

M E R G E N C E

The Board of Life Healthcare Group Holdings
21 Chaplin Road
Illovo
Johannesburg
2196

18 January 2016

Mergence Voting at the 27 January 2016 AGM of Life Healthcare Group Holdings

To the Chairman of the Board,

Mergence Investment Managers represents clients who hold an aggregate 175 407 shares in Life Healthcare Group Holdings.

We would like to inform you of Mergence Investment Managers decision to vote "against" Ordinary Resolution 4, at the Life Healthcare Group Holdings - AGM on 27 January 2016 and our reasons for this vote.

This vote is in accordance with Mergence's proxy voting guidelines¹ as highlighted below.

"**Against**" vote on Ordinary Resolution 4 is based on the following:

We view the 2015 and 2016 long-term incentive plan (LTIP) performance measure of EBIT as inappropriate at a time when the company is growing through investments outside South Africa that are funded by increasing company borrowings. We view earnings per share (EPS) as a more appropriate performance measure as this will take into account the interest costs incurred in growing earnings through acquisitions.

We are happy to engage on our reasons for these vote as well as any other issues of corporate governance with the board or management at any time.

Kind Regards



Izak van Niekerk
Equity Analyst

¹ Mergence's Proxy Voting Guidelines are available on request.

