

Abridged version of the invitation to the Annual General Meeting with agenda from 24 April 2017

Report of the Board of Management on Agenda Item 6 (Authorisation to purchase and to use treasury shares pursuant to section 71 (1) no. 8 of the AktG also to the exclusion of subscription rights [in accordance with] section 186 (4) sentence 2 in conjunction with section 71 (1) no. 8 sentence 5 of the AktG)

The Board of Management hereby submits a report on Agenda Item 6 in accordance with section 186 (4) sentence 2 in conjunction with section 71 (1) no. 8 sentence 5 of the AktG . The report, as an integral part of this Invitation, is accessible at the Internet address <http://www.rhoen-klinikum-ag.com/hv> and shall be available for inspection during the Annual General Meeting:

Agenda Item 6 contains the proposal to authorise the Company to purchase treasury shares up to an amount equal to no more than 10% of the current registered share capital in the period from the date of adoption of the resolution until 31 December 2021. Most recently, (i) the Annual General Meeting of 13 June 2012 had resolved on an authorisation to purchase and to use treasury shares in accordance with section 71 (1) no. 8 of the AktG which was limited to a term running until 31 December 2013 and which was not exercised, and (ii) the Annual General Meeting of 12 June 2014 had resolved on an authorisation to purchase and to use treasury shares in accordance with section 71 (1) no. 8 sentence 6 of the AktG for the purpose of redemption which was limited to a term running until 31 December 2015 and which was exercised in October 2015 to the extent of roughly 9%. Accordingly, the Company currently does not have any authorisation to purchase and to use treasury shares pursuant to section 71 (1) no. 8 of the AktG.

Purchase of treasury shares

At this year's Annual General Meeting, the Board of Management is to be issued a new authorisation to purchase treasury shares subject to the consent of the Supervisory Board pursuant to section 71 (1) no. 8 of the AktG. By the new authorisation to purchase treasury shares, the Company is to be enabled, until 31 December 2021, to purchase treasury shares in an amount equal to 10% of the registered share capital and thus to avail itself of the statutory scope applying to such authorisations.

At the election of the Board of Management, purchases may be effected either on the stock market or by way of a public purchase offer addressed to all shareholders. If repurchases of the shares are effected via the stock market, the purchase price per share (excluding ancillary purchase costs) may not be more than 5% higher or lower than the weighted average market price on the Frankfurt Stock Exchange as determined based on the arithmetic mean of the closing auction prices of the RHÖN-KLINIKUM share in XETRA trading (or on any comparable trading system substituting XETRA) for the three trading days immediately preceding the purchase of the share.

If a public purchase offer is executed, the acceptance notices shall be considered based on shareholding ratios through notification of the tender rights attributable to the shareholding as well as any tender rights additionally acquired by other shareholders. During the acceptance period, stock exchange trading in tender rights may be established.

Use of treasury shares

The Board of Management is to be authorised, subject to the consent of the Supervisory Board, to redeem treasury shares of the Company without the execution of the redemption requiring a further resolution by the Annual General Meeting, and to reduce the registered share capital in the simplified procedure by the pro rata amount of the registered share capital attributable to the redeemed shares and to amend the number of shares stated in the Articles of Association according to the extent to which the capital reduction by redemption is executed. The shares repurchased may also be redeemed by the Board of Management, subject to the consent of the Supervisory Board, in the simplified procedure without a capital reduction by adjusting the pro rata notional nominal amount of the remaining non-par shares in the Company's registered share capital. In the latter case, the Board of Management is hereby authorised to adjust the stated number of non-par shares in the Articles of Association. There are currently no specific plans to exercise such authorisation.

The authorisation shall also cover the use or sale of treasury shares as further described hereinafter, particularly to the extent such use or sale is made in conjunction with an exclusion of the shareholders' subscription right.

The Board of Management is to be enabled to offer and transfer treasury shares, subject to the consent of the Supervisory Board, against non-cash contributions, and to thus use the same as consideration in the context of business combinations or as consideration for the (also indirect) acquisition of companies, businesses, company divisions, equity interests or other assets or claims to acquisition of assets including claims against the Company or its group subsidiaries. The authorisation proposed for this reason is to strengthen RHÖN-KLINIKUM AG in competing for attractive acquisitions and to enable it to respond to opportunities to acquire such assets as they arise, flexibly and without adversely impacting the Company's liquidity position, through the use of treasury shares. This is duly taken account of by the proposed exclusion of the shareholders' subscription right. The decision as to whether and to what extent treasury shares are to be used as an acquisition currency in

the individual case shall be made by the Board of Management, with the latter to be guided in such decision solely by the interests of the shareholders and of the Company. When determining valuation ratios the Board of Management shall ensure that the interests of the shareholders are duly safeguarded. In this connection, the Board of Management shall take account of the market price of the RHÖN-KLINIKUM share. However, there are no plans to apply any fixed formula relating to a market price, particularly so as to exclude the possibility of any negotiation results achieved being called into question again by fluctuations in the market price. There are currently no specific plans to exercise such authorisation.

It is moreover to be possible, subject to the consent of the Supervisory Board, to sell purchased treasury shares also against cash payment with exclusion of the subscription right, for example to one or more institutional investors or to expand the investor base. The requirement for such sale is that the sale price is not substantially lower than the market price of a RHÖN-KLINIKUM share. The possibility of selling repurchased treasury shares against cash payment excluding the shareholders' subscription right serves the interest of the Company in obtaining the best possible price when selling the treasury shares. Exclusion of the subscription right enables a placement close to the market price so that the discount customary for subscription rights issues does not apply. Compared with a gradual, staggered sale of the shares via the stock market, this approach results in an immediate inflow of capital and avoids the uncertainties for the total purchase price obtained associated with the future development of the stock market. The Company is put in a position to avail itself quickly, flexibly and cost-effectively of the opportunities arising from the prevailing stock market conditions. The nominal share in the registered share capital attributable to the shares sold subject to such facilitated exclusion of subscription rights may not exceed 10% in total of the registered share capital existing when the resolution of the Annual General Meeting is adopted or existing when the authorisation is exercised, whichever is lower. Orientation of the selling price on the market price takes account of the principle of dilution protection, and the asset and voting rights interests of the shareholders are duly safeguarded. The Management – giving due regard to the currently prevailing stock market situation – shall endeavour to keep any discount on the stock market price as low as possible. The shareholders in principle have the possibility of maintaining their participation ratio by purchasing RHÖN-KLINIKUM shares via the stock market on similar terms and conditions, whilst the Company is afforded greater latitude to act in the interests of the shareholders. There are currently no specific plans to exercise such authorisation.

The proposed authorisation ensures that the number of treasury shares issued in accordance with Agenda Item 6 subject to facilitated exclusion of subscription rights by analogous application of section 186 (3) sentence 4 of the AktG, together with other shares which were issued or sold by direct or analogous application of this provision, during the term of the authorisation up to the time when it is exercised, shall not exceed the limit of 10% of the registered share capital neither at the time of the resolution of the Annual General Meeting being adopted nor at the time of the authorisation being exercised.

The Board of Management will report to the Annual General Meeting on the authorisation being exercised.