

NETCARE LIMITED  
(Registration number 1996/008242/06)  
JSE ordinary share code: NTC  
ISIN: ZAE000011953  
JSE preference share code: NTCP  
ISIN: ZAE000081121  
("Netcare" or "the Company" or "the Group")

## **VOLUNTARY ANNOUNCEMENT RELATING TO NETCARE'S HEALTH PARTNERS FOR LIFE BROAD-BASED BLACK ECONOMIC EMPOWERMENT SCHEME**

### **1. Introduction**

- Netcare is committed to the imperative of building a transformed South Africa characterised by values of social and economic equality and inclusion for all.
- Shareholders are referred to Netcare's Health Partners for Life ("HPFL") Broad-Based Black Economic Empowerment ("B-BBEE") scheme concluded in 2005 and the subsequent restructure concluded during 2015 ("the HPFL B-BBEE Scheme") and are advised that, following the introduction of the revised B-BBEE codes ("Revised B-BBEE Codes"), the trustees of the Netcare BEE Scheme concluded amendments to the trust deed governing the HPFL B-BBEE Scheme to ensure full compliance with the new requirements prescribed in the Revised B-BBEE Codes and the interpretations of the B-BBEE Commission (together "the Amendments").
- The ownership component of Netcare's B-BBEE rating is a key focal area for Netcare to achieve its transformation objectives.
- Following the Amendments, the trustees and the Netcare Board of Directors have approved individual allocations of Netcare shares ("Shares") to Netcare employees (excluding executives) under the HPFL B-BBEE Scheme ("the Allocation") in a manner that enables Netcare to further strengthen the ownership component of its empowerment rating.
- The Allocation will enable Netcare to increase its B-BBEE ownership and should improve its overall B-BBEE rating to Level 4 (from Level 5 in 2018 and Level 8 in 2017).

The purpose of this voluntary announcement is to provide Netcare shareholders with the salient terms of the Allocation.

### **2. Details of the Allocation**

- In terms of the HPFL B-BBEE Scheme, approximately 160 million Shares were issued to various entities in the HPFL B-BBEE Scheme to benefit a range of beneficiaries. Four separate trusts within the HPFL B-BBEE Scheme were established for this purpose.
- One of the trusts, being the Patient Care and Passionate People Trust ("PCT") was established for the benefit of Netcare employees. The PCT has previously allocated Shares to Netcare employees in various tranches and still has 61 050 000 unallocated Shares, including 19 995 835 Shares received as a beneficiary of the Physician Partnerships Trust ("PPT"), which was created for the benefit of healthcare professionals, including doctors, registrars, academics, nurses and allied medical professionals.
- Netcare and the trustees of the PCT have approved a resolution to allocate the 61 050 000 currently unallocated Shares within the HPFL B-BBEE Scheme to 20 350 permanent Netcare employees (excluding executives) of which 80% are black and 65% are black women ("the Beneficiaries").

- Each Beneficiary will receive an equal allotment of 3 000 Shares which will be allocated at a 20% discount to the 15 day VWAP on 15 October 2019 with no forfeiture conditions, and Beneficiaries will be entitled to 20% of dividends from the date of Allocation. The Allocation will be funded through an interest-bearing notional debt structure and has a waiting period of ten years, whereafter the value of the Shares less any outstanding notional funding balance at that time will be delivered to Beneficiaries in the form of Netcare shares.
- The Allocation is aligned with the initial approvals granted by shareholders for the HPFL B-BBEE Scheme and the Amendments do not require shareholder approval given that this is an extension of an existing scheme and does not involve the issue of any new Shares.

### **3. Impact on financial information**

The Allocation, as contemplated in the HPFL B-BBEE Scheme, results in an upfront once off non-cash IFRS2 charge of approximately R348 million for Netcare, which non-cash charge will be recognised in the 2020 financial year. The dividend payable to Beneficiaries will have a negligible annual impact on Netcare's future earnings per share.

Further detail will be provided at the time of the release of Netcare's audited Group results for the year ended 30 September 2019 on Monday, 18 November 2019.

The information provided in this voluntary announcement has not been reviewed or reported on by Netcare's external auditors.

Sandton

16 October 2019

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