group performance: capped at 225%
- Business unit performance: capped at 225%
- Personal performance: capped at 160%

The maximum potential reward based on the above criteria ranges from 8% to 185% of guaranteed salary, depending on the management level.

Should the Group's financial performance be less than 75% of agreed financial targets, no VCP payments will be made. In addition, should job-required outputs in respect of personal performance not be met, no short-term incentive payment will be made, irrespective if other measures are met.

Measures are as follows:

1. Financial measures (70%): operating profit and working capital measurement.
2. Non-financial measures (30%): capture our key strategic objectives via personal measures.

Regarding financial measures, this year we amended our VCP metric from EBITDA to EBITA to ensure effects of depreciation are adequately accounted for, considering the capital-intensive nature of our business.

Regarding personal measures, in the case of the Group CEO, FY2019 measures included:

- Clinical quality, including ensuring formulation and adoption of quality metrics across the Group.
- Strategic innovation, including progressing SA radiology, our SA outpatient model, and designing a long-term strategy for Poland.
- People, including retaining top and critical executive talent, building succession plans for the Group executive, and furthering the Group's diversity objectives.

Where strategic initiatives extend over a period of time, the Group CEO's performance scorecard specifies achievement milestones for the period under review.

Concluding the sale of Max Healthcare in June 2019 was a notable achievement on the part of the Group CEO and Group CFO.

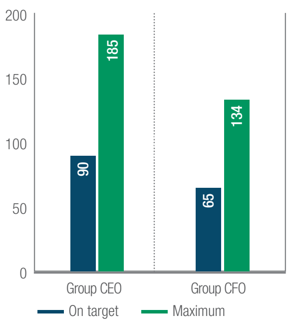
For FY2020, the Group CEO's personal measures include:

- Clinical quality, including improving the average SA Acute composite quality score and international clinical metrics.
- Strategic innovation, including building a minimum network for SA radiology, strengthening Life Healthcare's partnership with SA

government, optimising Life Healthcare's asset portfolio, and further progressing outpatient care.
People, including building leadership capacity and delivering on the Group's diversity commitments.

In the case of the Group CEO and Group CFO, the opportunity and maximum limit are as follows:

Short-term incentive on target and maximum potential reward percentage of guaranteed package (%)



Long-term incentive plan (LTIP)

The long-term incentive scheme is a performance share scheme. Progress on aligning reward practice across our geographies necessitated a review of our LTIP performance measures last year, which had not been reviewed in the three prior years.

This year we have not changed performance measures, but have spent considerable time deliberating the performance conditions underpinning the 2019 LTIP scheme, to ensure alignment to our Group strategy which was approved by the board in June 2019.

Weightings for our Group CEO and Group CFO are as follows:
Capital efficiency (40%)
Normalised Group HEPS (40%)
Life core purpose outcomes (20%)

The first allocation on this scheme was made effective 1 January 2019 with a three-year vesting period.

The scheme continues to allow for enhanced allocation of performance units at allocation based on personal performance and additionally for key talent retention, via a strategic modifier between 1 and 2.

Performance conditions for each metric are set out below, and will be measured on vesting outcomes on 31 September 2021:

Capital efficiency

In a constrained healthcare environment, management must simultaneously balance sweating its assets with investing for growth and sustainability of the Group. To resolve this dilemma, for the 2019 LTIP we measure capital efficiency in two parts:

1. Satisfactory returns on business-as-usual capital versus WACC for our core business (**79%** weighting); and
2. Prudent growth capital spend for delivery of business performance in line with business case for our key growth initiatives: SA radiology, new outpatient models, and Life Molecular Imaging (**21%** weighting).

Weightings for measures have been assigned based on 2025 forecast contributions to Group EBITDA, as this ensures management alignment to a long-term view of our strategy for sustainability of the Group.

Regarding the core business, our performance conditions are as follows:
Threshold ROCE = WACC
On-target ROCE = WACC + 1%
Outperformance ROCE = WACC + 2%

Regarding growth initiatives, we have set threshold, on-target and stretch EBITDA targets for forecast capital spend.

Normalised Group HEPS

In the case of the Group executives, we measure earnings performance utilising normalised Group HEPS. The choice of measure reflects the ability of these executives to influence the capital structure of the Group.

Performance conditions are as follows:
Threshold HEPS = CPI + 1%
On-target HEPS = CPI + 3%
Outperformance HEPS = CPI + 5%

Life core purpose (LCP) outcomes

As a healthcare business, patient outcomes and experience underpin everything we do. The LCP measure reflects the extent to which the Group achieves the clinical measures that drive long-term sustainability. We have identified country-specific measures and targets, which are aggregated to form a Group score against which the Group CEO and Group CFO are measured.

LCP performance measures by country are as follows:
South Africa
– Patient incident rate as a percentage of admissions
– Patient experience
UK, Italy, Ireland
– Radiology clinical audit (Grade 1 and 2 discrepancies)
– Patient satisfaction

Radiopharmacy
- Dose reliability performance

Poland
- Pressure ulcers acquired in hospital
- Re-admission rates

To warrant payment, an achievement of 80% or higher against target is required, applying a three-year rolling average between offer and vesting.

Performance conditions are as follows:

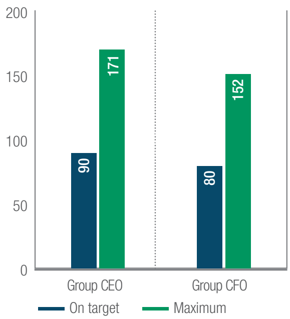
Threshold
= 80% of target

On-target
= 100% of target

Outperformance
= 120% of target

In the case of the Group CEO and Group CFO, the opportunity and maximum limit on the LTIP scheme are as follows:

Long-term incentive (LTI) on target and maximum potential reward percentage of guaranteed package (%)



Legacy LTI awards

Historical LTI scheme (2014 allocation)

The last allocation in terms of this scheme was made in 2014. All allocations have vested, and the restrictions on the Company matched shares were lifted in January 2019 in respect of employees who purchased shares. Details of payment to the Group CFO are included in the Implementation report.

Historical LTI scheme (introduced from 2015 to 2017)

The historical LTI scheme was a notional performance share scheme for all senior managers and executives. Allocations were made annually and the last allocation was made in January 2017.

Vesting of the 2016 allocation occurred at the end of December 2018. Performance against both measures at vesting did not meet threshold levels and thus yielded no payment to participants.

Measure	Outcome	Result
Actual TSR	Not achieved	No payment
Actual EBIT growth	Not achieved	No Payment

The final vesting of this scheme occurs at the end of December 2019. The outcome of the final vesting will be disclosed in the FY2020 implementation report.

Historical LTIP 2018 allocation

Once-off alternative LTI scheme 2018

As detailed in our 2018 remuneration report, the 2018 offer in terms of the 2015 LTIP scheme was not made as a result of the Company being in an extended closed period since November 2017. In order to provide a consistent pattern of long-term incentive awards, an alternative once-off long-term bonus scheme was approved by the board to cover this period.

One of the major limitations in scheme selection was the fact that we could not use any scheme that utilises the Life Healthcare share as a building block to determine the number of units awarded to participants (as a consequence of operating under a cautionary).

The once-off alternative offering is based on an additional third of the FY2018, FY2019 and FY2020 short-term bonus outcomes which will be banked and payment will be made in January 2021 to coincide with the date when the normal LTIP 2018 allocation would have vested.

Other retention schemes

Employee share plan

An employee share ownership plan was implemented via a trust. Commencing in 2012, the Company funded, via the trust, the purchase of shares to the value of R50 million or more per annum for the benefit of employees. This year an increased contribution of **R65 million** was approved by the board to purchase shares on behalf of employees. This is a 3.59% increase on last year's purchase, which only partly offsets the impact of inflation. However, employees will benefit from the decrease in share price which will result in the acquisition of more shares per employee. This creates greater upside potential for participants.

The trust holds the shares and confers 'rights' or units to shares to employees. Permanent employees who belong to specified Company retirement funds and have one year's service at the date of grant are eligible for an allocation. The rights have been equally distributed to all qualifying employees.

The objectives of the plan are to incentivise and retain employees. To fulfil these objectives, certain conditions need to be attained by the employees to transfer these rights into actual shares:
- Employees need to remain in the employ of the Company for seven years to obtain the full quota of the rights of each allocation made.

Dividends start to flow to employees from the onset of the plan.

Employees who resign or are dismissed during the duration of the scheme will lose their rights to all allocations made, and their rights will be distributed equally among the remaining employees. Thus, the number of rights will increase by the time of transfer of shares to remaining employees. Good leavers, for example those who are retrenched or retire, will have the proportionate number of shares they hold at the time of termination paid out to them, less tax and costs. They will no longer participate in the employee share plan.

Shares, or the after tax equivalent in cash, are transferred from the trust to the employee after five years as follows:

- 25% of the allocated rights transfer to the employee in year five.
- 25% of the allocated rights transfer to the employee in year six.
- 50% of the allocated rights transfer to the employee in year seven.

The scheme is fully ramped up to provide 100% vesting to each employee who received their first allocation in 2012.

The Company will continue to acquire shares on an annual basis to ensure that the opportunity is granted to new employees and the objectives of the plan are continuously achieved. Each allocation will be managed separately and will vest according to the same criteria.

The efficacy of the plan is proving advantageous, as employee turnover for the qualifying participants has reduced substantially.

Outperformance incentive scheme

As detailed in our 2018 remuneration report, a short-term **Outperformance (or kicker) scheme** was introduced and will run annually for the next two years only (2019 and 2020), to secure the Company's key talent in the extraordinary circumstances of the extended period of corporate activity in the healthcare sector.

Its intention is to incentivise superior business and personal performance and further retain the loyalty and commitment of key management, and to ensure that true outperformance is rewarded. The scheme was only offered to senior management who were in service from at least 1 January 2016, thus the Group CEO is excluded from this benefit.

Actual bonuses generated as outcomes in the VCP are to be matched with a further 40% component, which matching component will be subject to a modifier between 50% and 150%, based on an assessment of a scorecard of critical sustainability measures. These factors include:

Historical performance
Innovation
Talent retention
Being a cultural ambassador
Complexity

Additional reward design considerations

Malus and clawback

Malus and clawback clauses are a reality and emerging best practice. Management supports the intention behind the mechanism, and hence solicited external advice and explored market practice and implementation practicalities to ensure clauses will achieve our intention of removing incentive for perverse behaviour, be fairly applied in the organisation, and be enforceable.

Management will include a malus and clawback provision for our Group executive* in both the short and long-term incentive schemes. The scheme rules and award letters to eligible employees will include these forfeiture provisions. Funds will be recovered after following due process and will not preclude legal action in instances where actions constitute a criminal act.

** Group CEO, Group CFO, SA CEO, International CEO, Group Executive Operations, Group Executive Strategic Planning, Chief Digital Officer, Group Company Secretary.*

Employment contracts

Executive employment contracts for management are generally subject to a three-month notice period and a subsequent six-month restraint of trade. These conditions also apply to the Group CEO and Group CFO.

The letters of appointment for the Group CEO and Group CFO specify that he/she "be required to tender his/her resignation as an executive director on the board with effect from the third anniversary date of the date of commencement of the contract and on the anniversary date of each subsequent 3 (three) year period for the duration of the contract".

These directors are entitled, but not obliged, to offer themselves up for re-election as executive directors on the Life Healthcare board. If their re-election is supported by the board, but they are not re-elected, the executive director will resign and the notice period will apply, or alternatively, an appropriate payment in lieu of the notice period may be agreed upon between the parties.

On expiry of the notice period, Life Healthcare will make the following payments:

- An amount equivalent to 12 (twelve) months guaranteed remuneration and the amount of the 13th cheque payment (if applicable)
- An amount equivalent to 12 (twelve) months of the variable compensation plan payment, based on the amount paid to the executive director during the immediately preceding 12-month period, to be escalated by the CPI increase over the same period

These directors would be granted good leaver status with all benefits as provided for in the Life Healthcare LTIP.

Non-executive directors' remuneration

Fees in respect of non-executive directors are reviewed on an annual basis, and independent survey house data is used for benchmarking purposes. Fees are paid as a combination of a retainer and a fee per meeting to ensure alignment with emerging market practice.

A minimum increase of 6% was granted with effect from 1 January 2019 with higher increases granted, for example in the case of the lead independent director, to address anomalies to the market median. The objective is to migrate fees to at least a 92.5% comparative ratio to the market over time. The overall annual additional cost amounted to a 12.6% increase.

Group reward integration

In the past year we have continued to integrate remuneration practices across countries to ensure Group alignment and application of best practice. We have made significant progress in this regard:

- The project to align international territories with the Life Healthcare job grading and benchmarking principles commenced in June 2019. Senior roles across all geographies have been graded as a foundation for understanding various levels within the organisation. The total job grading exercise is scheduled for completion by December 2019.
- Consequently, this assisted with the process of aligning all short and long-term incentives in our international business with those of the rest of the Group.
- An EBITDA kicker scheme has been introduced for the Ireland and Italy senior executive teams in line with the scheme principles in operation in South Africa. Kicker schemes have not been introduced for other international countries due to performance against budget not forecast to reach the required entry level.
- Our integration efforts in the coming months will focus on organisational culture, global mobility and talent management, HR metrics, and reporting on retirement fund matters at a global level.

ANNEXURE C: IMPLEMENTATION REPORT

REMUNERATION IMPLEMENTATION REPORT

Introduction

Remuneration offered in year under review

This implementation report discloses the remuneration outcomes for executive directors for the 2019 financial year.

Fair and responsible pay

The board remuneration and HR committee ensures, on an ongoing basis, that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.

To this end, the Group executive holds management accountable for ensuring that total remuneration is distributed fairly and ensures appropriate oversight; and where differentials exist, that they can be reasonably explained.

The board remuneration and HR committee is committed to ensuring the remuneration of executive management is fair and responsible in the context of overall employee remuneration.

The increases in annual guaranteed packages granted in January 2019 are set out in the table below:

	Guaranteed pay % increase
Group executives	**5.2**
Senior executives and top management	**5.1**
Core staff	**6.1**
Other staff	**6.0**

The Company performed a thorough benchmarking exercise during May/June 2019 and market realities revealed a lag in the remuneration of the Group CEO and Group CFO. The board remuneration and HR committee agreed to adjust the Group CEO's remuneration to market median and the Group CFO's remuneration to the 75th percentile. The rationale for these increases is explained under 'Guaranteed Package' in our remuneration report.

As advised in the previous year's remuneration report, the CEO invested **R3 million** in Life Healthcare shares as agreed on appointment. The Company matched the investment with the purchase of shares to the value of **R9 million**. The matched shares are restricted with vesting occurring over three years, conditional on continued service with the Company. The first vesting of one-third occurred on 1 February 2019. The CSDP sold **337 096** Life Healthcare shares, which were transferred to the Group CEO's personal trading account at an issue price of **R26.46**. The next vesting will occur on 1 February 2020, and the final vesting on 1 February 2021.

Malus and clawback clauses are to be included in the rules and policies of both the short- and long-term incentive schemes for the Group executive as referred to in the remuneration report, with effect from FY2020.

All individuals are subject to the Company's standard terms and conditions of employment, specifically as they relate to the employment contract and conditions relating to termination.

The implementation report sets out Life Healthcare's reward design, executive targets per performance measure, actual performance outcomes, the corresponding value of the award opportunity, and actual payment of all variable incentives.

REMUNERATION OUTCOMES – TOTAL REMUNERATION

Total remuneration outcomes for the current and prior financial years for the executive directors are tabulated below. Explanatory footnotes are provided where necessary.

As the appointment of the International CEO was effective 1 June 2019, no comparison to the prior year can be made.

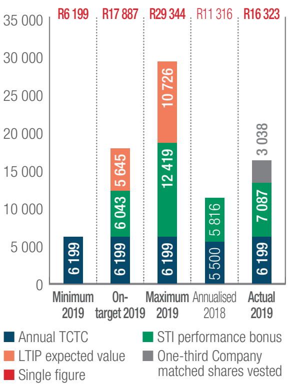
GROUP CEO – Dr S Viranna

Commenced employment as Group CEO: 1 February 2018.
FY2018 not full year of assessment.

	Remuneration annualised			Actual remuneration					
R'000	Annual TCTC	STI performance bonus	Total annual compensation	Actual TCTC**	Actual STI performance bonus	Total annual compensation	LTIP expected value	One-third Company matched shares vested	Total remuneration
					90%		90%		
Min 2019	6 199		6 199	6 199		6 199			6 199
On-target 2019	6 199	6 043	12 242	6 199	6 043	12 242	5 645		17 887
Max 2019	6 199	12 419	18 618	6 199	12 419	18 618	10 726		29 344
Actual 2018	5 500	5 816	11 316	3 764	3 878	7 642	–		7 642
Actual 2019	6 199	7 087	13 285	6 199	7 087	13 285	–	3 038	16 323
Year-on-year growth	12.7%	21.8%	17.4%	**	83%	74%			

TCTC – Total cost to company

Group CEO – Dr S Viranna (R'000)



Interim adjustment was granted in July 2019.

As only eight months actual TCTC was paid for FY2018, the value has been annualised in order to compare year-on-year remuneration. ** The effective increase on annualised CTC is 12.7%. **The graph reflects annualised CTC for FY2018.**

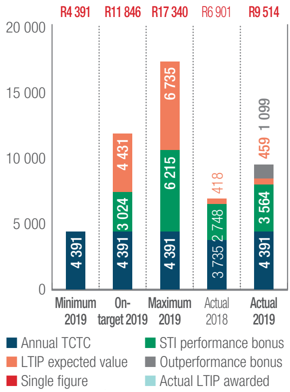
The Group CEO purchased R3 million worth of Life Healthcare shares after the restrictions of the closed period lifted.

The Company matched with a purchase of R9 million restricted years (337 096 shares @ issue price of R26.46). These will vest to the Group CEO in three tranches over a period of three years. The first vesting occurred on 1 February 2019 – gross value **R3 038 050**.

Group CFO – P van der Westhuizen

R'000	Annual TCTC	STI performance bonus	Total annual compensation	LTIP expected value	Outperformance bonus	Total remuneration
		65.0%		80.0%		
Min 2019	4 391		4 391			4 391
On-target 2019	4 391	3 024	7 415	4 431		11 846
Max 2019	4 391	6 215	10 606	6 735		17 340
Actual 2018	3 735	2 748	6 483	418		6 901
Actual 2019	4 391	3 564	7 955	459	1 099	9 514
Year-on-year growth	17.6%	30%	23%	10%		38%

Group CFO – P van der Westhuizen (R'000)



Interim adjustment to guaranteed package granted in July 2019.

STI percentage targeted reward increased from 57.5% to 65% with effect from 1 January 2019.

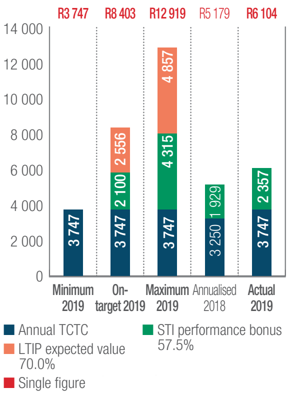
An additional outperformance bonus of R1 099 000 was awarded at the end of February 2019 as detailed below, under 'Other incentive schemes'.

CEO SA – A Pyle

Commenced employment as SA CEO: 1 July 2018.
FY2018 not full year of assessment.

	Remuneration annualised			Actual remuneration				
R'000	Annual TCTC	STI perfor-mance bonus	Total annual compen-sation	Actual TCTC**	STI perfor-mance bonus	Total annual compen-sation	LTIP expected value	Total remune-ration
					57.5%		70.0%	
Min 2019	3 747		3 747	3 747	–	3 747		3 747
On-target 2019	3 747	2 100	5 847	3 747	2 100	5 847	2 556	8 403
Max 2019	3 747	4 315	8 062	3 747	4 315	8 062	4 857	12 919
Actual 2018	3 250	1 929	5 179	979	482	1 461	–	1 461
Actual 2019	3 747	2 357	6 104	3 747	2 357	6 104	–	6 104
Year-on-year growth	15.3%	22.2%	17.9%	**	389%	318%		318%

CEO SA – A Pyle (R'000)



*** Only appointed as CEO – SA with effect 1 July 2018, thus Actual FY2018 remuneration and STI is only based on three months' salary. FY2018 has been annualised to compare year-on-year remuneration. The effective increase on annual TCTC is 15.3%.*

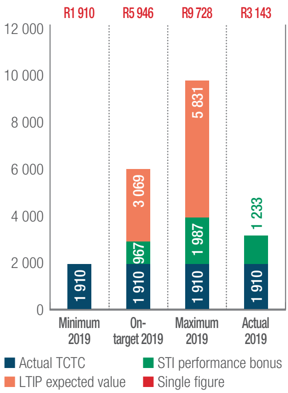
No LTI has been awarded as permanent tenure is too short. A Pyle was in a contract position as investor relations executive, and became permanent on 1 January 2017.

The graph reflects annualised CTC for FY2018.

CEO International – M Chapman

		Actual remuneration					
R'000	Annualised TCTC	Actual TCTC	STI performance bonus	Total annual compensation	LTIP expected value	Outperformance bonus	Total remuneration
	–		57.5%		60.0%		
Min 2019	5 777	1 910	–	1 910	–		1 910
On-target 2019	5 777	1 910	967	2 877	3 069		5 946
Max 2019	5 777	1 910	1 987	3 897	5 831		9 728
Actual 2018	–	–	–	–	–		–
Actual 2019	5 777	1 910	1 233	3 143	–	–	3 143

International CEO – M Chapman (R'000)



Appointed as CEO International from 1 June 2019.

Converted to rand applying the average exchange rate for FY2019 of 1GBP = R18.34.

Remuneration (TCTC and STI based on role as CEO – International against targets for same period, ie four months).

REMUNERATION OUTCOMES – SINGLE FIGURE

2018 and 2019 total remuneration outcomes are compared to the 2019 target pay mix and a single figure derivation on a name and role basis for the previous year and the year under review.

All figures in below reflected in R'000

Bonuses are **actual** bonuses paid in the 2019 financial year, however, portions thereof are attributed to rewards earned in the previous year. Similarly, H2 2019 bonus earnings will reflect as actual bonuses paid in the FY2020 implementation report. Short-term incentives earned in FY2019 versus FY2018 are detailed in the bonus section of this report.

Total earnings – actual paid

	Dr Shrey Viranna Group CEO			Pieter van der Westhuizen Group CFO			Adam Pyle CEO SA			Mark Chapman CEO International		
	FY 2018	**FY 2019**	% Increase	FY 2018	**FY 2019**	% Increase	FY 2018	**FY 2019**	% Increase	FY 2018	**FY 2019**	% Increase
Salaries	3 485	**5 887**		3 486	**4 084**		2 288	**3 374**		–	**1 910**	
Other allowances	112	**33**		64	**95**		6	**194**		–	**–**	
Med aid contributions	21	**32**		35	**37**		38	**37**		–	**–**	
Retirement fund contributions	146	**247**		149	**174**		90	**142**		–	**–**	
Guaranteed package	3 764	**6 199**	64.7%	3 735	**4 391**	17.6%	979	**3 747**	282.9		**1 910**	
Acting allowance				2 500								
Long-service award					**5**							
Performance bonus	–	**6 501**		880	**5 100**		702	**1 469**		–	**–**	
Gains on LTIP	–	**3 038**		418	**872**		–	**–**		–	**–**	
Total remuneration	3 764	**15 738**	318.1%	7 532	**10 368**	37.7%	1 680	**5 217**	210.5	–	**1 910**	
Notes	*FY2018 only comprised eight months as Group CEO only commenced employment: 1 February 2018.*			*Group CFO was paid an acting allowance in FY2018 in the absence of the Group CEO and was awarded long-service bonus for 20 years of service as well as an outperformance bonus** of R1 099 000 in FY2019.*			*Appointed as CEO SA with effect from 1 July 2018. Only salary as CEO SA reflected. Prior to this A Pyle worked permanent part-time as investor relations executive.*			*Appointed as CEO International from 1 June 2019. Converted to rand – average exchange rate FY2019: 1GBP = R18.34.*		

*** Outperformance bonus paid to the Group CFO is detailed under "Other incentive schemes".*

REMUNERATION OUTCOMES – 2018/2019 VARIABLE COMPENSATION PLAN (VCP) OUTCOMES

Financial and non-financial outcomes achieved by Life Healthcare are presented below. VCP outcomes are measured at the end of every six (6) month period in the financial year. For the Company rating, cash flow ratings are capped at a rating of seven during the first six (6) months of the financial year. An adjustment is effected in the second half of the financial year to reflect the final year-end cash flow rating.

Financial outcomes

Measure	% weighting	H1 Target	H1 Actual	H1 % achieved	Score
Group					
FY2019					
Group EBITA	**70**	**2 158**	**2 065**	**96**	**5.00**
Group working capital management	**30**	**(222)**	**(232)**	**96**	**5.00**
Score (adjusted cash flow at year-end)					**5.00**
Target					**5.00**
% award					**100**
FY2018					
Group operating profit	70	1 863	1 770	95	4.75
Group working capital management	30	(222)	(232)	96	5.00
Score (adjusted cash flow at year-end)					5.00
Target					5.00
% award					100
SA					
FY2019					
SA operating profit	**70**	**1 855**	**1 735**	**94**	**4.50**
SA working capital generated/(utilised)	**30**	**(218)**	**(216)**	**99**	**5.75**
Score (adjusted cash flow at year-end)					**5.00**
Target					**5.00**
% award					**100**
FY2018					
Operating profit	70	2 137	2 218	104	6.25
Debtors days	24	41	41	99	5.75
Stock	5	1.0	0.9	112	7.00
Score (adjusted cash flow at year-end)					6.25
Target					5.00
% award					130
International					
FY2019					
International operating profit	**70**	**301**	**329**	**109**	**6.75**
International working capital	**30**	**(4)**	**(16)**	**400**	**10.00**
Score (adjusted cash flow at year-end)					**8.50**
Target					
% award					**185**

	H2				Total FY			
	Target	Actual	% achieved	Score	Target	Actual	% achieved	Score
	2 430	**2 325**	**96**	**5.00**	**4 588**	**4 390**	**96**	**5.00**
	22	**340**	**1 545**	**10.00**	**(200)**	**108**	**154**	**10.00**
				6.50				**6.50**
				5.00				
				135				
	2 139	2 084	98	5.25	4 002	3 854	96	5.25
	23	329	1 430	10.00	(199)	97	205	10.00
				6.75				6.75
				5.00				
				100				
	2 071	**1 984**	**96**	**5.00**	**3 926**	**3 719**	**95**	**4.75**
	10	**341**	**3 410**	**10.00**	**(208)**	**125**	**166**	**10.00**
				6.50				**6.50**
				5.00				
				135				
	2 423	2 299	95	4.75	4 560	4 517	99	5.75
	38	42	91	3.75	79	83	105	6.50
	0.81	0.83	98	5.50	1.82	1.72	106	6.50
				4.50				6.00
				5.00				
				85				
	367	**391**	**106**	**6.50**	**668**	**719**	**108**	**6.75**
	13	**0**	**95**	**5.00**	**9**	**(16)**	**(178)**	**0**
				6.25				**6.75**
				5.00				
				130				

NON-FINANCIAL OUTCOMES

Performance outcomes are reflected for the full year. Life Healthcare sets specific and measurable milestones every six months, designed such that delivery against individual milestones positions the Company for full year delivery against overall objectives. H1 and H2 scores are determined by delivery against these performance milestones.

FY2019 Non-financial measures

Performance metric	Weighting	Measure	Target	H1 Score	H1 % award	H2 Score	H2 % award	Performance outcome
Clinical metrics	10%	Continued delivery of quality outcomes per country-level targets Formulation of a global set of quality metrics for Life Healthcare	4.00	4.00	100	4.00	100	Delivery of each country on quality metrics for Life Healthcare Global metrics signed off by board clinical quality committee
Strategic innovation	10%	Progress SA radiology and SA primary care strategies and implementation Progress Group analytics and integration strategies and implementation Develop long-term strategy for Poland	4.00	4.00	100	4.00	100	SA radiology investment strategy approved by board investment committee Standalone primary care pilot launched and commitment from possible scale partner to pilot Group analytics strategy approved by Group executive and use case launched Group integration deliverables completed to plan Poland strategy approved by the board
People	10%	Retention of top and critical talent at Group, SA and International executive level Succession plans developed Diversity objectives achieved	4.00	4.00	100	6.00	140	Executives retained, zero acting/interim executives, and successors identified for each Group executive role per inaugural global talent process SA delivery per diversity deliverables in country-level scorecard; diversity policies developed in all international countries
Total			4.00	4.00	100	5.00	120	

REMUNERATION OUTCOMES – 2018/2019 VARIABLE COMPENSATION PLAN (VCP) OUTCOMES IN DETAIL

The results of performance against measures in each executive's scorecard are disclosed below in such a way that the stakeholder can reasonably assess whether the incentive is in line with performance outcomes as well as the remuneration policy.

Although measured and paid bi-annually, annual VCP payments per executive are summarised below. The percentage achievement reflected is the total percentage of on-target performance achieved. Executives are measured proportionate to the period in their roles.

	Shrey Viranna On-target STI bonus at 90% of TCTC FY2019					Pieter van der Westhuizen On-target STI bonus at 65% of TCTC FY2019				
Performance metric	**Weighting %**	**Reward % H1**	**Reward % H2**	**Weighted rewards %**	**VCP payment R'000**	**Weighting %**	**Reward % H1**	**Reward % H2**	**Weighted rewards %**	**VCP payment R'000**
Financial performance										
Group	**70%**	**100%**	**135%**	**120%**	**5 068**	**70%**	**100%**	**135%**	**120%**	**2 551**
SA										
International										
Non-financial performance	**30%**	**100%**	**120%**	**111%**	**2 018**	**30%**	**100%**	**120%**	**112%**	**1 014**
Total					**7 087**					**3 564**
	FY2018 *(Only eight months in role as Group CEO)*					FY2018 *(Measured and paid based on full year results)*				
Financial performance										
Group	50%			115%	1 898	70%			115%	1 517
SA										
International										
Non-financial performance	50%			120%	1 980	30%			140%	1 231
Total					3 878					2 748

Adam Pyle On-target STI bonus at 57.5% of TCTC FY2019					Mark Chapman On-target STI bonus at 57.5% of TCTC FY2019				
Weighting %	Reward % H1	Reward % H2	Weighted rewards %	VCP payment R'000	Weighting %	Reward % H1	Reward % H2	Weighted rewards %	VCP payment R'000
					(Only four months in role as CEO International reflected)				
10%	100%	135%	117%	247	10%		135%	135%	131
60%	90%	135%	112%	1 417					
					60%		130%	130%	754
30%	100%	120%	110%	693	30%		120%	120%	348
				2 357					1 233
FY2018 *(Only three months in role as CEO SA reflected)*									
15%		115%	115%	81					
60%		85%	85%	238					
25%		140%	140%	164					
				482					

REMUNERATION OUTCOMES – HISTORY OF RECENTLY VESTED AND UNVESTED SHARES

The LTI details regarding 2014 to 2016 allocations pertain to the Group CFO only. The CEO SA received his first LTI allocation in January 2017 when he was made permanent. Based on tenure in role, the other executives only qualify for the LTI once-off restricted cash offer and the LTI 2019 allocation.

The legacy **Life Healthcare 2013 long-term incentive plan** allowed individuals to elect, at the time of the 2013 and 2014 allocations, to defer the vesting of their shares for a further two years (from three to five) and have those shares matched with additional restricted shares. The final 2014 co-investment and matched shares vested at the end of January 2019. **This allocation is now closed with no further payments due.**

Life Healthcare acquired the Alliance Medical Group in 2016 and financed the acquisition via a rights issue offer. LTIP participants were offered the opportunity to follow their rights on co-invested shares held in the LTIP trust and where participants elected to follow rights and paid for these additional shares, the Company followed the rights on matched shares held in the trust. Shares so acquired were subject to the same restrictions that were applicable to the matched and co-invested shares held in the trust.

The **Life Healthcare 2015 long-term incentive plan** offered notional performance shares in 2015, 2016 and 2017.

- As advised in last years' implementation report, the three-year vesting period resulted in no payment in respect of the vesting of the 2015 allocation.
- The vesting of the 2016 allocation occurred at the end of January 2019. Performance against both TSR and EBIT measures for the period 1 January 2016 to 31 December 2018 did not meet threshold levels and thus yielded no payment to participants; details of which are set out below.
- The next vesting of the 2017 allocation occurs at the end of December 2019 and will be reported in the 2020 implementation report.

Summary of total performance shares per executive

LTIP scheme	LTIP scheme	Share allocation	Offer price R	Co-invest-ment shares	Matched shares	Perfor-mance shares
		Share allocation				
LTIP 2009 Scheme	P van der Westhuizen	01 Jan 14	35.05	7 381	12 509	
	SB Viranna	01 Jan 19	25.86			235 992
LTIP 2015 Scheme	P van der Westhuizen	01 Jan 16	34.58			40 620
		01 Jan 17	31.59			65 380
		01 Jan 19	25.86			220 803
	A Pyle	01 Jan 17	31.59			34 126
		01 Jan 19	25.86			114 969
	M Chapman	01 Jan 19	25.86			127 191

LTIP 2016 Allocation – Outcome of performance against vesting criteria

PERFORMANCE MEASURE	WEIGHTING	OUTCOME	THRESHOLD	RESULT
Actual TSR compared to a comparator group of companies	50%	Life Healthcare ranked at 42nd percentile	50th percentile	No payment
Actual EBIT growth compared to a composite inflation rate (taking into account all countries)	50%	Average composite inflation: 5.2% Compound annual growth EBIT: 1.1% % over/(under) composite CPI: -4.2%	CPI + 1%	No payment

As a result of the rights offer in March 2017 and according to the rules of the LTIP scheme, an adjustment was made to the LTIP 2015, 2016 and 2017 scheme allocations to ensure that participants were in the same economic position that they were in prior to the occurrence of the event. This change was effected in terms of the rules of the LTIP scheme. Adjustment is reflected in the summary of holdings in the table below.

Life Healthcare could not make the 2018 offer in terms of the 2015 long-term incentive plan allocation, as the Company entered an extended closed period in November 2017. Accordingly, the Company made an **alternative once-off long-term restricted cash offer**, the details of which were described in the 2018 remuneration report. Payment of the scheme will only be made in January 2021.

The **2019 LTIP allocation** was made with effect 1 January 2019 and notional performance shares were granted to the executive.

Rights issue					Vested 1 February 2019		Balance as at 30 September 2019		
Offer price R	Investment shares purchased by executive	Adjust-ment co-matched shares	Adjust-ment to perfor-mance shares	Vesting date	Number of shares	Price at exercise date R	Number of shares	Allocation value R	Value based on 30 September 2019 share price
24.50	2 526	4 280		01 Feb 19	26 696	R27.24			
				31 Dec 21			235 992	6 103 300	5 352 299
			8 679	31 Dec 18	49 299	R0.00			
			13 970	31 Dec 19			79 350	2 506 667	1 799 658
				31 Dec 21			220 803	5 710 477	5 007 812
			7 292	31 Dec 19			41 418	1 308 395	939 360
				31 Dec 21			114 969	2 973 365	2 607 497
				31 Dec 21			127 191	3 289 454	2 884 692

REMUNERATION OUTCOMES – OTHER INCENTIVE SCHEMES

As detailed in our 2018 remuneration report, the outperformance incentive scheme was introduced in FY2018 to secure the Company's key talent by incentivising superior business and personal performance. The scheme runs annually for two years, and the first payment was made at the end of February 2019.

This scheme is performance-based on the outcomes of the short-term incentive scheme as well as an assessment of a scorecard of critical sustainability measures. Specifically: actual bonuses generated as outcomes in the short-term incentive plan (VCP) are matched with a further 40% component, which matching component is subject to a modifier between 50% and 150%, based on an assessment of the following (equally weighted) critical sustainability measures:

- Personal performance rating
- Demonstrated innovation
- Talent retention index
- Values promotion

The Group CEO and International CEO were excluded from participation in this scheme as senior management needed to be in service from 1 January 2016 to be eligible for participation. The Group CFO scored **4.24** on assessment of these measures by the Group CEO. This resulted in 100% payment of on-target reward of R1 099 236 earned in FY2018. The threshold and maximum potential award table as well as the respective payment made to the Group CFO at the end of February 2019 are indicated below:

	Score	% award
Threshold	2	50
On-target	4	100
Outperformance	7	150

		Score	% award	Outperformance bonus
P van der Westhuizen	Group CFO	4.24	100	1 099 236

The CEO-SA will be eligible for participation (pending performance outcomes) for the FY2020 payment.

ANNEXURE D: AUDITED SUMMARISED CONSOLIDATED ANNUAL FINANCIAL RESULTS
SUMMARISED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 September 2019

	2019 R'm	% change	2018 R'm
Revenue	**25 672**	9.3	23 488
Operating expenses	**(21 728)**		(19 640)
Operating profit	**3 944**	2.5	3 848
Fair value adjustments to contingent consideration	**2**		(18)
Fair value (loss)/profit on derivative financial instruments	**(438)**		127
Gain on derecognition of lease assets and liabilities	**–**		79
Impairment of assets and investments	**(164)**		(34)
Profit on disposal of investment in joint venture	**1 501**		–
Profit on disposal of investment in subsidiary	**11**		–
Profit on disposal of property, plant and equipment	**–**		35
Transaction costs relating to acquisitions and disposals	**(148)**		(38)
Other	**(22)**		(95)
Finance income	**60**		40
Finance cost	**(1 058)**		(1 002)
Share of associates' and joint ventures' net profit/(loss) after tax	**18**		(105)
Profit before tax	**3 706**		2 837
Tax expense	**(835)**		(923)
Profit after tax	**2 871**	50.0	1 914
Other comprehensive income/(loss), net of tax			
Items that may be reclassified to profit or loss			
Movement in foreign currency translation reserve	**117**		183
Items that will not be reclassified to profit or loss			
Retirement benefit asset and post-employment medical aid	**(54)**		–
Total comprehensive income for the year	**2 934**	39.9	2 097
Profit after tax attributable to:			
Ordinary equity holders of the parent	**2 569**	63.1	1 575
Non-controlling interest	**302**		339
	2 871	50.0	1 914
Total comprehensive income attributable to:			
Ordinary equity holders of the parent	**2 622**	49.2	1 757
Non-controlling interest	**312**		340
	2 934	39.9	2 097
Weighted average number of shares in issue (million)	**1 456**	0.3	1 451
Earnings per share (cents)	**176.4**	62.4	108.6
Headline earnings per share (cents)	**88.7**	(18.5)	108.8
Diluted earnings per share (cents)	**175.8**	62.3	108.1
Diluted headline earnings per share (cents)	**88.4**	(18.6)	108.3
Headline earnings (R'm)			
Profit attributable to ordinary equity holders	**2 569**		1 575
Adjustments (net of tax)			
Impairment of assets and investments	**140**		34
Profit on disposal of investment in joint venture	**(1 407)**		–
Profit on disposal of investment in subsidiary	**(11)**		–
Profit on disposal of property, plant and equipment	**–**		(30)
Headline earnings	**1 291**	(18.2)	1 579

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 September 2019

	Notes	2019 R'm	2018 R'm
ASSETS			
Non-current assets		**31 588**	30 558
Property, plant and equipment		**12 929**	12 243
Intangible assets		**16 969**	17 084
Other non-current assets		**1 690**	1 231
Current assets		**5 978**	8 584
Cash and cash equivalents		**1 544**	1 494
Other current assets	2	**4 434**	4 249
Asset classified as held for sale		**–**	2 841
Total assets		**37 566**	39 142
EQUITY AND LIABILITIES			
Capital and reserves			
Stated capital		**13 515**	13 510
Reserves		**2 673**	1 406
Non-controlling interest		**1 303**	1 286
Total equity		**17 491**	16 202
LIABILITIES			
Non-current liabilities		**11 632**	14 764
Interest-bearing borrowings	1	**9 399**	12 870
Other non-current liabilities	2	**2 233**	1 894
Current liabilities		**8 443**	8 176
Bank overdraft		**867**	488
Interest-bearing borrowings	1	**2 596**	3 086
Other current liabilities	2	**4 980**	4 602
Total liabilities		**20 075**	22 940
Total equity and liabilities		**37 566**	39 142

ANNEXURE D:
AUDITED SUMMARISED CONSOLIDATED ANNUAL FINANCIAL RESULTS continued
SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 30 September 2019

	Total capital and reserves R'm	Non-controlling interest R'm	Total equity R'm
Balance at 1 October 2018 (as previously reported)	**14 916**	**1 286**	**16 202**
Transition adjustment relating to IFRS 9	**20**	**–**	**20**
Balance at 1 October 2018 (restated)	**14 936**	**1 286**	**16 222**
Total comprehensive income for the year	**2 622**	**312**	**2 934**
Profit for the year	**2 569**	**302**	**2 871**
Other comprehensive income	**53**	**10**	**63**
Transactions with non-controlling interests	**(60)**	**(44)**	**(104)**
Disposal of subsidiary	**(5)**	**(18)**	**(23)**
Distributions to shareholders	**(1 321)**	**(233)**	**(1 554)**
Net movement in treasury shares for staff benefit schemes	**(62)**	**–**	**(62)**
Loss on disposal of treasury shares	**(3)**	**–**	**(3)**
Share-based payment charge for staff benefit schemes	**81**	**–**	**81**
Balance at 30 September 2019	**16 188**	**1 303**	**17 491**
Balance at 1 October 2017	14 380	1 171	15 551
Total comprehensive income for the year	1 757	340	2 097
Profit for the year	1 575	339	1 914
Other comprehensive income	182	1	183
Issue of new shares as a result of scrip distribution	450	–	450
Transactions with non-controlling interests	(474)	19	(455)
Distributions to shareholders	(1 208)	(244)	(1 452)
Net movement in treasury shares for staff benefit schemes	(66)	–	(66)
Share-based payment charge for staff benefit schemes	77	–	77
Balance at 30 September 2018	14 916	1 286	16 202

ANNEXURE D:
AUDITED SUMMARISED CONSOLIDATED ANNUAL FINANCIAL RESULTS continued
SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 30 September 2019

	2019 R'm	% change	2018 R'm
Cash generated from operations	**5 927**	7.7	5 503
Transaction costs paid relating to acquisitions and disposals	**(147)**		(38)
Interest received	**60**		40
Tax paid	**(1 185)**		(1 065)
Net cash from operating activities	**4 655**	4.8	4 440
Capital expenditure	**(2 060)**		(2 244)
Investments (net of cash acquired) and contingent considerations paid	**(269)**		(1 131)
Proceeds from disposal of subsidiary and joint venture	**4 395**		–
Premiums paid/settlement of foreign exchange option contracts relating to disposal of joint venture	**(322)**		(61)
Other	**27**		72
Net cash generated from/(utilised in) investing activities	**1 771**		(3 364)
Proceeds from interest-bearing borrowings	**5 996**		8 437
Repayment of interest-bearing borrowings	**(10 052)**		(6 784)
Dividends paid to Company's shareholders	**(1 321)**		(758)
Finance costs paid	**(984)**		(903)
Other	**(404)**		(818)
Net cash utilised in financing activities	**(6 765)**		(826)
Net (decrease)/increase in cash and cash equivalents	**(339)**		250
Cash and cash equivalents – beginning of the year	**1 006**		726
Effect of foreign exchange rate movements	**10**		30
Cash and cash equivalents – end of the year[1]	**677**		1 006

[1] *Cash and cash equivalents are net of bank overdrafts.*

ANNEXURE D:
AUDITED SUMMARISED CONSOLIDATED ANNUAL FINANCIAL RESULTS continued
SEGMENTAL INFORMATION

for the year ended 30 September 2019

The Group's segments are aligned to those business units that are evaluated regularly by the chief operating decision maker (CODM) in deciding how to allocate resources and in assessing performance.

In southern Africa, the hospitals and complementary services segment comprises all the acute hospitals and complementary services which include mental health, acute rehabilitation, renal dialysis and oncology. The healthcare services segment comprises Life Esidimeni and Life Employee Health Solutions.

International comprises diagnostic services and healthcare services (Scanmed) across Europe and the United Kingdom.

Growth initiatives comprise the new outpatient business model, developing the imaging opportunity, investing in data analytics and clinical quality products within South Africa and product development internationally.

Corporate is an additional non-operating segment.

The comparative information has been restated to adjust for the change in the composition of the reportable segments. Growth initiatives were included as part of the diagnostic services segment in the prior year. In the current year, growth initiatives are disclosed as a separate segment and the comparative information has therefore been adjusted.

The operating businesses have been aggregated into different segments based on the similar nature of products and services, similar economic characteristics, similar type of customers and operating in a similar regulatory environment.

Inter-segment revenue of R5 million (2018: R4 million) is eliminated and relates to revenue between Life Employee Health Solutions and the southern Africa business.

	2019 R'm	2018 R'm
Revenue[1]		
Southern Africa		
Hospitals and complementary services	**17 213**	16 118
Healthcare services	**1 259**	1 122
International		
Diagnostic services	**5 582**	4 922
Healthcare services	**1 349**	1 260
Growth initiatives	**269**	66
	25 672	23 488
Normalised EBITDA[2]		
Southern Africa		
Hospitals and complementary services	**3 933**	3 703
Healthcare services	**148**	131
International		
Diagnostic services	**1 253**	1 206
Healthcare services	**97**	85
Growth initiatives	**(25)**	(45)
Corporate		
Recoveries	**1 292**	1 218
Corporate costs	**(971)**	(763)
	5 727	5 535

[1] *Revenue of approximately 33% (2018: 23%) is derived from two (2018: one) external customers. The revenues are attributed to the southern Africa segment.*

[2] *Life Healthcare defines normalised EBITDA as operating profit before depreciation on property, plant and equipment, amortisation of intangible assets and non-trading-related costs or income.*

SEGMENTAL INFORMATION continued

for the year ended 30 September 2019

	2019 R'm	2018 R'm
Depreciation		
Southern Africa		
Hospitals and complementary services	**(576)**	(531)
Healthcare services	**(18)**	(17)
International		
Diagnostic services	**(521)**	(478)
Healthcare services	**(62)**	(59)
Growth initiatives	**(10)**	(2)
Corporate	**(49)**	(46)
	(1 236)	(1 133)
EBITA[3]		
Southern Africa		
Hospitals and complementary services	**3 357**	3 172
Healthcare services	**130**	114
International		
Diagnostic services	**732**	728
Healthcare services	**35**	26
Growth initiatives	**(35)**	(47)
Corporate	**272**	409
	4 491	4 402
Amortisation of intangible assets		
Southern Africa		
Hospitals and complementary services	**(110)**	(110)
International		
Diagnostic services	**(411)**	(368)
Healthcare services	**(17)**	(19)
Growth initiatives	**(18)**	(19)
Corporate	**(30)**	(21)
	(586)	(537)

[3] *EBITA is defined as normalised EBITDA less depreciation.*

	2019 R'm	2018 R'm
Operating profit before items detailed below		
Southern Africa		
Hospitals and complementary services	**3 247**	3 062
Healthcare services	**130**	114
International		
Diagnostic services	**321**	360
Healthcare services	**18**	7
Growth initiatives	**(53)**	(66)
Corporate	**242**	388
	3 905	3 865
Retirement benefit asset and post-employment medical aid income	**39**	34
Severance payments	**–**	(51)
Operating profit	**3 944**	3 848
Fair value adjustments to contingent consideration	**2**	(18)
Fair value (loss)/profit on derivative financial instruments	**(438)**	127
Gain on derecognition of lease assets and liabilities	**–**	79
Impairment of assets and investments	**(164)**	(34)
Profit on disposal of investment in joint venture	**1 501**	–
Profit on disposal of investment in subsidiary	**11**	–
Profit on disposal of property, plant and equipment	**–**	35
Transaction costs relating to acquisitions and disposals	**(148)**	(38)
Other	**(22)**	(95)
Finance income	**60**	40
Finance costs	**(1 058)**	(1 002)
Share of associates' and joint ventures' net profit/(loss) after tax	**18**	(105)
Profit before tax	**3 706**	2 837

Operating profit before items detailed includes the segment's share of shared services and rental costs. These costs are all at market-related rates.

ANNEXURE D:
AUDITED SUMMARISED CONSOLIDATED ANNUAL FINANCIAL RESULTS continued
SEGMENTAL INFORMATION continued

for the year ended 30 September 2019

	2019 R'm	2018 R'm
Total assets before items detailed below		
Southern Africa	**13 550**	12 998
International	**22 342**	22 078
	35 892	35 076
Asset classified as held for sale (Max)[1]	**–**	2 841
Employee benefit assets	**448**	401
Deferred tax assets	**1 102**	700
Derivative financial assets	**–**	100
Income tax receivable	**124**	24
Total assets per the balance sheet	**37 566**	39 142
Net debt		
Southern Africa	**4 481**	8 018
International	**6 837**	6 932
	11 318	14 950
Cash and cash equivalents (net of bank overdrafts)		
Southern Africa	**(141)**	(82)
International	**818**	1 088
	677	1 006

[1] *Max Healthcare Institute Limited (Max).*

Net debt is a key measure for the Group, which comprises all interest-bearing borrowings, overdraft balances and cash on hand.

ANNEXURE D:
AUDITED SUMMARISED CONSOLIDATED ANNUAL FINANCIAL RESULTS continued
ACQUISITIONS AND DISPOSALS OF INVESTMENTS

for the year ended 30 September 2019

Transactions with non-controlling interests

Increases and decreases in ownership interest in subsidiaries

The Group had marginal increases and decreases in its percentage shareholdings in some of its southern Africa and Polish subsidiary companies due to transactions with minority shareholders. The individual transactions are immaterial.

Business combinations

Cork Community Imaging Limited (Cork)

The Group, through Alliance Medical Group Limited (Alliance Medical), acquired 100% of Cork on 25 May 2019 for a total consideration of R4 million. Goodwill of R3 million was recognised. No significant contingent liabilities existed at the acquisition date.

European Scanning Centre Limited (ESC)

Acquirer	Alliance Medical
Country of incorporation	United Kingdom
Acquisition date	21 December 2018
Percentage voting equity interest acquired	100%
Primary reasons for business combination	This is in line with Life Healthcare's strategy to establish a sizeable international business, and complements the Group's existing diagnostic services segment
Qualitative factors that make up goodwill recognised	Attributable to future earnings potential and synergies relating to property consolidation, reduction in administrative costs and improved procurement
Contingent liabilities at acquisition	None

Details of the fair values of net assets acquired and goodwill are as follows:

R'm	**ESC**
Total purchase consideration	(211)
Cash portion	(195)
Contingent consideration[1]	(16)
Fair value of net assets acquired	80
Property, plant and equipment	40
Customer relationships	71
Brand name	15
Trade and other receivables	12
Cash and cash equivalents	8
Interest-bearing borrowings	(4)
Deferred tax liabilities	(15)
Trade and other payables	(46)
Income tax payable	(1)
Goodwill	(131)

[1] *Contingent consideration is based on performance and is expected to become payable between six and 12 months from the date of acquisition.*

ACQUISITIONS AND DISPOSALS OF INVESTMENTS continued

for the year ended 30 September 2019

R'm	ESC
Cash outflow to acquire business, net of cash acquired	
Initial cash consideration	195
Less: Cash at acquisition	(8)
	187
Impact on consolidated information from date of acquisition	
Revenue	54
Net loss	(7)
Impact on consolidated information if business combination took place on 1 October 2018	
Revenue	76
Net loss	(16)

Changes to fair values of previously acquired business

During the prior year, the Group acquired the business of Piramal Imaging (renamed Life Molecular Imaging (LMI)). The fair values identified on acquisition were treated as provisional and have now been finalised. The following adjustments were made during the current year.

	R'm
Increase in intellectual property	93
Decrease in goodwill	(92)
Decrease in trade and other receivables	(24)
Increase in trade and other payables	23

Disposals

Disposal of investment in subsidiary – Life Piet Retief Hospital Proprietary Limited

On 31 May 2019, the Group disposed of its 62.28% interest in Life Piet Retief Hospital Proprietary Limited (incorporated in South Africa) for a purchase price of R48 million. The sale resulted in a profit on disposal of subsidiary of R11 million.

Disposal of investment in joint venture – Max

On 21 June 2019, the Group disposed of its 49.7% equity shareholding in Max (incorporated in India) for R4.3 billion. This resulted in a profit on disposal of joint venture of R1.5 billion (before withholding tax of R94 million). Transaction costs relating to the disposal amounted to R118 million.

NOTES

for the year ended 30 September 2019

1. Interest-bearing borrowings

	R'm
Total borrowings at 30 September 2018	**15 956**
Proceeds from interest-bearing borrowings	5 996
Repayment of interest-bearing borrowings	(10 052)
Other movements	27
Exchange differences	68
Total borrowings at 30 September 2019	**11 995**

Borrowing facilities

The Group has total facilities of R8.2 billion, of which R5.1 billion is available at 30 September 2019.

2. Financial instruments

Fair value

Other non-current liabilities, other current assets and liabilities as presented in the statement of financial position, include contingent consideration liabilities and derivative financial instruments (assets and liabilities) at fair value (through profit or loss).

The derivative assets and liabilities used for hedging, as presented in the statement of financial position, are the financial assets and liabilities that are measured at fair value.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active and for unlisted securities, the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

The Group's financial instruments held at fair value, are measured subsequent to their initial recognition and are grouped into levels 1 to 3 based on the extent to which the fair values are observable. All of the resulting fair value estimates for the derivative financial instruments used for hedging are included in level 2. The contingent considerations are included in level 3. The fair value of interest rate swaps is calculated as the mark-to-market valuation, which represents the mid-market value of the instrument as determined by the financial institution at 30 September 2019.

There were no transfers between levels 1, 2 and 3 during the year.

Basis of presentation and accounting policies

The summarised consolidated financial statements are prepared in accordance with the requirements of the JSE Limited (JSE) Listings Requirements for preliminary reports, and the requirements of the South African Companies Act 71 of 2008 (as amended) applicable to summary financial statements. The Listings Requirements require preliminary reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 *Interim Financial Reporting*.

The accounting policies applied in the preparation of the consolidated financial statements from which the summary consolidated financial statements were derived are in terms of IFRS and are consistent with those applied in the previous consolidated annual financial statements, except for the adoption of the new, revised and amended standards.

These financial results have been prepared under the supervision of PP van der Westhuizen (CA(SA)), the Group Chief Financial Officer.

New accounting standards

The Group has adopted IFRS 9 and IFRS 15 from 1 October 2018, and changed its accounting policies accordingly. The Group elected not to restate any comparative information. The impact of adopting these new standards has been applied retrospectively. An adjustment to the Group's opening retained earnings was made as a result of IFRS 9.

IFRS 15 *Revenue from Contracts with Customers*

All contracts within the Group have been assessed against the new standard. It was determined that the implementation of IFRS 15 does not have an impact on the Group's revenue recognition and measurement.

Therefore, no adjustments were required and no practical expedients, as made available by IFRS 15, were used.

IFRS 9 *Financial Instruments*

IFRS 9 replaces the requirements of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, and impairment of financial assets.

Classification and measurement

The Group currently recognises the following financial assets – trade and other receivables, cash and cash equivalents and other assets which includes loans to associates, loans receivable and derivative assets.

In terms of IFRS 9, all these financial assets will be measured at amortised cost, with the exception of derivative instruments which are recognised at fair value through profit or loss.

This is because the objective of the business model is to hold these financial assets for the collection of the contractual cash flows, and the contractual cash flows represent payments of principal and interest.

Consequently, the subsequent measurement (i.e. amortised cost) is the same under IAS 39 and IFRS 9.

Derivative financial assets are measured at fair value through profit or loss under IAS 39 and IFRS 9, and therefore no reclassification or remeasurement is required.

In summary, upon the adoption of IFRS 9, the Group had the following measurement categories:

	As at 30 September 2018 IAS 39		As at 1 October 2018 IFRS 9	
R'm	Fair value through profit or loss	Loans and receivables at amortised cost	Fair value through profit or loss	Amortised cost
Trade and other receivables[1]	–	3 636	–	3 656
Cash and cash equivalents	–	1 494	–	1 494
Other assets				
Loans receivable/loans to associates	–	77	–	77
Derivative financial instruments	100	–	100	–

[1] *The change in carrying amount is a result of changes to the expected credit loss provision.*

Impairment of financial assets

Under IFRS 9, the Group was required to revise its impairment methodology from an incurred loss model to an expected loss model.

The adoption of IFRS 9 has resulted in a decrease in the impairment provision of R20 million relating to trade receivables.

In calculating the provision on transition to IFRS 9, the Group applied the simplified approach to measure the expected credit losses, which uses a lifetime expected loss allowance.

While the remaining financial assets held at amortised cost are also subject to the impairment requirements under IFRS 9, the impairment provision on transition was determined to be immaterial.

Transition

It was determined that on transition to IFRS 9, it would not be possible to restate comparatives without the use of hindsight.

As a result, the Group did not restate prior periods, and rather recognised differences on initial application of IFRS 9 in opening retained earnings.

Consequently, the decrease in the expected credit loss provision (outlined on page 12) on the initial application of IFRS 9 resulted in an increase in trade receivables and retained earnings of R20 million.

The impact of the change on the Group's retained earnings is as follows:

	R'm
Opening balance as at 1 October 2018 (as previously reported)	1 569
Decrease in provision for expected credit losses (under IFRS 9)	20
Opening balance as at 1 October 2018 (restated)	1 589

Impact of standards issued but not yet effective

IFRS 16 *Leases*

IFRS 16 *Leases* is effective from 1 October 2019, and will impact the Group for the first time in FY2020. Under the new standard, Life Healthcare as lessee will recognise right-of-use assets and lease liabilities for all lease contracts (with limited exceptions) on the statement of financial position. Property lease contracts have the most significant impact on the Group.

The adoption of IFRS 16 is expected to increase normalised EBITDA by between R220 million and R250 million and decrease profit after tax by between R25 million and R40 million in FY2020. Property, plant and equipment as well as interest-bearing borrowings will increase by between R950 million and R1 billion on 1 October 2019 due to the adoption of IFRS 16. The assessment has been made on current available information and exchange rates.

Report of the independent auditors

This summarised report is extracted from audited information, but is not itself audited. The consolidated financial statements were audited by PricewaterhouseCoopers Inc., who expressed an unmodified opinion thereon. The auditor's report does not necessarily report on all the information contained in the announcement. Shareholders are therefore advised that, in order to obtain a full understanding of the nature of the auditor's engagement, they should obtain a copy of the auditor's report together with the accompanying consolidated financial statements from the Company's registered office.

The directors take full responsibility for the preparation of the preliminary report and that the financial information has been correctly extracted from the underlying consolidated financial statements.

OVERVIEW

Life Healthcare delivered a healthy overall performance, despite challenging trading environments in most of the markets in which we operate. The strong revenue growth of 9.3% is a result of robust volume growth in the PET-CT contract in the United Kingdom and a strong H2 FY2019 performance in southern Africa.

Good progress has been made in the imaging market as well as broadening our business lines across the healthcare continuum in South Africa. Internationally, we are expanding our radiology product development business within Alliance Medical through Life Molecular Imaging (LMI).

To complement our growth focus, we have initiated several efficiency programmes for sustainability, which we expect will deliver substantial savings. These include nursing optimisation, improved procurement, capex optimisation, focusing on cost of sales management and other administrative costs. In addition, we continue to progress on our integration effort. The investment in these programmes impacted normalised EBITDA negatively by R124 million.

Life Healthcare attended the launch of South Africa's National Health Insurance (NHI). We look forward to continue to engage positively with the government to implement NHI in a sustainable manner, and ultimately to broaden healthcare access and affordability in South Africa.

OPERATIONAL REVIEW

Southern Africa

	2019 R'm	Change %	2018 R'm
Revenue			
Hospitals and complementary services	**17 213**	6.8	16 118
Healthcare services	**1 259**	12.2	1 122
	18 472	7.1	17 240
Normalised EBITDA			
Hospitals and complementary services	**3 933**	6.2	3 703
Healthcare services	**148**	13.0	131
Corporate			
Recoveries	**1 292**	6.1	1 218
Corporate costs	**(971)**	27.3	(763)
	4 402	2.6	4 289

Revenue from southern Africa increased by 7.1% to R18.5 billion (2018: R17.2 billion). Revenue from hospitals and complementary services grew by 6.8% mainly due to a 5.8% increase in revenue per paid patient day (PPD) and a 0.8% growth in PPDs (2018: +1.1%). The increase in revenue per PPD is made up of a 4.8% tariff increase and a 1.0% positive case mix change. Even though the Group experienced negative activity volumes in the first half of the financial year (H1 FY2019: -0.3%), we delivered positive PPD growth of 0.8% for the full year due to strong PPD growth of 1.8% in H2 FY2019. This growth is largely due to doctor recruitment gains over the last two years, network gains and an increase in acuity from surgical cases. The overall weighted occupancy for the year remained in line with the prior year at 69.7%, with 49 brownfield expansion beds being added. Complementary services continued to show good growth with revenue increasing by 9.2%, benefitting from the opening of the new mental health unit, Life Brackenview in April 2019, and good growth in renal dialysis.

Healthcare services performed well with revenue growing by 12.2% largely due to new contracts gained by Life Employee Health Solutions.

Normalised EBITDA increased by 2.6% with an EBITDA margin of 23.8% for the year (2018: 24.9%). The EBITDA margin was impacted by the lower PPD activity in December 2018 and January 2019 which affected operational leverage in H1 FY2019, the cost of additional human resource capacity at a Group level to support growth initiatives and the initial cost of efficiency programmes which are expected to deliver future efficiency gains. Normalised EBITDA excluding corporate costs increased by 6.4%. This increase has been driven by the strong growth in H2 FY2019 combined with good cost management, resulting in the H2 FY2019 margin for normalised EBITDA excluding corporate costs increasing by 0.9% from H1 FY2019 to 29.5% (H1 FY2019: 28.6%).

The Group continues to improve on the overall patient safety adverse event rate and remained on par with the prior year with regards to the healthcare associated infection rate and patient experience scores. Life Healthcare became the first hospital group in South Africa to publish quality scores on a per hospital basis from October 2018. These scores can be viewed on Life Healthcare's website (www.lifehealthcare.co.za).

International

	2019 R'm	Change %	2018 R'm
Revenue			
Diagnostic services	**5 582**	13.4	4 922
Healthcare services	**1 349**	7.1	1 260
	6 931	12.1	6 182
Normalised EBITDA			
Diagnostic services	**1 253**	3.9	1 206
Healthcare services	**97**	14.1	85
	1 350	4.6	1 291

Diagnostic services' revenue grew by 13.4% to R5.6 billion (2018: R4.9 billion) driven by strong growth in PET-CT scan volumes in the United Kingdom (up 15.9%), the full year impact of the acquisition of the Italian clinics during H2 FY2018, the acquisition of scanning facilities in the United Kingdom in December 2018, and a solid underlying performance in Ireland. Normalised EBITDA increased by 3.9% to R1.3 billion (2018: R1.2 billion). The results were positively impacted by the weakening of the rand against the pound sterling and euro.

The normalised EBITDA margin decreased to 22.4% (2018: 24.5%). The margin was negatively impacted by supply challenges within our radiopharmacy production units while we are currently undertaking an 18-month planned refurbishment programme, resulting in increased costs. Excluding this impact the margin was 23.6%.

Healthcare services' (Scanmed in Poland) revenue for the year increased by 7.1% to R1 349 million (2018: R1 260 million). Normalised EBITDA increased to R97 million (2018: R85 million) resulting in the normalised EBITDA margin increasing to 7.2% (2018: 6.7%). Healthcare services' performance was impacted by reduced overquota referrals in FY2019, increased competition in orthopaedics, costs relating to IT automation projects and costs associated with the strengthening of the management team.

Regulatory changes impacted minimum employment costs in Poland primarily resulted in a R125 million impairment in the carrying value of the Polish investment in the Group's results during the year ended 30 September 2019.

Growth initiatives

Growth initiatives comprise the new outpatient business model, developing the imaging opportunity, investing in data analytics and clinical quality products within South Africa and product development internationally.

During the current year, Life Healthcare opened its first outpatient clinic. This pilot site delivered excellent learnings around the operating model and offering. In addition, it proved our ability to operate a low cost, efficient, high-quality service, with consistently high patient experience scores. The Group has launched a partnership with a large retailer to test the clinic model in-store, and is excited by the future opportunities presented by this expansion across the healthcare continuum. The normalised EBITDA loss for the year was R14 million.

The other South African growth initiatives contributed to a total EBITDA loss of R29 million during the current year.

LMI, our primary international growth initiative, performed better than expected and contributed revenue of R268 million (2018: R66 million) and a normalised EBITDA profit of R18 million (2018: loss of R45 million). The profit of R18 million includes a non-trading related exchange gain of R30 million. Excluding this non-trading item the normalised EBITDA loss was R12 million.

Disposal of equity investment in Max

The disposal of Max was concluded during the current year and funds were received on 21 June 2019. The results for the year include the profit on the sale of R1.5 billion before withholding tax of R94 million, transaction costs of R118 million and the loss on foreign exchange option contracts of R292 million (net of tax).

The net cash proceeds of R3.8 billion, after withholding tax, the hedge costs and transaction costs, was utilised to repay debt.

FINANCIAL OVERVIEW

Group revenue increased by 9.3% to R25.7 billion (2018: R23.5 billion) consisting of a 7.1% increase in southern African revenue to R18.5 billion (2018: R17.2 billion); a 12.1% increase in international revenue to R6.9 billion (2018: R6.2 billion) and R269 million revenue contribution from growth initiatives (2018: R66 million).

Normalised EBITDA was impacted by investments in growth initiatives. The Group also implemented a number of efficiency programmes focusing on cost of sales management, improved procurement, nursing optimisation and other administrative costs. Although the benefits of these efficiency programmes started to realise in H2 FY2019 the full associated programme set-up costs of R124 million were expensed in the current year.

Normalised EBITDA excluding growth initiatives and investments in efficiency programmes increased by 5.3%.

	2019 R'm	% change	2018 R'm
Normalised EBITDA			
Operating profit	**3 944**	2.5	3 848
Depreciation on property, plant and equipment	**1 236**	9.1	1 133
Amortisation of intangible assets	**586**	9.1	537
Retirement benefit asset and post-employment medical aid income	**(39)**		(34)
Severance payments	**–**		51
Normalised EBITDA	**5 727**	3.5	5 535
Southern Africa	**4 402**	2.6	4 289
International	**1 350**	4.6	1 291
Growth initiatives	**(25)**	44.4	(45)
Normalised EBITDA excluding growth initiatives and investments in efficiency programmes	**5 876**	5.3	5 580

CASH FLOW AND CAPEX

The Group produced excellent cash flows from operations due to strong working capital management. The cash generated from operations increased by 7.7% on FY2018, and represented 103% of normalised EBITDA (2018: 99%).

The capex for the year was R2.3 billion (2018: R3.4 billion), comprising mainly of capital projects of R2.1 billion (2018: R2.2 billion) and new acquisitions (net of cash acquired) by Alliance Medical of R190 million. The maintenance capex for the year was R1.2 billion (2018: R878 million).

FINANCIAL POSITION

Net debt to normalised EBITDA as at 30 September 2019 was 1.96 times (30 September 2018: 2.73 times). The bank covenant for net debt to EBITDA is 3.50 times.

EARNINGS PER SHARE (EPS), HEADLINE EARNINGS PER SHARE (HEPS) AND NORMALISED EARNINGS PER SHARE (NEPS)

EPS increased by 62.4% to 176.4 cps (2018: 108.6 cps) primarily due to the impact of the disposal of Max.

The decrease of HEPS by 18.5% to 88.7 cps (2018: 108.8 cps) is due to the impact of the mark-to-market loss of R292 million (net of tax) on the Max foreign exchange option contracts, diluting HEPS by 20.1 cps. NEPS, which excludes non-trading related items listed below, increased by 5.6% to 116.4 cps (2018: 110.2 cps).

	2019 R'm	% change	2018 R'm
Weighted average number of shares in issue (million)	**1 456**	0.3	1 451
Normalised earnings			
Profit attributable to ordinary equity holders	**2 569**		1 575
Adjustments (net of tax)			
Retirement benefit asset and post-employment medical aid income	**(28)**		(24)
Fair value adjustments to contingent consideration	**(2)**		18
Fair value loss/(profit) on the Max foreign exchange option contracts	**292**		(17)
Gain on derecognition of lease assets and liabilities	**–**		(71)
Impairment of assets and investments	**140**		34
Profit on disposal of investment in joint venture	**(1 407)**		–
Profit on disposal of investment in subsidiary	**(11)**		–
Profit on disposal of property, plant and equipment	**–**		(30)
Transaction costs relating to acquisitions and disposals	**148**		38
Other	**30**		75
Unwinding of contingent consideration	**44**		–
Deferred tax raised on historical losses	**(80)**		–
Normalised earnings	**1 695**	6.1	1 598
NEPS (cents)	**116.4**	5.6	110.2

NEPS was impacted by the investments in growth initiatives and by the cost of additional human resource capacity created at Group level to support the growth initiatives. NEPS excluding the current losses on the growth initiatives is 118.5 cps (7.5% increase on FY2018).

REGULATORY ENVIRONMENT

The NHI bill was introduced to the South African parliament in August 2019 and is currently under review by the National Assembly's portfolio committee on health. A stipulated parliamentary review process and public participation process is under way. Stakeholders have been invited to submit written submissions to the portfolio committee by 29 November 2019. Life Healthcare welcomes this opportunity to contribute meaningfully to the dialogue in order to ensure that the bill is implemented in a sustainable manner. We are actively participating in the stipulated parliamentary processes in our own capacity as well as through the Hospital Association of South Africa (HASA) and Business Unity South Africa (BUSA).

The Competition Commission Healthcare Market Inquiry (HMI) was concluded and the findings were published on 30 September 2019. The HMI made a number of recommendations to the South African government. Life Healthcare ascribes to the principles of the inquiry and will respond to these findings based on what the government implements.

Each Alliance Medical region has reviewed its operations in the context of a hard Brexit. Within the UK, impact has already been felt over the last two years with a reduction of EU applicants for positions. This is being mitigated by increasing relationships with universities as well as recruitment drives from outside of Europe. Key supplier contingency plans have been reviewed. In a small number of instances this has resulted in an increased level of stock being held.

CHANGES TO BOARD OF DIRECTORS

There have been no changes to the board of directors for the year ended 30 September 2019.

CASH DIVIDEND DECLARATION

The board approved a final gross cash dividend of 53.0 cents per ordinary share for the year ended 30 September 2019. The dividend has been declared from income reserves. The dividend is subject to South African dividend withholding tax of 20%, which will be applicable to all shareholders not exempt therefrom, after deduction of which the net cash dividend is 42.4 cents per share.

The Company's total number of issued ordinary shares is 1 467 349 162 as at 20 November 2019. The Company's income tax reference number is 9387/307/15/1.

In compliance with the requirements of the JSE, the following salient dates are applicable:

Last date to trade cum dividend	Tuesday, 10 December 2019
Shares trade ex the dividend	Wednesday, 11 December 2019
Record date	Friday, 13 December 2019
Payment date	Tuesday, 17 December 2019

Share certificates may not be dematerialised or rematerialised between Wednesday, 11 December 2019 and Friday, 13 December 2019, both days inclusive.

OUTLOOK

Tough operating conditions will remain, largely due to the slow economic growth in South Africa. The Group does, however, see good pockets of growth opportunities, both in southern Africa and internationally.

In southern Africa, the Group expects flat acute PPDs in a market of increased network arrangements and good growth in complementary services. The Group plans to add approximately 50 beds during the following financial year. Capex for the year is expected at approximately R1.3 billion, largely comprising of replacement capex. We will continue to focus on improving clinical quality, implementing new growth initiatives and driving our operational efficiency programmes.

Diagnostic services will complete the roll-out of the PET-CT 2 contract and the current refurbishment programme of radiopharmacy facilities. The additional radiopharmacy facility should be operational in FY2020, until then the business will continue to manage production carefully. We expect continued good growth in PET-CT volumes. The Italian operations will focus on growing the clinic business through acquisitions and consolidation of certain clinics. Capex for the year is expected at approximately R1.1 billion.

The Group is exploring strategic options to potentially exit Poland-based operations.

The Group will invest further into growth initiatives:

- We will continue to progress the South African imaging market opportunity.
- New outpatient models – Life Healthcare is targeting to deliver further standalone and partnered clinics to reach 20 000 customers by September 2020. The cost of the investment is anticipated to be R17 million (including capex and opex).
- LMI – the Group will invest up to USD8 million capex in FY2020 on the back of the good performance in FY2019.

TRADING STATEMENT FOR THE SIX MONTHS ENDING 31 MARCH 2020

Life Healthcare's results for the six months ending 31 March 2020 are expected to show an increase of more than 20% in EPS (minimum increase of 4.9 cps to at least 29.4 cps) and HEPS (minimum increase of 5.4 cps to at least 32.3 cps) from those reported for the six months ended 31 March 2019 (EPS: 24.5 cps and HEPS: 26.9 cps). This is primarily due to the mark-to-market loss recognised in H1 FY2019 on the option contracts, taken out to protect the proceeds received on the Max disposal.

A detailed trading statement will be released mid-May 2020. The forecast financial information on which this trading statement is based has not been reviewed and reported on by the Group's external auditors.

Shareholders are advised that the investor presentation for the year ended 30 September 2019 is published on Life Healthcare's website (**www.lifehealthcare.co.za**).

THANKS

The contribution of the doctors, nurses and employees of Life Healthcare have greatly enhanced the quality of our performance. We thank them for their contributions.

Approved by the board of directors on 20 November 2019 and signed on its behalf:

Mustaq Brey
Chairman

Shrey Viranna
Group Chief Executive Officer

The composition of the board reflects an appropriate balance between independent non-executive and executive directors. The board and executive management supplementary report includes a brief biography of each member and is available online at

Detailed biographies of our board are available online at https://lifehealthcare.group.

	1. Mustaq Brey[1]	2. Peter Golesworthy[2]	3. Prof Marian Jacobs[1]	4. Audrey Mothupi[1]	5. Joel Netshitenzhe[1]	6. Dr Malefetsane Ngatane[1]
Age	65	61	71	49	62	65
Qualification	*CA(SA)*	*BA (Hons) (first class), Accountancy Studies, CA*	*MBChB (UCT), Diploma in Community Medicine (UCT), Fellowship of the College of South Africa (with paediatrics)*	*BA (Hons), (PolSci), Trent University, Canada*	*MSc (University of London, School of Oriental and African Studies), PGDip (Economic Principles), Dip (PolSci)*	*BSc, MBChB, FCOG*
Date appointed	10 June 2010* Appointed Chairman – February 2013	10 June 2010	1 January 2014	3 July 2017	30 November 2010	10 June 2010*
Role	Non-executive – Chairman	Lead independent non-executive director	Independent non-executive director	Independent non-executive director	Independent non-executive director	Independent non-executive director
Committees	Member: Nominations and governance, investment	Chairman: Audit, nominations and governance Member: Risk, investment, social, ethics and transformation	Chairman: Clinical governance, quality and safety Member: Risk	Chairman: Social, ethics and transformation Member: Audit, risk	Chairman: Risk	Member: Social, ethics and transformation, clinical governance, quality and safety, nominations and governance

[1] *South African.*
[2] *British.*
* *Refer to page 126 of our integrated report for further information in respect of tenure.*

7. Adv Mahlape Sello[1]	8. Garth Solomon[1]	9. Royden Vice[1]	10. Dr Shrey Viranna[1]	11. Pieter van der Westhuizen[1]
Age	Age	Age	Age	Age
57	52	72	44	48
Qualification	Qualification	Qualification	Qualification	Qualification
Master of Arts and Law (Russia), LLB (Wits)	*CA(SA)*	*CA(SA)*	*MBChB*	*CA(SA)*
Date appointed	Date appointed	Date appointed	Date appointed	Date appointed
3 July 2017	10 June 2010*	1 January 2014	1 February 2018	1 June 2013
Role	Role	Role	Role	Role
Independent non-executive director	Independent non-executive director	Independent non-executive director	Executive director – Group Chief Executive Officer	Executive director – Group Chief Financial Officer
Committees	Committees	Committees	Committees	Committees
Member: Remuneration and human resources, risk	Chairman: Investment Member: Audit, remuneration and human resources	Chairman: Remuneration and human resources Member: Audit, investment	Member: Risk, investment, social, ethics and transformation, clinical governance, quality and safety	Member: Risk, investment

DETAILED RESUMES OF DIRECTORS STANDING FOR RE-ELECTION

ME (Marian) Jacobs (71)
Independent non-executive director
South African – MB, ChB (UCT), Diploma in Community Medicine (UCT), Fellowship of the Colleges of Medicine of South Africa (with paediatrics)
Appointed to the board – 1 January 2014

Marian Jacobs retired as Dean of the Faculty of Health Sciences at the University of Cape Town in 2012 and holds the position of Emeritus Professor, Paediatrics and Child Health at that institution. Previous positions of employment include: Professor of Child Health and Director of the Children's Institute at the University of Cape Town, where she was also employed as a community paediatrician in a joint position with the Provincial Health Department, and earlier, as a community (public) health lecturer and specialist. Her global experience includes service as Chair of the boards of governance of the Medical Research Council in South Africa; the Centre for Health Research (ICDDRB) in Bangladesh; the Council for Health Research and Development (COHRED) in Geneva, Switzerland; and the African Population and Health Research Centre in Nairobi, Kenya. Professor Jacobs has served as convenor and a member of the scientific committee of many national and international scientific congresses in the global health arena and has also co-authored a number of key publications over the course of her academic career. She currently chairs the advisory committee of the Academy for Leadership and Management in Healthcare in the National Department of Health, serves as a member of the technical steering committee for the World Health Organisation's Maternal, New-born Child and Adolescent Committee; and is Adviser to both the Global Mental Health Platform of the Gulbenkian Foundation in Portugal, and the Doris Duke African Health Initiative.

RT (Royden) Vice (72)
Independent non-executive director
South African – BCom (Hons), CA(SA)
Appointed to the board – 1 January 2014

Royden Vice is the Chairman of the board of Waco International Holdings Proprietary Limited since retiring in July 2011 after 10 years as the company's CEO. The Waco group of companies has subsidiaries in the UK, USA, Australia, New Zealand, Chile and southern Africa. Prior to this, Mr Vice was CEO of Industrial and Special Products of the UK-based BOC Group, responsible for operations in over 50 countries and revenue of USD4 billion. He was also Chairman of African Oxygen Limited (Afrox) from 1994 to 2001 and Afrox Healthcare, which successfully listed in 1999. He previously served on the board of Murray & Roberts Holdings. Mr Vice is a governor of Rhodes University. He has extensive global leadership experience, having lived on three continents – America (New York), Africa (Johannesburg) and Europe (London).

PP (Pieter) van der Westhuizen (48)
Group CFO
South African – CA(SA)
Appointed to the board – 1 June 2013

Pieter van der Westhuizen completed his training contract and qualified as a chartered accountant in 1996 at PricewaterhouseCoopers Inc. He joined President Medical Investments Limited (Presmed) in 1999, which became part of Afrox Healthcare Limited. Mr van der Westhuizen performed various roles in the finance department of Afrox Healthcare and played a significant role in Afrox Healthcare's delisting in 2005, and its subsequent relisting as Life Healthcare in 2010. He was appointed as Group Chief Financial Officer in 2013. He held the role of Acting Group CEO from June 2017 to January 2018.

DETAILED RESUMES OF AUDIT COMMITTEE MEMBERS STANDING FOR RE-ELECTION

PJ (Peter) Golesworthy (61)
Independent non-executive director
British – BA (Hons) (first class), Accountancy Studies, CA
Appointed to the board – 10 June 2010

Peter Golesworthy graduated from Exeter University in the UK and qualified as a chartered accountant with the Institute of Chartered Accountants of Scotland. He currently serves as a director of a number of private companies and as a member of various investment committees of certain Old Mutual businesses. He was previously the Finance Director of Old Mutual (South Africa), and prior to joining Old Mutual was a Finance Manager in the corporate and international finance department of Anglo American Corporation of South Africa Limited.

AM (Audrey) Mothupi (49)
Independent non-executive director
South African – BA (Hons), Political Science, Trent University, Canada
Appointed to the board – 3 July 2017

Audrey Mothupi is a businesswoman, entrepreneur and the Chief Executive Officer of SystemicLogic Group, a global financial innovation and technology disruptor. She currently serves on the board of Pick n Pay. She serves as Chairman of the following non-profit boards: Orange Babies of South Africa (HIV/Aids), Numeric Board of South Africa (Maths) and Roedean School (SA). Prior to SystemicLogic Group, Ms Mothupi served as the head of inclusive banking at the Standard Bank Group and Chief Executive of group strategic services at Liberty Group. As a result her experience spans across various business domains including group strategy, talent design, marketing and communications strategy, integrated with strong corporate relationship management.

GC (Garth) Solomon (52)
Independent non-executive director
South African – BCom, BCompt (Hons), CA(SA)
Appointed to the board – 10 June 2010

Garth Solomon completed his articles with Deloitte & Touche, thereafter he served in various commercial and corporate finance roles with the South African Revenue Service, Group Five Properties and African Harvest Limited before joining Old Mutual Private Equity in 2003. He was appointed head of Private Equity in 2012, and was a member of the Old Mutual Private Equity team until 2013. In this capacity he was involved in numerous investments and served on the boards and subcommittees of a number of large private businesses including Air Liquid, Metro Cash & Carry, the Tourvest Group and Liberty Star Consumer Holdings. Mr Solomon is currently the co-owner and a director of Evolve Capital, an investment trust that invests in small and medium-sized businesses. Mr Solomon was formally appointed to the Life Healthcare board of directors in 2010, upon the Company's formal listing but served on the board since 2005, when the company was private.

ANNEXURE F:
SHAREHOLDER DISTRIBUTION

SHAREHOLDER DISTRIBUTION

1. Analysis of registered shareholders and Company schemes

Registered shareholder spread

In accordance with the JSE Listings Requirements, the following table confirms the spread of registered shareholders as detailed in the annual report and accounts dated 30 September 2019 was:

Registered shareholder spread

Shareholder spread	Number of holders	% of total shareholders	Number of shares	% of issued capital
1 – 1 000 shares	5 680	57.15	1 307 053	0.09
1 001 – 10 000 shares	2 403	24.18	8 290 213	0.56
10 001 – 100 000 shares	1 113	11.20	40 387 139	2.75
100 001 – 1 000 000 shares	574	5.78	195 814 067	13.35
1 000 001 shares and above	168	1.69	1 221 550 690	83.25
Total	9 938	100.00	1 467 349 162	100.00

Public and non-public shareholdings

Within the shareholder base, we are able to confirm the split between public shareholdings and directors/Company-related schemes as being:

Shareholder spread	Number of holders	% of total shareholders	Number of shares	% of issued capital
Non-public shareholders	**9**	**0.09**	**24 131 973**	**1.64**
Directors	5	0.05	1 226 520	0.08
Brimstone Investment Corporation Limited	2	0.02	10 036 807	0.68
Life Healthcare Employees Share Trust	1	0.01	12 396 253	0.85
Life Healthcare long-term incentives scheme	1	0.01	472 393	0.03
Public shareholders	9 930	99.91	1 443 217 189	98.36
Total	**9 939**	**100.00**	**1 467 349 162**	**100.00**

2. Substantial investment management and beneficial interests

Substantial investment management and beneficial interests above 3%

Through regular analysis of STRATE registered holdings, and pursuant to the provisions of section 56 of the Companies Act, the following shareholders held directly and indirectly equal to or in excess of 3% of the issued share capital as at 30 September 2019:

Investment management shareholdings	Total shareholding	%
Allan Gray Proprietary Limited	301 325 861	20.54
Government Employees Pension Fund (PIC)	186 630 532	12.72
Lazard Asset Management LLC Group	112 351 305	7.66
Coronation Asset Management	78 399 149	5.34
Industrial Development Corporation (IDC)	69 867 972	4.76
BlackRock Inc.	59 972 962	4.09
The Vanguard Group Inc.	54 530 236	3.72
Sanlam Investment Management	53 649 989	3.66
Total	**916 728 006**	**62.49**

Beneficial shareholdings	Total shareholding	%
PIC	227 952 296	15.53
Allan Gray Balanced Fund	108 185 760	7.37
IDC	69 867 972	4.76
Total	**406 006 028**	**27.66**

SHAREHOLDER DISTRIBUTION continued

2. Substantial investment management and beneficial interests continued

Previously disclosed holdings

Investment managers now holding below 3%

Investment manager	Total shareholding	%	Previous %
Newshelf 831 Proprietary Limited	–	–	3.21
Total	–	–	3.21

Beneficial owners now holding below 3%

Beneficial owners	Total shareholding	%	Previous %
Lazard Emerging Market Fund	42 420 469	2.89	3.05
Newshelf 831 Proprietary Limited	–	–	3.21
Total	42 420 469	2.89	6.26

3. Geographic split of shareholders

Geographic split of investment managers and Company-related holdings

Region	Total shareholding	% of issued capital
South Africa	947 970 749	64.60
United States of America and Canada	305 838 062	20.84
United Kingdom	54 195 922	3.70
Rest of Europe	58 137 956	3.96
Rest of world[1]	101 206 473	6.90
Total	**1 467 349 162**	**100.00**

Geographic split of beneficial shareholders

Region	Total shareholding	% of issued capital
South Africa	911 257 830	62.10
United States of America and Canada	280 638 417	19.12
United Kingdom	26 614 269	1.82
Rest of Europe	95 448 908	6.51
Rest of world[1]	153 389 738	10.45
Total	**1 467 349 162**	**100.00**

[1] *Represents all shareholdings except those in the above regions.*

SHAREHOLDER DISTRIBUTION continued

4. Shareholder categories

An analysis of beneficial shareholdings, supported by the section 56 enquiry process, confirmed the following beneficial shareholder types:

Category	Total shareholding	% of issued capital
Unit trusts	562 486 973	38.33
Pension funds	450 313 938	30.69
Sovereign wealth	80 656 511	5.50
Government of SA	69 867 972	4.76
Private investors	52 380 407	3.57
Insurance companies	40 785 108	2.78
Trading position	35 635 274	2.43
Exchange-traded fund	25 575 366	1.74
Custodians	18 477 120	1.26
Employees	12 396 253	0.85
Black economic empowerment	10 623 146	0.72
American depository receipts	9 651 906	0.66
University	6 771 267	0.46
Medical aid scheme	3 351 741	0.23
Local authority	3 214 492	0.22
Charity	2 993 814	0.20
Hedge fund	1 268 745	0.09
Corporate holding	472 393	0.03
Foreign government	416 181	0.03
Remainder	80 010 555	5.45
Total	**1 467 349 162**	**100.00**

ANNEXURE G: SHARE CAPITAL

	2019 R'm	2018 R'm
STATED CAPITAL		
Stated capital comprises:		
Share capital	**10 507**	10 507
Share premium	**3 373**	3 373
Treasury shares	**(365)**	(370)
	13 515	13 510
Reconciliation of number of shares		
Ordinary shares ('000)		
Authorised (share capital of R0.000001 each)	**4 149 980**	4 149 980
Total value = R4 149 (2018: R4 149)		
Issued and fully paid:		
Balance at 1 October	**1 467 349**	1 449 391
Shares issued as a result of scrip distributions	**–**	17 958
Balance at 30 September	**1 467 349**	1 467 349
Total value = R1 467 (2018: R1 467)		

	Number of shares		Value of shares	
	2019 '000	2018 '000	2019 '000	2018 '000
Treasury shares				
Balance at 1 October	**11 782**	10 387	**(370)**	(346)
Granted	**3 284**	2 731	**(72)**	(72)
Forfeited	**(17)**	–	**1**	–
Exercised	**(14)**	(67)	**1**	2
Vested	**(2 179)**	(1 269)	**75**	46
Balance at 30 September	**12 856**	11 782	**(365)**	(370)

Treasury shares are shares in Life Healthcare Group Holdings Limited that are held for the purpose of the staff benefit schemes (Life Healthcare employee share trust and long-term incentive schemes).

ADMINISTRATION

GROUP COMPANY SECRETARY
Avanthi Parboosing

REGISTERED OFFICE AND POSTAL ADDRESS
Oxford Manor, 21 Chaplin Road, Illovo, 2196
Private Bag X13, Northlands, 2116
Telephone 011 219 9000
Email company.secretary@life.co.za

REGISTRATION
2003/002733/06

PLACE OF INCORPORATION
Illovo

JSE CODE
LHC

ISIN
ZAE000145892

ATTORNEYS
Cliffe Dekker Hofmeyr Inc.

AUDITORS
PricewaterhouseCoopers Inc.

TRANSACTIONAL BANKERS
First National Bank

SPONSOR
Rand Merchant Bank (A division of FirstRand Bank Limited)

TRANSFER SECRETARIES
Computershare Investor Services Proprietary Limited

TRANSFER OFFICE
Rosebank Towers, 51 Biermann Avenue, Rosebank
PO Box 61051, Marshalltown, 2107
Telephone 011 370 5000
Facsimile 011 370 5271

WEBSITE ADDRESS
www.lifehealthcare.co.za

HEAD OFFICE:

Oxford Manor, 21 Chaplin Road, Illovo, 2196

Tel: 011 219 9000

www.lifehealthcare.co.za