

AdBEE (RF) Limited

(Incorporated in the Republic of South Africa)

(Registration number 2015/054070/06)

Share code: ADE

ISIN: ZAE000204897

PLACING DOCUMENT

The definitions and interpretations commencing on page 2 of this placing document apply throughout this placing document.

Prepared in terms of the Listings Requirements of the JSE relating to a subscription for between 25 718 428 and 51 436 856 AdBEE securities in accordance with a scheme of arrangement in terms of section 114 of the Act, proposed by the Adcock board between Adcock, Ad-izinyosi and the holder of Adcock ordinary shares (other than treasury shares) to which AdBEE is a party.

2015

Expected date of listing the AdBEE securities on the JSE and the date from which trading in the AdBEE securities will commence	20 July
Record date of the scheme at the close of business	24 July
Expected date from which the AdBEE securities will be made available or posted to certificated scheme participants (if documents of title are received on or prior to the record date of the scheme) or, failing that, within five business days of receipt of the relevant documents of title by the transfer secretaries	27 July
Dematerialised scheme participants will have the AdBEE securities credited to their account held at their CSDP or broker	27 July
Operative date of the scheme at the commencement of business	27 July

AdBEE securities will only be issued to scheme participants registered as such on the record date of the scheme in accordance with the terms of the scheme. Scheme participants should ensure that they understand fully the nature of the AdBEE securities and the extent of their exposure to risks, and that they consider the suitability of AdBEE securities as an investment in light of their own circumstances and financial position. The JSE's approval of the listing of the AdBEE securities should not be taken in any way as an indication of the merits of the scheme or the issue of the AdBEE securities. The JSE takes no responsibility for the contents of this placing document or the annual report (as amended or restated from time to time) or the amendments to the annual report, makes no representation as to the accuracy or completeness of any of the foregoing documents and expressly disclaims any liability for any loss arising from or in reliance upon the whole or any part of the placing document or the annual report (as amended or restated from time to time). The JSE has not verified the accuracy and truth of the contents of the placing document and that to the extent permitted by law, the JSE will not be liable for any claim of whatever kind. Claims to the JSE Guarantee Fund may only be made in respect of trading the AdBEE securities on the JSE and in accordance with the terms of the rules of the Guarantee Fund, and can in no way relate to the issue of the AdBEE securities.

Date of posting: 28 May 2015

**Merchant bank, financial adviser
and sponsor to Adcock**



**Corporate law advisers
to Adcock**



Sponsor to AdBEE



**Corporate law advisers and
trustee to AdBEE**



Prospective purchasers of any securities should ensure that they fully understand the nature of the securities and the extent of their exposure to risks, and that they consider the suitability of the securities as an investment in the light of their own circumstances and financial position. Specialist securities involve a high degree of risk, including the risk of losing some or a significant part of their initial investment. Potential investors should be prepared to sustain a total loss of their investment in such securities. The securities represent general, unsubordinated, contractual obligations of the issuer and rank *pari passu* in all respects with each other. Purchasers are reminded that the securities constitute obligations of the issuer only and of no other person. Therefore, potential purchasers should understand that they are relying on the credit worthiness of the issuer.

At the date of listing, the authorised share capital of AdBEE will comprise 1 000 ordinary shares and one redeemable preference share. The issued share capital of AdBEE will comprise 1 ordinary share and one redeemable preference share. In addition there will be a maximum of 51 436 856 listed AdBEE securities if the scheme is approved by the scheme members.

The AdBEE securities are asset backed securities in terms of the JSE Listings Requirements and when issued will rank *pari passu* with one another. The AdBEE securities will be issued on a one-for-one basis to the scheme participants in return for their scheme shares and will be secured by the pledge.

The JSE has granted AdBEE a listing of a maximum of 51 436 856 AdBEE securities, in the “Specialist Securities – Other Securities” sector as an Asset Backed Security under the name “ADE” subject to the suspensive conditions as set out in the scheme circular. It is anticipated that the listing will be effective as from the commencement of business on 20 July 2015.

The AdBEE securities will only be traded in electronic form and accordingly all securities holders who receive certificated AdBEE securities will have to dematerialise their certificated AdBEE securities should they wish to trade on the JSE.

All the directors of AdBEE, Ad-izinyosi and Adcock, whose names are set out herein, collectively and individually, accept full responsibility for the accuracy of the information given as they pertain to each of AdBEE, Ad-izinyosi and Adcock and certify that, to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement false or misleading and that they have made all reasonable enquiries to ascertain such facts and that this placing document contains all information required by law and the JSE Listings Requirements. AdBEE accepts full responsibility for the accuracy of the information contained in the placing document or any supplements from time to time, except as otherwise stated therein.

Each of the investment bank and transaction adviser, sponsor, corporate law advisers, reporting accountants and the transfer secretaries have consented in writing to act in the capacity stated and to its name being stated in this placing document and has not withdrawn its consent prior to the publication of this placing document.

An abridged version of this placing document will be released on SENS on Monday, 13 July 2015.

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Documents incorporated by reference and available for inspection:

Financial information on Adcock, available on the website (www.adcock.com/Investors/FinancialReports)

The financial information of AdBEE will be available on Adcock's website (www.adcock.com/Investors/AdBEE/FinancialReports) once listed and the financial results are distributed

DEFINITIONS AND INTERPRETATIONS

In this placing document and its annexures, unless otherwise stated or the context otherwise indicates, the words in the first column shall have the meanings stated opposite them in the second column and words in the singular shall include the plural and *vice versa*, words importing natural persons shall include corporations and associations of persons and an expression denoting any gender shall include the other genders.

“Act”	the Companies Act, 71 of 2008, as amended;
“AdBEE”	Friedshelf 1651 Proprietary Limited, in the course of being renamed and converted to AdBEE (RF) Limited (registration number 2015/054070/06), a public company duly incorporated and registered under the laws of South Africa on 23 February 2015, established for the sole purpose of issuing and owing the AdBEE securities;
“AdBEE resolute condition”	the resolute condition stipulated for AdBEE’s benefit as set out in paragraph 8.1.2 of this placing document;
“AdBEE security”	an AdBEE security listed on the main board of the JSE in the “Specialist Securities – Other Securities” sector as an Asset Backed Security, under the name “ADE” obliging AdBEE to pay each securities holder the <i>pro rata</i> portion of the settlement or distribution received by AdBEE in settlement of or pursuant to the Ad-izinyosi indebtedness, as soon as possible after receipt of such settlement or distribution;
“Adcock” or “the company”	Adcock Ingram Holdings Limited (registration number 2007/016236/06), a public company duly incorporated and registered under the laws of South Africa;
“Adcock A ordinary shares” or “A ordinary shares”	automatically convertible A ordinary shares in Adcock with a par value of 10 cents each;
“Adcock B ordinary shares” or “B ordinary shares”	automatically convertible B ordinary shares in Adcock with a par value of 10 cents each;
“Adcock members” or “members”	the registered holders of Adcock shares;
“Adcock ordinary shares” or “ordinary shares”	ordinary shares in Adcock with a par value of 10 cents each (it being recorded that such shares do not include the Adcock A ordinary shares or the Adcock B ordinary shares, which shares are of different classes);
“Adcock shares”	collectively, Adcock ordinary shares, Adcock A ordinary shares and Adcock B ordinary shares;
“Ad-izinyosi”	Friedshelf 1652 Proprietary Limited in the course of being renamed Ad-izinyosi (RF) Proprietary Limited (registration number 2015/066155/07), a private company duly incorporated and registered under the laws of South Africa, established for the sole purpose of owning the Adcock ordinary shares;
“Ad-izinyosi indebtedness”	subject to the AdBEE and Ad-izinyosi resolute conditions the indebtedness (given in ideration for the assumption by AdBEE of the Ad-izinyosi obligation) of Ad-izinyosi to AdBEE being the obligation to pay by not later than the 1st business day after the specified date the calculated value per scheme share multiplied by between 25 718 428 and 51 436 856 to AdBEE. Settlement will either be in cash in full or partly in cash and partly by the delivery of the requisite scheme shares. Ad-izinyosi shall be entitled to settle the Ad-izinyosi indebtedness in full prior to the specified date by paying the calculated value multiplied by between 25 718 428 and 51 436 856 but only in cash. At the operative date the Ad-izinyosi indebtedness will have an aggregate minimum value of R1 337 358 256 and an aggregate maximum value of R2 674 716 512 before any adjustments that may be made to the minimum price and the maximum price;

“Ad-izinyosi obligation”	the obligation of Ad-izinyosi to each scheme participant, in terms of the scheme, to deliver to the scheme participant one AdBEE security for each scheme share, which obligation will be delegated by Ad-izinyosi to AdBEE in exchange for the assumption by Ad-izinyosi of the Ad-izinyosi indebtedness (as a result of which AdBEE will be liable to the scheme participants by way of the AdBEE securities);
“Ad-izinyosi resolute condition”	the resolute condition stipulated for Ad-izinyosi’s benefit as set out in paragraph 8.1.1 of this placing document;
“Banks Act”	the Banks Act, 94 of 1990;
“BDH Group”	BDH Group Proprietary Limited (registration number 2006/020916/07), a private company duly incorporated and registered under the laws of South Africa;
“Blue Falcon”	Blue Falcon 69 Trading Proprietary Limited (registration number 2009/016091/07), a private company duly incorporated and registered under the laws of South Africa;
“Bophelo Trust”	the trustees for the time being of Mpho ea Bophelo Trust (Master’s number IT 330/2010), a trust duly registered under the laws of South Africa acting in their capacity as such;
“broker”	any person registered as a “broking member (equities)” in terms of the Rules of the JSE made in accordance with the provisions of the Financial Markets Act, as amended;
“business day”	any day other than a Saturday, Sunday or official public holiday in South Africa;
“calculated value”	the value of an Adcock share on the JSE calculated on a rolling 30-day traded volume weighted average price of the Adcock shares immediately preceding the transaction end date, but not less than the minimum price even if the value so determined is less than the minimum price nor more than the maximum price if the value so determined is more than the maximum price;
“call options”	the listed call options entitling the holders thereof to subscribe, in the aggregate, for 8 million Adcock shares at the strike price (as evidenced, in the case of certificated scheme participants, by nil paid renounceable letters of allocation), issued to scheme participants in accordance with the table of entitlements set out in Annexure B, as explained in detail in the scheme circular;
“cancel” or “cancellation”	terminate or termination where that is appropriate in the context;
“cents”	South African cents in the official currency of South Africa;
“certificated scheme participants”	scheme participants who hold certificated shares;
“certificated shares”	shares, other than dematerialised shares;
“CGT”	Capital Gains Tax as levied in terms of the Income Tax Act, 58 of 1962, as amended;
“CIH”	CIH Projects Proprietary Limited (registration number 2012/211864/07), a private company duly incorporated and registered under the laws of South Africa, a wholly-owned subsidiary of Community Investment Holdings Proprietary Limited;
“closing date”	the 4th anniversary of the transaction end date, but if the specified date is extended, then it shall be the 4th anniversary of the extended specified date;
“common monetary area”	South Africa, the Republic of Namibia and the Kingdoms of Lesotho and Swaziland;
“core shareholders”	Blue Falcon, Bophelo Trust, CIH and BDH Group;
“CSDP”	Central Securities Depository Participant, accepted as a participant in terms of the Financial Markets Act, as amended;

“dematerialised scheme participants”	scheme participants who hold dematerialised shares;
“dematerialised shares”	those shares that have been dematerialised through a CSDP or broker and are held on Adcock’s sub-registers of members administered by CSDPs in electronic form;
“dispute resolution process”	if any decision or determination by the auditors contemplated in the scheme is not accepted by Adcock, by giving the auditors written notice to that effect within one business day after the relevant decision or determination by the auditors is communicated to Adcock, an independent firm of merchant bankers nominated by Adcock shall, within not more than a further two business days make the necessary decision or determination, as the case may be, for which purpose the independent firm of merchant bankers in question shall act as an expert and not as an arbitrator, its decision being final and binding on Ad-izinyosi, AdBEE, the securities holders and Adcock, or as the holders of the call options and Adcock, as the case may be. The costs of the merchant bankers shall be borne by Adcock;
“dividend distribution”	any distribution made by Adcock to its shareholders, excluding Ad-izinyosi, during the transaction period in accordance with its normal distribution policy, which could include distributions from Adcock’s share premium account in terms of Adcock’s normal distribution policy;
“documents of title”	valid share certificate(s), share statements, certified transfer deed(s), balance receipts or any other documents of title acceptable to Adcock in respect of Adcock shares;
“emigrant”	any emigrant from the common monetary area whose address is outside the common monetary area;
“Exchange Control Regulations”	the Exchange Control Regulations, 1961, as amended, made in terms of section 9 of the Currency and Exchanges Act, 9 of 1933, as amended;
“final date”	the date on which the scheme becomes unconditional and binding, which final date is expected to be Friday, 10 July 2015;
“fixed interest”	<p>if Ad-izinyosi pays the Ad-izinyosi indebtedness:</p> <ol style="list-style-type: none"> 1. (or the relevant part thereof, if the Ad-izinyosi resolute condition is waived only in part) on or after the specified date but before the 2nd business day after the specified date, the amount of interest (which shall accrue on the 1st business day after the specified date being the date upon which the calculated value is ultimately determinable) calculated on the Ad-izinyosi indebtedness (or the relevant part thereof, if the Ad-izinyosi resolute condition is waived only in part) for one day namely the 1st business day after the specified date at a rate equal to the overnight call rate of Nedbank applicable on the 1st business day after the specified date in respect of money deposited with Nedbank on overnight call; 2. prior to the specified date, the amount of interest (which shall accrue on the 1st business day, succeeding the transaction end date being the date upon which the calculated value is ultimately determinable) calculated on the Ad-izinyosi indebtedness for one day, namely the 1st business day after the transaction end date at a rate equal to the overnight call rate of Nedbank applicable on the 1st business day after the transaction end date in respect of money deposited with Nedbank on overnight call. <p>In the event of any dispute, the overnight call rate shall be certified by any manager of Nedbank whose appointment need not be proved;</p>
“Financial Markets Act”	the Financial Markets Act, 19 of 2012, as amended from time to time;
“general meeting”	the meeting of Adcock members to be held at Adcock offices, at 1 New Road, Midrand, Gauteng, South Africa at 10:00, on Friday, 10 July 2015 for the purposes of considering, and if deemed fit, passing the resolution contained in the notice of general meeting;

“Group”	Adcock, its subsidiaries, joint ventures and associate companies from time to time;
“HDI”	historically disadvantaged individuals;
“JSE”	as the context requires, either JSE Limited (registration number 2005/022939/06), a public company duly incorporated and registered in accordance with the laws of South Africa and licensed to operate an exchange under the Financial Markets Act, or the securities exchange operated by that company;
“last practicable date”	Thursday, 21 May 2015, the last practicable date before this placing document was finalised;
“maximum price”	<p>R72.00 per scheme share adjusted:</p> <ol style="list-style-type: none"> 1. downwards on a rand-for-rand basis per scheme share by the amount of a specified distribution per Adcock share received by a securities holder (and if the distribution is <i>in specie</i> the value of the assets per Adcock share so distributed shall be determined by the auditors); 2. downwards by the amount of the rights offer value in respect of any rights offer deemed to have been renounced by Ad-izinyosi to AdBEE and onward renounced by AdBEE to the securities holders registered on the record date for the relevant rights offer; 3. upwards or downwards as the auditors from time to time determine if the issued share capital and/or share premium of Adcock is increased (but excluding any increase in the issued share capital by reason of the exercise of the call options) or reduced or otherwise restructured during the transaction period from that prevailing on the operative date for any other reason other than a dividend distribution and other than an issue of shares in consideration for the acquisition of one or more assets by Adcock. <p>For purposes of the adjustment the auditors shall act as experts and not as arbitrators, their decision being final and binding subject to the dispute resolution process on Ad-izinyosi, AdBEE, the securities holders and Adcock;</p>
“minimum price”	<p>R52.00 per scheme share adjusted:</p> <ol style="list-style-type: none"> 1. downwards on a rand-for-rand basis per scheme share by the amount of a specified distribution per Adcock share received by the securities holders (and if the distribution is <i>in specie</i> the value of the assets per Adcock share so distributed shall be determined by the auditors); 2. downwards by the amount of the rights offer value in respect of any rights offer deemed to have been renounced by Ad-izinyosi to AdBEE and onward renounced by AdBEE to the securities holders registered on the record date for the relevant rights offer; 3. upwards or downwards as the auditors from time to time determine if the issued share capital and/or share premium of Adcock is increased (but excluding any increase in the issued share capital by reason of the exercise of the call options) or reduced or otherwise restructured during the transaction period from that prevailing on the operative date for any other reason other than a dividend distribution and other than an issue of shares in consideration for the acquisition of one or more assets by Adcock. <p>For purposes of the adjustment the auditors shall act as experts and not as arbitrators, their decision being final and binding subject to the dispute resolution process on Ad-izinyosi, AdBEE, the securities holders and Adcock;</p>

“ <i>mora</i> interest”	<p>the amount of interest at a rate equal to the overnight call rate in force from time to time of Nedbank in respect of money deposited with Nedbank on overnight call, which shall accrue from the 2nd business day after the default on:</p> <ol style="list-style-type: none"> 1. the Ad-izinyosi indebtedness or portion not paid, if Ad-izinyosi does not settle to AdBEE and/or the trustee the Ad-izinyosi indebtedness before the 2nd business day after the specified date; and/or 2. the fixed interest if Ad-izinyosi does not pay the fixed interest to AdBEE and/or the trustee before the 2nd business day after the specified date unless the Ad-izinyosi indebtedness is settled in full prior to the specified date in which event it shall accrue on the fixed interest if Ad-izinyosi does not pay the fixed interest before the 4th business day after the transaction end date. In the event of dispute the rate shall be certified by any manager of Nedbank whose appointment need not be proved;
“Nedbank”	Nedbank Limited (registration number 1951/000009/06), a public company duly incorporated and registered under the company laws of South Africa and registered as a bank in terms of the Banks Act;
“operative date”	the business day immediately following the record date of the scheme, which operative date is expected to be Monday, 27 July 2015;
“placing document”	this bound document and all its annexures to be issued to Adcock shareholders on 28 May 2015;
“pledge”	the pledge of the scheme shares by Ad-izinyosi in favour of AdBEE to secure the Ad-izinyosi indebtedness, the terms of which are set out in paragraph 12 of part 2 of the scheme circular;
“rand”	the South African rand, the official currency of South Africa;
“the record date of the scheme”	the close of business on the Friday (or if that Friday is not a business day, the immediately preceding business day) at least five business days following the final date, which record date will be Friday, 24 July 2015 if the final date is Friday, 10 July 2015;
“relationship agreement”	the agreement entered into on or about 14 May 2015 between Adcock, Ad-izinyosi, the core shareholders, and their associate shareholders, to regulate the relationship between Adcock and Ad-izinyosi, as amended;
“the remaining Adcock shares”	in respect of each scheme participant its/his shares in the issued share capital of Adcock on the record date of the scheme excluding its/his scheme shares;
“the requisite scheme shares”	the relevant number of scheme shares the value of which, calculated on a rolling 30-day traded volume weighted average price on the JSE, for the period immediately before the specified date, is equal to the calculated value multiplied by between 25 718 428 and 51 436 856 less the amount of the payment in cash;
“resolutive conditions”	collectively, the AdBEE resolutive condition and the Ad-izinyosi resolutive condition;
“rights offer”	any rights offer made by Adcock during the transaction period, excluding the call options;
“rights offer value”	the value of a renounceable letter of allocation issued by Adcock in respect of a holding of one Adcock share for a rights offer calculated on the traded volume weighted average price on the JSE of the renounceable letter of allocation in question for the last seven business days of trading in the renounceable letters of allocation. To the extent that the renounceable letters of allocation are not listed on the JSE the value will be determined by the auditors. For the purposes of this definition the auditors shall act as experts and not as arbitrators, their decision being final and binding subject to the dispute resolution process on Ad-izinyosi, AdBEE, the securities holders and Adcock;
“SARS”	the South African Revenue Service;

“the scheme”	the scheme of arrangement in terms of section 114 of the Act contained in the scheme circular;
“the scheme circular”	the circular issued to Adcock members dated 28 May 2015;
“the scheme consideration”	the consideration payable by Ad-izinyosi to the scheme participants, being one AdBEE security for every scheme share disposed of in terms of the scheme;
“the scheme meeting”	the meeting of scheme members in terms of section 115 of the Act, to be held at 10:30 (or immediately after the conclusion of the general meeting if that is later) on Friday, 10 July 2015, or any adjournment thereof (the time and date of which will be advised in the press) at which scheme members will consider and vote on the scheme;
“the scheme members”	the persons registered as members of Adcock, other than the designated subsidiary, on the voting record date who are entitled to attend and vote at the scheme meeting;
“the scheme participants”	members of Adcock, other than the designated subsidiary, registered as such on the record date of the scheme, who are entitled to receive the scheme consideration and call options;
“the scheme shares”	between 25 718 428 and 51 436 856 Adcock shares, being between approximately 15% and 30% of the Adcock shares held by the scheme participants (calculated in accordance with the table of entitlements set out in Annexure B to this document), on the record date of the scheme which, upon the scheme becoming operative, will be acquired by Ad-izinyosi, will not participate in any dividend distributions during the transaction period, but will participate in the specified distributions and rights offers during the transaction period subject to the obligations contained in the scheme to renounce same to AdBEE for onward renunciation to the securities holders;
“securities holders”	the registered holders of the AdBEE securities which will initially be the scheme participants;
“securities transfer tax”	securities transfer tax as levied under the Securities Transfer Tax Act, 25 of 2007;
“SENS”	the Stock Exchange News Service of the JSE;
“South Africa”	the Republic of South Africa;
“specified date”	<p>the 1st business day following the 4th anniversary of the operative date unless the transaction is cancelled from the beginning prior to that or unless the specified date shall be extended for a maximum of one year in the aggregate by:</p> <ol style="list-style-type: none"> 1. the board of directors of AdBEE giving written notice, 30 business days prior to the specified date to Ad-izinyosi and Adcock by hand delivered letter that it has elected to extend the transaction end date to a date specified in the notice; 2. Ad-izinyosi giving written notice 28 business days prior to the specified date by hand delivered letters to Adcock and AdBEE, agreeing to such extension; and 3. the approval of such extension by securities holders holding not less than 75% by market value present and voting of the AdBEE securities, once such extension has been approved by Ad-izinyosi and the AdBEE directors, <p>in which case the specified date shall be such extended date;</p>
“specified distribution”	any distribution made by Adcock to its shareholders including Ad-izinyosi, from time to time during the transaction period which is not a dividend distribution;
“Strate”	an electronic settlement environment for transactions to be settled and transfer of ownership to be recorded electronically, managed by Strate Proprietary Limited;

“strike price”	R72.00 per Adcock share which will be allotted and issued if the call option is exercised, adjusted as the auditors determine (acting as experts and not as arbitrators, their decision being final and binding subject to the dispute resolution process on the holders of the call options and Adcock) if during the transaction period the issued share capital and/or share premium of Adcock is increased or reduced by way of a share split or share consolidation from that prevailing on the operative date (other than by reason of the exercise of the call options);
“suspensive conditions”	the suspensive conditions referred to in paragraph 11 of part 2 of the scheme in the scheme circular;
“transaction”	all the transactions contemplated by the scheme, but excluding the issue of the call options;
“the transaction end date”	the earlier of: <ol style="list-style-type: none"> 1. the specified date; and 2. the date prior to the specified date upon which Ad-izinyosi makes payment only in cash (but not by any other method) of the calculated value multiplied by the number of scheme shares, to AdBEE in settlement of the Ad-izinyosi indebtedness, unless the unwind date shall occur, in which event the transaction end date shall never arise for the purposes of the scheme;
“transaction period”	the period commencing on the operative date and ending on the transaction end date, both dates inclusive;
“transfer secretaries”	Computershare Investor Services Proprietary Limited (registration number 2004/003647/07), a private company duly incorporated and registered under the laws of South Africa;
“TRP”	the South African Takeover Regulation Panel established in terms of section 196 of the Act;
“trustee”	Edward Nathan Sonnenbergs Inc, or its successor;
“unwind date”	the date upon which the AdBEE resolute condition is fulfilled unless prior to the fulfilment of the AdBEE resolute condition, the board of directors of AdBEE notifies Adcock and Ad-izinyosi in writing, by hand delivered letters, that it has waived the AdBEE resolute condition as regards that particular drop below the unwind hurdle price;
“unwind hurdle price”	R36.00 per Adcock ordinary share adjusted downwards on a rand-for-rand basis by the amount of a specified distribution per Adcock share (and if the distribution is in specie the value of the assets per Adcock share so distributed shall be determined by the auditors), or adjusted as the auditors determine if the issued share capital and/or share premium of Adcock is increased but excluding any increase in the issued share capital by reason of the exercise of the call options or reduced or otherwise restructured during the transaction period from that prevailing on the operative date for any other reason, other than a dividend distribution and other than an issue of shares in consideration for the acquisition of one or more assets by Adcock. The auditors shall act as experts and not as arbitrators, their decision being final and binding subject to the dispute resolution process on Ad-izinyosi, AdBEE, the securities holders and Adcock;
“the voting record date”	the close of business on the Friday (or if that Friday is not a business day, the immediately preceding business day) at least five business days following the last day to trade in order to be registered as an Adcock member on the voting record date, which voting record date is expected to be Friday, 3 July 2015;

CORPORATE INFORMATION RELATING TO AdBEE, AD-IZINYOSI AND ADCOCK

Company Secretary and Registered Office of:

AdBEE

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1 New Road
Midrand
1682

Adcock

NE Simelane
1 New Road
Midrand
1682

Directors of AdBEE

Mr C Raphiri
Mr M Makwana
Dr T Lesoli

Directors of Ad-izinyosi

Dr A Mokgokong
Ms B Letsoalo
Advocate W Huma
Dr M Molefi

Investment bank and financial adviser to AdBEE

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

Transfer secretaries to AdBEE

Computershare Investor Services Proprietary Limited
(Registration number 2004/003647/07)
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Ad-izinyosi

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Directors of Adcock

Mr B Joffe* (*Chairman*)
Mr K Wakeford (*Chief Executive Officer*)
Mr A Hall
Prof M Haus*
Dr T Lesoli*
Mr M Makwana*
Dr A Mokgokong*
Mr R Morar*
Mr L Ralphs*
Mr C Raphiri*
Mr M Sacks*
Dr R Stewart*

* Non-executive

Sponsor to AdBEE

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Corporate law advisers to AdBEE

Edward Nathan Sonnenbergs Inc
(Registration number 2006/018200/21)
150 West Street
Sandton
Johannesburg 2196
(PO Box 783347, Sandton, 2146)

Trustee for the securities holders

Edward Nathan Sonnenbergs Inc
(Registration number 2006/018200/21)
150 West Street
Sandton
Johannesburg 2196
(PO Box 783347, Sandton, 2146)

SALIENT FEATURES

The definitions and interpretations commencing on page 2 have been used in the following salient features:

1. INTRODUCTION

This introduction is intended as a summary of the scheme, as it pertains to the AdBEE securities and the holders thereof, and cannot be relied upon as a complete summary of the scheme. For a complete understanding of the scheme the scheme circular should be read in its entirety. For a complete understanding of the rights attaching to the AdBEE securities and the risks associated therewith the placing document should be read in its entirety.

The purpose of the scheme is for Ad-izinyosi to acquire between 25 718 428 and 51 436 856 Adcock shares, being approximately between 15% and 30% of the issued share capital of Adcock held by the scheme participants, in consideration for the AdBEE securities on a one for one basis for every scheme share acquired by Ad-izinyosi. Upon the scheme being implemented the scheme participants will become securities holders.

The securities holders are entitled to receive the Ad-izinyosi indebtedness, specified distributions and rights offers, which are explained more fully in paragraphs 4.1 to 4.3 below.

Securities holders are protected by AdBEE and Ad-izinyosi being restricted in their respective memorandum of incorporation in terms of section 15(2) of the Act, in that each of them cannot undertake any transactions of any nature whatsoever other than as envisaged by the scheme. Any transactions completed outside of these powers will be *ultra vires* and will therefore be void. Provision has been made that each of these companies cannot amend their memorandum of incorporation without the approval of the JSE and without the approval of the holders of the preference shares in each such company (which, in respect of Ad-izinyosi, are Adcock and AdBEE and, in respect of AdBEE, is Ad-izinyosi).

Securities holders are referred to paragraph 10 of the placing document which sets out the risks that have been identified with an investment in the AdBEE securities.

2. PURPOSE

AdBEE has been established for the specific purpose of issuing and owing the AdBEE securities to the securities holders who initially will be the scheme participants. The purpose of this placing document is to:

- provide the scheme participants and the market with information relating to AdBEE, its scope of operation and its directors;
- provide the scheme participants and the market with information relating to Ad-izinyosi, its scope of operation and its directors;
- provide the scheme participants and the market with information relating to the relationship between AdBEE, Ad-izinyosi and Adcock;
- provide the scheme participants and the market with information relating to the rights of the AdBEE securities;
- enable AdBEE to bring about the listing of the AdBEE securities;
- set out the salient dates, terms and times of the scheme and the resultant issue of the AdBEE securities; and
- set out the reported financial information for Adcock for the financial year ended 2014.

3. DETAILS OF THE SCHEME

3.1 Particulars of the scheme

The object of the scheme is to procure that Ad-izinyosi, a new broad-based empowerment entity owned by a consortium of prominent entrepreneurial black businesses, will become the registered owner of between 25 718 428 and 51 436 856 Adcock shares, being approximately between 15% to 30% of the issued share capital of Adcock, held by the scheme participants, to enable Adcock's BEE objectives to be realised. Scheme participants will receive AdBEE securities for their scheme shares disposed of in terms of the scheme. In addition, as an indivisible part of the scheme, but not as part of the scheme consideration, scheme participants will receive call options. The AdBEE securities will be settled by AdBEE as soon as reasonably possible after settlement of the Ad-izinyosi indebtedness (or portion thereof if the Ad-izinyosi resolute condition is fulfilled and waived only

in part) by Ad-izinyosi procuring the transfer of the same settlement to the securities holders or by AdBEE exercising its rights under the pledge.

The call options are more fully described in paragraph 3.1.2 of part 2 and annexure J of the scheme circular.

3.2 Salient dates of the scheme

	2015
Expected date of listing the AdBEE securities and the call options on the JSE and the date from which trading in the AdBEE securities and call options will commence	20 July
Expected date from which the AdBEE securities and the call options will be made available or posted to certificated scheme participants (if documents of title are received on or prior to the record date of the scheme) or, failing that, within five business days of receipt of the relevant documents of title by the transfer secretaries	20 July
Dematerialised scheme participants will have the AdBEE securities and call options credited to their account held at their CSDP or broker	20 July
Record date of the scheme at the close of business	24 July
Operative date of the scheme at the commencement of business	27 July
	2019
Expected date of settlement of the AdBEE securities to securities holders	29 July

3.3 Condition to the Listing

Application has been made to the JSE to list up to a maximum of 51 436 856 AdBEE securities in the “Specialist Securities – Other Securities” sector as an Asset Backed Security, under the name “ADE”. The listing is subject to the condition that the scheme is implemented. AdBEE will then meet the requirements of the JSE in respect of the requisite spread of securities holders.

4. SALIENT FEATURES OF THE AdBEE SECURITIES

The AdBEE securities, which are backed by the scheme shares in terms of the pledge, will rank *pari passu* with one another entitling the holders thereof to any settlement made in terms of the Ad-izinyosi indebtedness and the right to participate in any rights offers and specified distributions which will be renounced by Ad-izinyosi as set out below.

AdBEE shall be responsible for settlement and not the JSE nor any other exchange.

4.1 Entitlement to the Ad-izinyosi indebtedness

AdBEE will settle the AdBEE securities by distributing to the securities holders the settlement of the Ad-izinyosi indebtedness and the fixed interest, which will be settled in cash in full, or partly in cash and partly by the delivery of the requisite scheme shares, received from Ad-izinyosi as soon as possible after such settlement or if AdBEE becomes entitled to realise its security under the pledge, by exercising its rights as soon as possible pursuant thereto and delivering the scheme shares to the securities holders.

Ad-izinyosi is obliged to settle the Ad-izinyosi indebtedness by not later than the 1st business day after the specified date, subject to the resolute conditions. The Ad-izinyosi indebtedness shall bear the fixed interest and if the Ad-izinyosi indebtedness is not settled in full (or in part, if the Ad-izinyosi resolute condition is fulfilled and waived only in part), on the 1st business day after the specified date, the relevant part of the Ad-izinyosi indebtedness shall in addition bear *mora* interest, provided that the *mora* interest will be suspended if the dispute resolution process is evoked, from the day on which Adcock gives the auditors written notice to the effect that a decision or determination by the auditors is not accepted by Adcock, until the firm of merchant bankers makes the necessary decision or determination, both days inclusive. If the Ad-izinyosi indebtedness is settled by Ad-izinyosi prior to the specified date, the fixed interest shall be payable by Ad-izinyosi on the 2nd business day after the transaction end date, failing which the fixed interest shall attract *mora* interest.

4.2 Entitlement to specified distributions

As regards any specified distributions, Ad-izinyosi will be entitled to receive them as the holder of the scheme shares but will be deemed, during the transaction period, to have renounced them in favour of AdBEE, which will in turn onward renounce them to the securities holders. The maximum and minimum prices will be adjusted downwards on a rand-for-rand basis per scheme share by the amount of a specified distribution per Adcock share received by a securities holder (and if the distribution is *in specie* the value of the assets so distributed shall be determined by the auditors). The specified distributions will not be paid by Adcock to Ad-izinyosi but will be paid by Adcock as agent on behalf of Ad-izinyosi and AdBEE directly to the securities holders recorded in the register on the record date for the specified distribution in question.

4.3 Entitlement to rights offers

As regards rights offers, Ad-izinyosi will be entitled to receive them as the holder of the scheme shares but will be deemed, during the transaction period, to have renounced them in favour of AdBEE, which in turn will onward renounce them to the securities holders recorded in the registers and sub-registers of AdBEE on the record date for the rights offer. The maximum and minimum prices will be adjusted downwards by the rights offer value. Securities holders should note that this will be the case irrespective of whether or not individual securities holders sell or exercise their rights and accordingly should carefully consider as regards any rights offers whether to sell or exercise their rights. The letters of allocation in respect of any such rights offers will not be delivered by Adcock to Ad-izinyosi but will be delivered by Adcock as agent on behalf of Ad-izinyosi and AdBEE directly to the securities holders recorded in the register on the record date for the rights offers in question.

4.4 Entitlement to interest

The AdBEE securities will be interest-bearing in that:

- 4.4.1 they will receive (amongst themselves on a *pro rata* basis) interest equal to the fixed interest which shall accrue on date of receipt from Ad-izinyosi of the fixed interest, and if appropriate *mora* interest; plus
- 4.4.2 as regards any amount paid in cash by Ad-izinyosi to AdBEE, AdBEE shall invest same with Nedbank on overnight call until such time as same together with the interest accruing thereon, shall be paid to the securities holders, which shall be as soon as possible after receipt thereof by AdBEE. The overnight call rate of Nedbank in the event of any dispute shall be certified by any manager of Nedbank whose appointment need not be proved.

4.5 Voting rights

At a meeting of securities holders properly convened, a resolution put to the vote shall be decided by a poll based on the market value of the AdBEE securities. A 75% majority by market value of the AdBEE securities present and voting at the meeting shall be required to be voted in favour of any resolution. The result of such poll shall be deemed to be the resolution of the meeting.

In the event that AdBEE makes any changes to this placing document that affect the terms and conditions of the securities, other than changes which are of a formal, minor or technical nature or are made to correct a manifest error or to comply with mandatory provisions of the law, AdBEE must obtain approval from holders of AdBEE securities, holding not less than 75% of the market value of the AdBEE securities present and voting at a meeting convened for this purpose.

5. FURTHER COPIES OF THE PLACING DOCUMENT

Copies of the placing document can be obtained during normal business hours prior to the operative date of the scheme from the website (www.adcock.com) and/or the registered offices of AdBEE, Ad-izinyosi, Adcock and the transfer secretaries, the details of which are set out in the "Corporate information" section of this placing document.

AdBEE (RF) Limited

(Incorporated in the Republic of South Africa)

(Registration number 2015/054070/06)

Share code: ADE

ISIN: ZAE000204897

PLACING DOCUMENT

The definitions and interpretations commencing on page 2 have been used in the following placing document.

1. INTRODUCTION

This introduction is intended as a summary of the scheme, as it pertains to the AdBEE securities and the holders thereof, and cannot be relied upon as a complete summary of the scheme. For a complete understanding of the scheme the scheme circular should be read in its entirety. For a complete understanding of the rights attaching to the AdBEE securities and the risks associated therewith the placing document should be read in its entirety.

The purpose of the scheme is for Ad-izinyosi to acquire between 25 718 428 and 51 436 856 Adcock shares, being approximately between 15% and 30% of the issued share capital of Adcock held by the scheme participants, in consideration for the AdBEE securities on a one-for-one basis for every scheme share acquired by Ad-izinyosi. Upon the scheme being implemented the scheme participants will become securities holders.

The securities holders are entitled to receive the Ad-izinyosi indebtedness, specified distributions and rights offers, which are explained more fully in paragraphs 7.5.1 to 7.5.3 below.

Securities holders are protected by AdBEE and Ad-izinyosi being restricted in their respective memorandum of incorporation in terms of section 15(2) of the Act, in that each of them cannot undertake any transactions of any nature whatsoever other than as envisaged by the scheme as set out in paragraphs 5.1 and 6.1. Any transactions completed outside of these powers will be *ultra vires* and will therefore be void. Provision has been made that each of these companies cannot amend their memorandum of incorporation without the approval of the JSE and without the approval of the holders of the preference shares in each such company (which, in respect of Ad-izinyosi, are Adcock and AdBEE and, in respect of AdBEE, is Ad-izinyosi. The rights of Ad-izinyosi, as holder of the preference share in AdBEE, are set out in paragraph 7.4 below.

Securities holders are referred to paragraph 10 of the placing document which sets out the risks that have been identified with an investment in the AdBEE securities.

2. PURPOSE

AdBEE has been established for the specific purpose of issuing the AdBEE securities to the securities holders who initially will be the scheme participants. The purpose of this placing document is to:

- provide the scheme participants and the market with information relating to AdBEE, its scope of operation and its directors;
- provide the scheme participants and the market with information relating to Ad-izinyosi, its scope of operation and its directors;
- provide the scheme participants and the market with information relating to the relationship between AdBEE, Ad-izinyosi and Adcock;
- provide the scheme participants and the market with information relating to the rights of the AdBEE securities;
- enable AdBEE to bring about the listing of the AdBEE securities;
- set out the salient dates, terms and times of the scheme and the resultant issue of the AdBEE securities; and
- set out the reported financial information for Adcock for the financial year ended 2014.

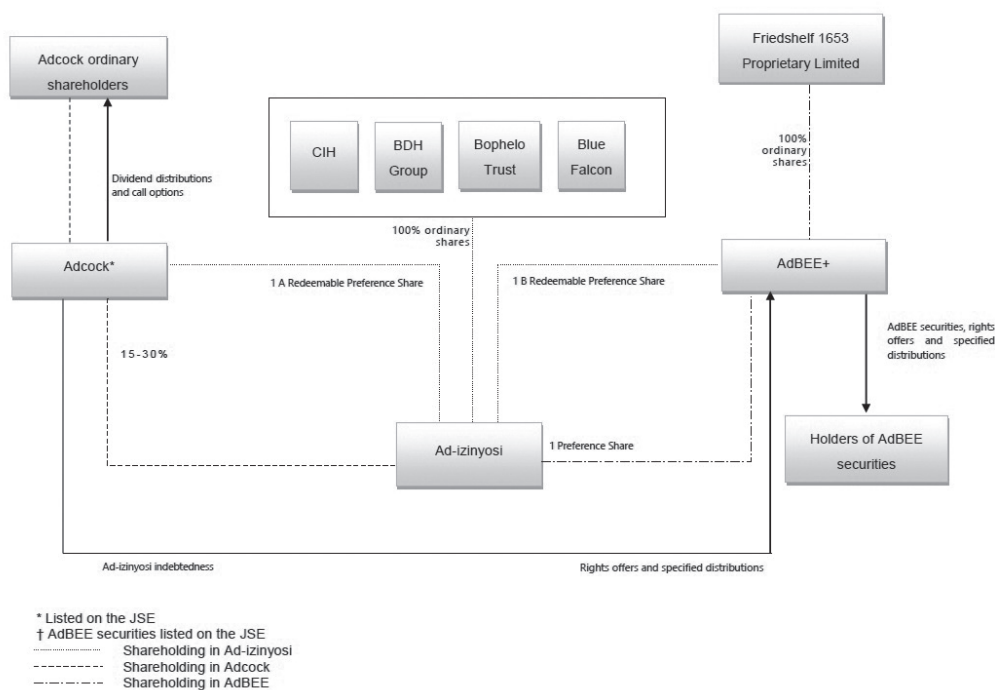
3. THE SCHEME

As announced on SENS on 23 February 2015 and in the press on 24 February 2015, Ad-izinyosi will, subject to the fulfilment of certain conditions, propose the scheme between Adcock and the scheme

members, to which AdBEE is a party. In terms of the scheme, Ad-izinyosi will, with effect from the operative date, acquire the scheme shares from all the scheme participants.

AdBEE has been established for the specific purpose of issuing the AdBEE securities to the securities holders. The AdBEE securities will be listed on the main board of the JSE in the “Specialist Securities – Other Securities” sector as an Asset Backed Security, under the name “ADE”. Ad-izinyosi will secure the Ad-izinyosi indebtedness by the pledge of the scheme shares to AdBEE as more fully set out in paragraph 12 of part 3 of the scheme circular. As a result if, prior to the specified date, Ad-izinyosi is wound up or liquidated or deregistered and/or if it effectively loses its BEE status (and fails to timeously restore its BEE status) and/or if it breaches any provisions of the relationship agreement and fails to timeously remedy such breach, AdBEE will be entitled to realise its security under the pledge which will be used by AdBEE to settle the AdBEE securities.

AdBEE will settle the AdBEE securities as soon as reasonably possible after the Ad-izinyosi indebtedness has been settled. Ad-izinyosi can pledge its reversionary interest in the scheme shares, but such pledge cannot be effected in a manner which prejudices in any way the settlement or discharge of the Ad-izinyosi indebtedness and even after the Ad-izinyosi indebtedness is settled (after the expiry of the transaction period), no third party under any pledge may exercise its rights thereunder over the scheme shares before the arrival of the closing date.



4. RATIONALE FOR THE SCHEME

Adcock has always been fully supportive and committed to the concept of BEE, which is a South African national and business imperative. The initiative contemplated by the scheme positions the group for improved participation in private and public sector opportunities, thereby providing an enhanced platform for growth.

The national imperative for social and economic transformation is essential to create jobs, stimulate growth in the economy, expand market access to all South Africans, and in the long term promote South African competitiveness. Adcock is championing the development and emergence of an influential BEE grouping with significant influence in the mainstream economy, in a major entity listed on the JSE.

In order for BEE to be sustainable, the objectives of BEE companies must be aligned with those of the company and its stakeholders. Accordingly, Adcock has facilitated BEE participation at the holding company level thereby avoiding any potential conflicts of interest at an operational level.

The form of participation envisaged will not result in any encumbrance on the part of Adcock.

Ad-izinyosi and Adcock management are committed to adding meaningful value to the activities of Adcock.

This initiative will raise Adcock’s BEE ownership profile

5. INFORMATION RELATING TO AdBEE

5.1 Incorporation

AdBEE was incorporated in South Africa on 23 February 2015. A director of Edward Nathan Sonnenbergs Inc, being Professor Michael Katz, will be the shareholder of Friedshel 1653 Proprietary Limited (registration number 2015/066126/07), which will in turn be the only shareholder of AdBEE. AdBEE will be administered by the trustee and the role of the trustee is set out in paragraph 12 below. In view of the structure of AdBEE referred to below and since it will have no assets other than the Ad-izinyosi indebtedness which it will have to use to settle the AdBEE securities, there is no possibility of the issued share in AdBEE ever being worth more than the nominal value thereof.

As a protection for Adcock, Ad-izinyosi and the securities holders, AdBEE is subject to a restrictive condition pursuant to section 15(2) of the Act that it shall not undertake any transactions of any nature whatsoever other than:

- the participation in the scheme, including the assumption, by way of a delegation from Ad-izinyosi of the Ad-izinyosi obligation, in consideration for the Ad-izinyosi indebtedness;
- the enforcement of the Ad-izinyosi indebtedness;
- the settlement of the AdBEE securities;
- the creation, issue and listing of the AdBEE securities on the JSE;
- the enforcement of any guarantee for costs; and
- compliance with its statutory and common law obligations.

The restrictive condition shall be capable of amendment only by the passing and registration of a special resolution after obtaining the requisite approval, if any, of the JSE.

The AdBEE securities will be listed on the main board of the JSE in the "Specialist Securities – Other Securities" sector as an Asset Backed Security under the name "ADE".

5.2 Background

AdBEE was established for the specific purposes of issuing and owing the AdBEE securities. The main business, which the company is to carry on, is to assume the liabilities of Ad-izinyosi to the scheme participants in return for Ad-izinyosi becoming indebted to AdBEE and the proceeds of which AdBEE will distribute to the securities holders, subject to the special conditions referred to in paragraph 5.1 above.

5.3 Nature of Business

AdBEE will assume the liabilities of Ad-izinyosi to the scheme participants who become the securities holders in return for Ad-izinyosi becoming indebted to AdBEE and the proceeds of which AdBEE will distribute to the securities holders.

5.4 Directors of AdBEE

The full names, ages, nationalities, addresses, occupations and profiles of the directors are set out below.

Clifford David Raphiri (52) (Appointed on or about 22 April 2015)

Business address

19 Marystow Lane
Cornwall Hill Estate
Centurion

Qualifications

BSc (Mechanical Engineering), Grad Dip Engineering, MBA

Occupation

Manufacturing and technical director of SA Breweries Limited

Brief profile

Clifford David Raphiri is a director for strategic capital projects for SABMiller Africa Proprietary Limited. He was previously the manufacturing and technical director of SAB Proprietary Limited. Raphiri served on the boards of various SA Breweries Limited subsidiaries. He is also a lead independent non-executive director for Adcock.

Paul Mpho Makwana (45) (Appointed on or about 22 April 2015)

Business address

No 8 Crestwood Drive, Lonehill, 2055
The Business Centre, Design Quarter
William Nicol Rd (Cnr) Leslie Ave
Fourways, 2128

Qualifications

B Admin (Honours), Post-Grad Dip (Retailing Management)

Occupation

Founder and chairman of Epitome Investments Proprietary Limited

Brief profile

Paul Mpho Makwana is a non-executive director of Nedbank and Biotherm Energy Proprietary Limited. He is the chairman of ArcelorMittal SA Limited and chairman of the board of trustees at The New loveLife Trust. He is a trustee of the Business Trust, Vodacom Foundation Trust, the Transaction Advisory Fund and World Wildlife Fund South Africa. He is chairman of ITNA, an IT company. Paul is also an independent non-executive director at Adcock.

Dr Tlalane Lesoli (65) (Appointed on or about 22 April 2015)

Business address

50 Sixth Road
Hyde Park

Qualifications

MB BS (London UK), Dip of Child Health (SA)

Occupation

Director: Corporate Affairs of Continental Africa Power Supply Proprietary Limited

Brief profile

Dr Tlalane Lesoli qualified as a medical doctor at the University of London. She is a non-executive director of Woman Investment Africa Network and Zawadi Investments. Dr Lesoli is a registered practitioner with the Health Professions Council of South Africa as well as the British General Medical Council. She is also an independent non-executive director at Adcock.

5.5 Qualifications, borrowing powers and appointment of directors

The relevant provisions of the memorandum of incorporation of AdBEE governing the appointment, qualification, remuneration and borrowing powers of directors are set out in the memorandum of incorporation of AdBEE.

5.6 Borrowings

AdBEE has no borrowings other than the AdBEE securities.

5.7 Loans receivable

AdBEE is owed the Ad-izinyosi indebtedness by Ad-izinyosi in terms of the scheme.

5.8 Remuneration of directors

The details of AdBEE directors' remuneration are set out in Annexure A to this placing document.

5.9 Directors' interests

The directors of AdBEE have no direct, indirect, beneficial and non-beneficial interests in each of the AdBEE securities and the Ad-izinyosi shares as at the last practicable date. The directors of AdBEE have the following direct, indirect, beneficial and non-beneficial interests in Adcock shares as at the last practicable date:

Adcock shares Name	Beneficial		Non-Beneficial	
	Direct	Indirect	Direct	Indirect
Clifford Raphiri	None	None	None	None
Paul Mpho Makwana	None	None	None	None
Dr Tlalane Lesoli	None	None	None	None

No directors of AdBEE had any beneficial interest in transactions effected by Adcock during the current or immediately preceding year, or in a financial year, which remain in any respect outstanding.

6. INFORMATION RELATING TO AD-IZINYOSI

6.1 Incorporation

Ad-izinyosi, a company owned by a consortium of prominent entrepreneurial black businesses and HDIs, was incorporated in South Africa on 4 March 2015.

As a protection for Adcock until the closing date and for AdBEE until all its claims against Ad-izinyosi have been paid in full, a restriction has been placed on Ad-izinyosi in its memorandum of incorporation in terms of section 15(2) of the Act that it shall not be voluntarily wound up nor shall it undertake any transactions of any nature whatsoever (including any distributions whether in specie or otherwise to its shareholders and including the formation of any subsidiaries until Ad-izinyosi's entire indebtedness to AdBEE has been settled in full) other than:

- investment in Adcock by way of an acquisition pursuant to the scheme and in any other manner;
- the conclusion of the relationship agreement with, *inter alia*, Adcock, and the implementation thereof as concerns Ad-izinyosi;
- the renunciation of any specified distribution and rights offers renounced by Ad-izinyosi, to the securities holders;
- investment in Adcock shares;
- any mechanism to lock in value for Ad-izinyosi subject always to the terms of the pledge;
- the repayment of the whole or any part of the Ad-izinyosi indebtedness;
- the delegation of its obligations under the scheme to AdBEE and the assumption of obligations in turn to AdBEE, in the form of the Ad-izinyosi indebtedness;
- the furnishing of security to AdBEE in respect of the Ad-izinyosi indebtedness by way of the pledge;
- after the end of the transaction period, the employment of any person;
- the transfer of any of the scheme shares pursuant to the scheme. Ad-izinyosi shall not be entitled, save as expressly contemplated in the scheme, to dispose of the scheme shares prior to the closing date. Accordingly Ad-izinyosi shall only be entitled:
 - while the pledge is of any effect, to pledge its reversionary interest in the scheme shares and shall not be entitled to deliver any scheme shares if any such reversionary interest becomes executable by the financier/s prior to the closing date;
 - to pledge the scheme shares after the pledge has ceased to be of any effect, on the basis that Ad-izinyosi shall not deliver the scheme shares so pledged to the financier/s prior to the closing date;
- compliance with its statutory and common law obligations.

The special condition described above shall be capable of amendment only by way of the passing and registration of a special resolution which shall be of no force or effect unless the prior written approvals of:

- Adcock is obtained if the amendment is intended to be made prior to the closing date;
- AdBEE is obtained for so long as it shall have any claims against Ad-izinyosi; and
- the JSE for so long as AdBEE shall have any claims against Ad-izinyosi.

In order to enable Adcock and AdBEE to have the benefits of the protections under section 15(2) of the Act, Ad-izinyosi has issued to Adcock one A redeemable preference share and to AdBEE one B redeemable preference share. The only difference between the two preference shares is that the B preference share will be redeemed when all AdBEE's claims against Ad-izinyosi have been paid in full and the A preference share will be redeemed on the closing date. Neither Adcock nor AdBEE may transfer its respective preference share. The preference shares are not entitled to any votes unless a resolution is proposed for a distribution of any nature to Ad-izinyosi's ordinary shareholders other than as contemplated in the scheme, or a distribution of a preference dividend, or a redemption payment remains in arrear, or the protections under section 15(2) are sought to be amended without the requisite approvals.

6.2 Background

The main business of Ad-izinyosi is to carry on the acquisition and the holding of Adcock shares, subject to the restrictions described in paragraph 6.1 above.

6.3 Nature of business

The nature of business of Ad-izinyosi is the acquisition and holding of Adcock shares.

6.4 Shareholders

The proposed Ad-izinyosi members are broad-based and representative of a countrywide spectrum of empowerment parties who collectively contribute a wide range of skills. The core shareholders have long standing relationships with Adcock, ranging from two to seven years. Information concerning the main shareholders is set out below:

6.4.1 **CIH**

CIH was established in 1995 by Dr Anna Mokgokong and Joe Madungandaba. It is the largest fully compliant BEE company operating in South Africa's pharmaceutical sector. The company is 100% black-owned, with operations in South Africa and sub-Saharan Africa, has a proven track record and holds significant interests in the healthcare, technology & telecommunication, logistics, mining, and power and energy sectors.

6.4.2 **Blue Falcon**

- Blue Falcon comprises Kagiso Strategic Investments III Proprietary Limited (registration number 2007/023000/07) ("**Kagiso**"), Kurisani Youth Development Trust (Masters number IT 8979/04) ("**Kurisani Trust**") and Mookodi Pharma Trust (Masters number IT 314/2010) ("**Mookodi Trust**");
- Kagiso is a South African based black owned and managed investment holding company with investment platforms in key growth areas, particularly in media and ICT, healthcare and financial services, in South Africa and across Africa. Kagiso's key shareholders include two charitable institutions, namely Kagiso Trust and Tiso Foundation, and two South African investment companies, namely Tiso Investment Holdings and Remgro. Kagiso shall invest directly in Blue Falcon, but is entitled to nominate one of its affiliate affiliates or other empowerment entity approved of by Adcock with no lesser empowerment credentials than Kagiso to acquire its shares;
- Kurisani Trust, the investment arm of loveLife, is a broad based empowerment trust which benefits loveLife and specifically the previously disadvantaged youth passing through its programmes. loveLife is South Africa's national HIV/AIDS prevention campaign for young people and provides services and outreach programmes to protect and develop young people across South Africa; and
- Mookodi Trust has been established as an investment vehicle whose beneficiaries are more than 100 black medical doctors and other medical professionals. The trustees of Mookodi Trust are Fundiswa Roji and Dr Molefi Molefi.

6.4.3 **Bophelo Trust**

The Bophelo Trust is a broad-based employee share ownership scheme whose beneficiaries comprise qualifying Adcock employees. The trustees of Bophelo Trust are Basadifeela Letsoalo, Moses Dons, Bheki Nxumalo, Stephen Tshabalala and Ntando Simelane.

6.4.4 **BDH Group**

BDH Group was established in 1992. It is a black owned investment holdings company which has investments in a variety of industries, including information and communications technology, management consulting, and retail operations. BDH Group is 100% held by the BDH Trust (Masters number IT6488/01) and its sole director is Advocate Willy Huma. The BDH Trust is a registered trust whose sole objective is to provide funding and support for the educational needs of children from rural communities of South Africa. The current trustees of the BDH Trust are Advocate Willy Huma and Ms ST Ntshole, an educator by profession.

6.5 Directors of Ad-izinyosi

The full names, ages, nationalities, addresses, occupations and profiles of the directors are set out below.

Dr Anna Mokgokong (58) (Appointed on or about 27 May 2015)

Nationality

South African

Business address

318 Derrick Avenue
Waterkloof Ridge
0181

Qualifications

BSc, MB ChB and DCom

Occupation

Co-founder and executive chairperson of Community Investment Holdings Proprietary Limited

Brief profile

Dr Anna Mokgokong is the co-founder and executive chairperson of Community Investment Holdings Proprietary Limited. She is also a non-executive director of AfroCentric Investment Corporation Limited and a non-independent non-executive director of Adcock.

Basadifeela Letsoalo (52) (Appointed on or about 27 May 2015)

Nationality:

South African

Business address

Adcock Ingram Holdings Limited
1 New Road
Midrand
Johannesburg
1682

Qualifications

M Psych, CLDP and MLPC

Occupation

Group Human Capital Executive of Adcock

Brief profile

Basadi Letsoalo is the Group Human Capital executive and a member of the Human Resource, Remuneration and Nominations Committee, and Social, Ethics and Transformation Committee of Adcock. She is also a council member for the University of Kwa-Zulu Natal.

Advocate Willy Huma (54) (Appointed on or about 27 May 2015)

Nationality

South African

Business address

446 Lawley Street
Waterkloof
Pretoria

Qualifications

BProc, LLB, LLM & Higher Diploma in Corporate Governance

Occupation

Chief Executive Officer of Yarona Management Consulting Proprietary Limited

Brief profile

Advocate Willy Huma is a fellow of the Institute of Directors of South Africa and a director of companies. He currently chairs a few Audit and Risk Committees in the public sector.

Dr Molefi Molefi (58) (Appointed on or about 27 May 2015)

Nationality

South African

Business address

Regent Hill Office Park
Cnr Turley and Leslie Road
Lonehill
Johannesburg

Qualifications

BSc MBBcH

Occupation

Healthcare Practitioner

Brief profile

Dr Molefi Molefi is the founder of Mookodi Technologies Proprietary Limited, one of the indirect shareholders of Blue Falcon, and has been operating a general medical practice for several years in Soweto. He has been extensively involved in doctor network activities as well as in various community builder initiatives through the Lori Foundation, a healthcare beneficiation entity which he founded in 2001.

6.6 Qualifications, borrowing powers and appointment of directors

The relevant provisions of the memorandum of incorporation of Ad-izinyosi governing the appointment, qualification, remuneration and borrowing powers of directors are set out in the memorandum of incorporation of Ad-izinyosi.

6.7 Funding

Blue Falcon and Bophelo Trust have agreed to subscribe for shares in Ad-izinyosi an aggregate amount of approximately R20 million to be used by Ad-izinyosi to fund the payment of portion of the transaction costs for which Ad-izinyosi is liable and Adcock has agreed to guarantee the return of the aforesaid subscription amount to the core shareholders.

6.8 Loans receivable

Ad-izinyosi has no loans receivable.

6.9 Remuneration of directors

The Ad-izinyosi directors will receive no remuneration.

6.10 Directors' interests

The directors of Ad-izinyosi have the following direct and indirect, beneficial and non-beneficial interests in Ad-izinyosi shares at the last practicable date.

Name	Beneficial		Non-Beneficial	
	Direct	Indirect	Direct	Indirect
Dr Anna Theresa Mokgokong	None	None	None	None
Basadifeela Letsoalo	None	None	None	None
Advocate Willy Huma	None	None	None	None
Dr Molefi Molefi	None	None	None	None

The directors of Ad-izinyosi have no direct and indirect, beneficial and non-beneficial interests in the AdBEE securities and the following interests in Adcock shares at the last practicable date:

Adcock shares Name	Beneficial		Non-Beneficial	
	Direct	Indirect	Direct	Indirect
Dr Anna Theresa Mokgokong	None	None	None	None
Basadifeela Letsoalo	None	3 500 units through Bophelo Trust	None	None
Advocate Willy Huma	None	None	None	None
Dr Molefi Molefi	None	156 units in Mookodi Trust, which holds 10.46% of Blue Falcon	None	None

No directors of Ad-izinyosi had any beneficial interest in transactions effected by Adcock during the current or immediately preceding year, or in a financial year, which remain in any respect outstanding.

7. SHARE CAPITAL OF AdBEE

7.1 Authorised and issued share capital

The authorised and issued share capital of AdBEE, before and after the issue of the AdBEE securities, assuming that the scheme becomes operative, is set out below:

Before the scheme	
<i>Authorised share capital</i>	
1 000 ordinary shares of no par value	1 000
1 redeemable preference share of no par value	1
Total authorised share capital	1 001
<i>Issued share capital</i>	
1 ordinary share of no par value	1
1 redeemable preference share of no par value	1
Total issued share capital	2
After the scheme	
<i>Authorised share capital</i>	
1 000 ordinary shares of no par value	1 000
1 redeemable preference share	1
Total authorised share capital	1 001
<i>Issued share capital</i>	
1 ordinary share of no par value	1
1 redeemable preference share	1
Total issued share capital	2
AdBEE Securities	
Before the scheme	
<i>Issued share capital</i>	
0 AdBEE Securities	0
After the scheme	
<i>Issued share capital</i>	
Between 25 718 428 and 51 436 856 AdBEE Securities	25 718 428 – 51 436 856
Total AdBEE Securities	25 718 428 – 51 436 856

The shares have been created and issued in terms of the memorandum of incorporation of AdBEE.

7.2 Alterations to share capital

7.2.1 *Issue of shares*

Subject to any relevant provisions of the memorandum of incorporation of AdBEE and without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares in AdBEE, any shares whether in the initial or in any increased capital may be issued with such preferred, deferred, or other special rights or such restrictions, whether in regard to dividend, voting, return of capital or otherwise, as AdBEE may from time to time determine. Preference shares may be issued and existing shares may be converted into preference shares on the basis that they are, or at the option of the company are liable, to be redeemed on such terms and in such manner as shall be prescribed in the memorandum of incorporation of AdBEE or the resolution authorising or effecting such issue or conversion.

7.2.2 *Issue of AdBEE securities*

No further AdBEE securities will be issued by AdBEE.

7.2.3 *Alteration of Capital*

AdBEE may, subject to the approval of the JSE and the restrictions imposed in this placing document, from time to time by special resolution:

- 7.2.3.1 increase its share capital by new shares of such amount, or increase the number of its shares having no par value, as it thinks expedient;
- 7.2.3.2 increase its stated capital constituted by shares of no par value by transferring reserves or profits to the stated capital, with or without a distribution of shares;
- 7.2.3.3 consolidate and divide all or any part of its share capital into shares of larger amount than its existing shares or consolidate and reduce the number of the issued no par value shares;
- 7.2.3.4 convert any shares (whether or not having a par value) into stock and re-convert any stock into shares of any denomination, or into shares of no par value;
- 7.2.3.5 increase the number of its issued no par value shares without an increase of its stated capital;
- 7.2.3.6 subdivide its shares, or any of them, into shares of smaller amount than is fixed by the memorandum of incorporation;
- 7.2.3.7 convert all of its ordinary or preference share capital consisting of shares having a par value into stated capital constituted by shares of no par value;
- 7.2.3.8 convert its stated capital constituted either by ordinary or preference shares of no par value into share capital consisting of shares having a par value;
- 7.2.3.9 cancel shares which at the time of the passing of the resolution in that behalf, have not been taken or agreed to be taken by any person and diminish the amount of its authorised share capital by the amount of the shares so cancelled or may cancel shares of no par value which have not so been taken or agreed to be taken;
- 7.2.3.10 alter the provisions of its memorandum of incorporation with respect to the objects and powers of the company; and
- 7.2.3.11 convert any shares in the capital of the company to shares of a different class, whether issued or not, and in particular (but without derogating from the generality of the foregoing) convert ordinary shares or preference shares to redeemable preference shares:

provided that:

- 7.2.3.12 where shares are converted into stock, the board of AdBEE may from time to time, if it thinks fit, fix the minimum amount or number of units of stock transferable, with the power, nevertheless at their discretion, to waive any such restrictions in any particular case;
- 7.2.3.13 moneys other than dividends due to shareholders or the amount payable on the redemption of any preference shares shall be held in trust by AdBEE indefinitely until lawfully claimed by the shareholder concerned.

7.3 Rights attaching to the ordinary shares

The ordinary shares are entitled to one vote per share and are entitled to receive dividends, but AdBEE is not expected to have cash to pay any dividends.

7.4 Rights attaching to the redeemable preference share

The following rights, privileges and conditions shall apply to the redeemable preference share:

- 7.4.1 the dividends declared in respect of the preference share shall rank in priority to any dividends declared in respect of any other shares issued in the authorised share capital of the company and such dividends shall be in the aggregate R1.00 per annum;
- 7.4.2 there shall be paid on the preference share, the preference dividend (including any which are in arrear and whether declared or not) accrued in respect of the same, up to the redemption date of the preference share and the preference dividend shall cease to accrue from that date;
- 7.4.3 the last dividend in respect of the preference share being redeemed on the relevant redemption date shall be declared on the redemption date;
- 7.4.4 the preference share prior to redemption shall confer the right, in respect of any unredeemed preference share, on a winding-up of the company, to repayment of an amount equal to the sum of:
 - 7.4.4.1 the original subscription amount of the preference share; and
 - 7.4.4.2 any arrear and/or accrued dividends;
- 7.4.5 the holder of the preference share for the time being shall be entitled to receive notice of and to receive copies of the annual financial statements of the company, and to attend any general or annual general meeting of the company, but shall, not be entitled to vote thereat unless any one or more of the circumstances envisaged below prevail at the date of such meeting:
 - 7.4.5.1 any resolution is proposed for a repurchase of shares or a distribution of any nature to ordinary shareholders, other than as contemplated in the scheme referred to in the AdBEE's memorandum of incorporation;
 - 7.4.5.2 any preference dividend or any part thereof, whether declared or not, remains in arrear;
 - 7.4.5.3 any redemption payment remains in arrear,and in this regard the holders of the preference share shall be entitled to that proportion of the total votes in the company which the aggregate amount of the nominal value plus premium of the preference share held by them bears to the aggregate issued share capital of the company;
- 7.4.6 the holder shall further be entitled to appoint one person who shall have the right to receive notice of all meetings of the board, including the agenda of each such meeting, and to attend all meetings of the board, but who shall not be entitled to vote at any such meeting and shall be entitled to remove such person and to nominate a replacement to him;
- 7.4.7 the rights attached to the preference share may only be modified and/or amended and/or varied with the prior written consent of the holder of the preference share;
- 7.4.8 any redemption of the preference share by the AdBEE shall be on the basis that the share is redeemed at the par value thereof;
- 7.4.9 the preference share shall be redeemed at the par value thereof upon the Ad-izinyosi indebtedness having been settled in full;
- 7.4.10 whenever the preference share is to be redeemed, the registered holder of the preference share shall be bound to surrender to the company the certificates relating thereto in order that the same may be cancelled. Upon such surrender the company shall pay to the said registered holder, or its duly authorised agent, the amount payable to it in respect of such redemption;
- 7.4.11 payment in respect of preference dividends and/or redemption monies shall be made directly into the bank account number nominated by the preference shareholder in writing to the company, such payment to be notified to the preference shareholder in writing as soon as possible thereafter;
- 7.4.12 the preference share shall not be capable of being transferred.

7.5 Rights attaching to AdBEE securities

The AdBEE securities are asset-backed securities in terms of the JSE Listings Requirements. The AdBEE securities:

- are backed by the Ad-izinyosi indebtedness and ultimately the scheme shares in terms of the pledge;
- will rank pari passu with one another;
- will receive any specified distributions and will be entitled to participate in rights offers;
- will receive the fixed interest and if applicable, the *mora* interest; and
- will receive the Ad-izinyosi indebtedness within 14 days of it being settled by Ad-izinyosi to AdBEE.

7.5.1 **Entitlement to the Ad-izinyosi indebtedness**

AdBEE will settle the AdBEE securities by distributing to the securities holders the settlement of the Ad-izinyosi indebtedness and the fixed interest, which will be settled in cash in full, or partly in cash and partly by the delivery of the requisite scheme shares, received from Ad-izinyosi as soon as possible after such settlement or if AdBEE becomes entitled to realise its security under the pledge, by exercising its rights as soon as possible pursuant thereto and delivering the scheme shares to the securities holders.

Ad-izinyosi is obliged to settle the Ad-izinyosi indebtedness by not later than the 1st business day after the specified date, subject to the resolute conditions. The Ad-izinyosi indebtedness shall bear the fixed interest and if the Ad-izinyosi indebtedness is not settled in full (or in part, if the Ad-izinyosi resolute condition is fulfilled and waived only in part), on the 1st business day after the specified date, the relevant part of the Ad-izinyosi indebtedness shall in addition bear *mora* interest, provided that the *mora* interest will be suspended if the dispute resolution process is evoked, from the day on which Adcock gives the auditors written notice to the effect that a decision or determination by the auditors is not accepted by Adcock, until the firm of merchant bankers makes the necessary decision or determination, both days inclusive. If the Ad-izinyosi indebtedness is settled by Ad-izinyosi prior to the specified date, the fixed interest shall be payable by Ad-izinyosi on the 2nd business day after the transaction end date, failing which the fixed interest shall attract *mora* interest.

7.5.2 **Entitlement to specified distributions**

As regards any specified distributions, Ad-izinyosi will be entitled to receive them as the holder of the scheme shares but will be deemed, during the transaction period, to have renounced them in favour of AdBEE, which will in turn onward renounce them to the securities holders. The maximum and minimum prices will be adjusted downwards on a rand-for-rand basis per scheme share by the amount of a specified distribution per Adcock share received by a securities holder (and if the distribution is in specie the value of the assets so distributed shall be determined by the auditors). The specified distributions will not be paid by Adcock to Ad-izinyosi but will be paid by Adcock as agent on behalf of Ad-izinyosi and AdBEE directly to the securities holders recorded in the register on the record date for the specified distribution in question.

7.5.3 **Entitlement to rights offers**

As regards rights offers, Ad-izinyosi will be entitled to receive them as the holder of the scheme shares but will be deemed, during the transaction period, to have renounced them in favour of AdBEE, which in turn will onward renounce them to the securities holders recorded in the registers and sub-registers of AdBEE on the record date for the rights offer. The maximum and minimum prices will be adjusted downwards by the rights offer value. Securities holders should note that this will be the case irrespective of whether or not individual securities holders sell or exercise their rights and accordingly should carefully consider as regards any rights offers whether to sell or exercise their rights. The letters of allocation in respect of any such rights offers will not be delivered by Adcock to Ad-izinyosi but will be delivered by Adcock as agent on behalf of Ad-izinyosi and AdBEE directly to the certificated securities holders recorded in the register on the record date for the rights offers in question.

7.5.4 **Entitlement to interest**

The AdBEE securities will be interest bearing in that:

- 7.5.4.1 they will receive (amongst themselves on a *pro rata* basis) interest equal to the fixed interest which shall accrue on date of receipt from Ad-izinyosi of the fixed interest, and if appropriate *mora* interest; plus
- 7.5.4.2 as regards any amount paid in cash by Ad-izinyosi to AdBEE, AdBEE shall invest same with Nedbank on overnight call until such time as same together with the interest accruing thereon, shall be paid to the securities holders, which shall be as soon as possible after receipt thereof by AdBEE. The overnight call rate of Nedbank in the event of any dispute shall be certified by any manager of Nedbank whose appointment need not be proved.

7.5.5 **Voting rights**

At a meeting of securities holders properly convened, a resolution put to the vote shall be decided by a poll based on the market value of the AdBEE securities. A 75% majority by market value of the AdBEE securities present and voting at the meeting shall be required to be voted in favour of any resolution. The result of such poll shall be deemed to be the resolution of the meeting.

In the event that Adcock makes any changes to this placing document that affect the terms and conditions of the securities, other than changes which are of a formal, minor or technical nature or are made to correct a manifest error or to comply with mandatory provisions of the law, Adcock must obtain approval from holders of AdBEE securities, holding not less than 75% of the value of the market value of a the AdBEE securities present and voting at a meeting convened for this purpose.

8. **THE RESOLUTIVE CONDITIONS**

8.1 The transaction is subject to the resolute conditions, namely:

- 8.1.1 that if on the specified date the calculated value of a scheme share does not exceed the maximum price then subject to the provisions of paragraph 8.2 below, on the 3rd business day after the specified date the transaction in its entirety shall as a matter of fact be cancelled from the beginning, unless prior to the 3rd business day after the specified date, Ad-izinyosi waives the Ad-izinyosi resolute condition in respect of all the scheme shares, electing to pay the Ad-izinyosi indebtedness:
 - 8.1.1.1 entirely in cash. The waiver will only be of force and effect if, prior to the 3rd business day after the specified date, Ad-izinyosi has hand-delivered a letter to Adcock and AdBEE stating that it waives the Ad-izinyosi resolute condition as aforesaid and such letter is accompanied by a bank or bank-marked cheque drawn in favour of AdBEE for the Ad-izinyosi indebtedness plus the fixed interest; or
 - 8.1.1.2 partly in cash and partly by the delivery of the requisite scheme shares. The waiver will only be of force and effect if, prior to the 3rd business day after the specified date, Ad-izinyosi has hand-delivered a letter to Adcock and AdBEE stating that it waives the Ad-izinyosi resolute condition as aforesaid and such letter is accompanied by a bank or bank-marked cheque drawn in favour of AdBEE in part payment for the cash amount referred to in the notice plus the fixed interest, with the authority to pay the balance by way of the requisite scheme shares, which in certificated form shall be released from the pledge to the trustee on the date on which the waiver is so hand-delivered,

which shall constitute due settlement of the Ad-izinyosi indebtedness. Ad-izinyosi shall be entitled to elect instead of waiving the Ad-izinyosi resolute condition in respect of the entire transaction, to waive it only as regards a portion of the scheme shares which shall be identified in its written notice, in which event the transaction shall be cancelled from the beginning only in respect of those scheme shares to which the waiver does not apply. If the Ad-izinyosi resolute condition is waived the requisite scheme shares shall be released from the pledge and shall be deemed to have been delivered by Ad-izinyosi in certificated form to the trustee for the securities holders. The trustee shall thereafter procure the dematerialisation thereof where appropriate for securities holders holding their AdBEE securities in dematerialised form. The trustee shall as soon as reasonably possible deliver the remaining certificated scheme shares to those securities holders holding their AdBEE securities in certificated form, as the successors-in-title to the scheme participants. The trustee shall procure that the relevant entries are made by the CSDPs in question as

regards the remaining securities holders in AdBEE's sub-registers of securities holders, as successors-in-title to the scheme participants;

- 8.1.2 on each occasion on which the value of an Adcock share traded on the JSE calculated on a rolling 30-day traded volume weighted average price, falls below the unwind hurdle price during the transaction period (other than 30 days after the operative date), then subject to the provisions of paragraph 8.2, on the 7th business day after the date on which each aforesaid value falls below the unwind hurdle price, the transaction in its entirety shall as a matter of fact be cancelled from the beginning, unless prior to the 7th business day after the date on which each aforesaid value falls below the unwind hurdle price the board of directors of AdBEE waives the AdBEE resolute condition. The waiver will only be of force and effect if, prior to the 7th business day after the date on which each aforesaid value falls below the unwind hurdle price, AdBEE has hand-delivered to Adcock and Ad-izinyosi a letter stating that it waives the AdBEE resolute condition as aforesaid as regards that particular drop below the unwind hurdle price which would have triggered the AdBEE resolute condition.
- 8.2 The resolute conditions, if fulfilled, shall not in any way affect the issue of the call options. For the avoidance of doubt the cancellation from the beginning of the entire transaction or part thereof as contemplated above will have the following effect:
 - 8.2.1 the scheme shares shall cease to be subject to the pledge and shall be returned by Ad-izinyosi in certificated form to those securities holders holding their AdBEE securities in certificated form, as the successors-in-title to the scheme participants, and the relevant entries shall be made by the CSDPs in question as regards the remaining securities holders in AdBEE's sub-registers of securities holders, as successors-in-title to the scheme participants;
 - 8.2.2 the transaction (excluding the issue of the call options) shall be cancelled from the beginning and, save as regards the tax and securities transfer tax effects of the implementation of the scheme prior to the cancellation from the beginning and as regards specified distributions and rights offers renounced by Ad-izinyosi and onward renounced by AdBEE to the securities holders, the status as beforehand shall be restored as between Ad-izinyosi, AdBEE and the securities holders at the time (as the successors-in-title to the scheme participants). Accordingly for the avoidance of doubt by way of example, any scheme participant which incurred a CGT gain or loss when the scheme was implemented will not be affected by the cancellation from the beginning;
 - 8.2.3 any agreements between Ad-izinyosi and AdBEE (whether or not there are any other parties to them) relating to the scheme and/or the holding by Ad-izinyosi of the scheme shares, save insofar as they provide expressly to the contrary, shall be deemed to have been cancelled.

9. TRANSFER AND SETTLEMENT OF THE AdBEE SECURITIES

Any sale by a securities holder of its AdBEE securities shall as a matter of fact include a cession and delegation of its rights and obligations in respect of the transaction and in particular the right to be restored to the status as beforehand as the successor-in-title to the scheme participants concerned if the transaction (other than the call options) is cancelled from the beginning.

As soon as reasonably possible after the settlement of the Ad-izinyosi indebtedness by Ad-izinyosi either in cash, in full, or in cash and by the delivery of the requisite scheme shares, or as soon as possible after AdBEE becomes entitled to realise its security under the pledge, AdBEE shall exercise its rights thereunder and AdBEE will transfer the settlement to the securities holders. If the Ad-izinyosi resolute condition is not fulfilled and Ad-izinyosi does not settle the Ad-izinyosi indebtedness in full in cash on the 1st business day after the specified date, AdBEE shall be obliged to release the requisite scheme shares from the pledge and simultaneously Ad-izinyosi shall be deemed to have settled the Ad-izinyosi indebtedness by way of specific performance, as a result of which AdBEE shall be obliged to deliver the scheme shares to the securities holders in settlement of the AdBEE securities. If the Ad-izinyosi resolute condition is fulfilled but Ad-izinyosi waives it (in whole or in part) and tenders the amount of cash referred to in its notice of waiver at the same time authorising the delivery of the requisite scheme shares as to the balance, the requisite scheme shares shall be released from the pledge on that day and simultaneously Ad-izinyosi shall be deemed to have settled the Ad-izinyosi indebtedness by way of specific performance.

The AdBEE securities will be settled in full without regard to any lien, right of set-off, counterclaim or any other analogous right to which Ad-izinyosi, AdBEE or Adcock may be entitled. AdBEE shall be responsible for settlement and not the JSE nor any other exchange.

9.1 During the transaction period

- 9.1.1 The specified date could be extended beyond the 1st business day after the 4th anniversary of the operative date, with the result that the transaction period is extended by a maximum of one year in the aggregate. The directors of AdBEE shall, if they elect to extend the specified date, give 30 business days' written notice prior to the specified date to Ad-izinyosi and Adcock by hand delivered letter that they have elected to extend the specified date to a date specified in the notice. If Ad-izinyosi has given written notice by hand delivered letter to Adcock and AdBEE, 28 business days prior to the specified date, agreeing to such extension, the directors of AdBEE will, prior to the specified date, convene a meeting of securities holders to consider such extension of the specified date. If securities holders holding not less than 75% by market value of the AdBEE securities present and voting approve the extension of the specified date, the specified date shall be such extended date.
- 9.1.2 If at any time during the transaction period, but after the expiry of a period of 30 days after the operative date, the value of an Adcock share traded on the JSE calculated on a rolling 30-day traded volume weighted average price falls below the sum of the unwind hurdle price and R4.00, the directors of AdBEE shall be entitled to convene a meeting of the securities holders in order to obtain a direction as to whether, if the value of a Adcock share traded on the JSE calculated on a rolling 30-day traded volume weighted average price falls below the unwind hurdle price, the directors of AdBEE should waive the AdBEE resolute condition as regards that particular drop below the unwind hurdle price. If securities holders holding 75% by market value of the AdBEE securities present and voting resolve to give such a direction to the directors and the value of a Adcock share traded on the JSE calculated on a rolling 30-day traded volume weighted average price falls below the unwind hurdle price, the directors shall pass the necessary resolution resolving to waive the AdBEE resolute condition as regards that particular drop below the unwind hurdle price and shall deliver a written notice to Adcock and Ad-izinyosi by hand to that effect. If it is not reasonably possible for a meeting of the securities holders to be convened before the AdBEE resolute condition will be fulfilled, the board of directors of AdBEE shall be entitled to waive the AdBEE resolute condition and no securities holders shall have any claims against the directors as a result of such waiver.
- 9.1.3 On each occasion on which the value of an Adcock share traded on the JSE calculated on a rolling 30-day traded volume weighted average price, falls below the unwind hurdle price during the transaction period (other than 30 days after the operative date), subject to the provisions of paragraph 8.2 above, on the 7th business day after the date on which each aforesaid calculated price falls below the unwind hurdle price, the transaction in its entirety shall as a matter of fact be cancelled from the beginning, unless prior thereto the board of directors of AdBEE waives the AdBEE resolute condition. The waiver will only be of force and effect if, prior to the 7th business day after the date on which each aforesaid value falls below the unwind hurdle price, AdBEE has hand-delivered to Adcock and Ad-izinyosi a letter stating that it waives the AdBEE resolute condition as aforesaid as regards that particular drop below the unwind hurdle price which would have triggered the AdBEE resolute condition.
- 9.1.4 Subject to the provisions of paragraphs 8.2 and 9.1.2, should the AdBEE resolute condition be fulfilled and accordingly the unwind date occur then the following will occur:
- 9.1.4.1 trading in the AdBEE securities on the JSE shall immediately cease on the unwind date. Thereafter, all transactions for the transfer of the AdBEE securities which have been initiated with the JSE before and on the unwind date shall be completed within five days after the unwind date in accordance with the normal settlement provisions of Strate;
 - 9.1.4.2 a register of the securities holders at the unwind date, shall be created after five days from the unwind date;
 - 9.1.4.3 the scheme shares shall cease to be subject to the pledge.

9.2 Calculated value does not exceed the maximum price

- 9.2.1 The transaction is subject to the Ad-izinyosi resolute condition that, if on the specified date the calculated value of a scheme share does not exceed the maximum price then, subject to the provisions of paragraph 8.2 on the 3rd business day after the specified date the transaction in its entirety shall as a matter of fact be cancelled from the beginning, unless prior to the 3rd business day after the specified date, Ad-izinyosi waives the Ad-izinyosi resolute condition in respect of all the scheme shares electing to pay the Ad-izinyosi indebtedness:

- 9.2.1.1 entirely in cash. The waiver will only be of force and effect if, prior to the 3rd business day after the specified date, Ad-izinyosi has hand-delivered a letter to Adcock and AdBEE stating that it waives the Ad-izinyosi resolute condition as aforesaid and such letter is accompanied by a bank or bank-marked cheque drawn in favour of AdBEE for the Ad-izinyosi indebtedness plus the fixed interest; or
- 9.2.1.2 partly in cash and partly by the delivery of the requisite scheme shares. The waiver will only be of force and effect if, prior to the 3rd business day after the specified date, Ad-izinyosi has hand-delivered a letter to Adcock and AdBEE stating that it waives the Ad-izinyosi resolute condition as aforesaid and such letter is accompanied by a bank or bank-marked cheque drawn in favour of AdBEE in part payment for the cash amount referred to in the notice plus the fixed interest, with the authority to pay the balance by way of the requisite scheme shares, which in certificated form shall be released from the pledge to the trustee on the date on which the waiver is so hand-delivered, which shall constitute due settlement of the Ad-izinyosi indebtedness. Ad-izinyosi shall be entitled to elect instead of waiving the Ad-izinyosi resolute condition in respect of the entire transaction, to waive it only as regards a portion of the scheme shares which shall be identified in its written notice, in which event the transaction shall be cancelled from the beginning only in respect of those scheme shares to which the waiver does not apply. If the Ad-izinyosi resolute condition is waived the requisite scheme shares shall be released from the pledge and shall be deemed to have been delivered by Ad-izinyosi in certificated form to the trustee for the securities holders. The trustee shall thereafter procure the dematerialisation thereof where appropriate for securities holders holding their AdBEE securities in dematerialised form. The trustee shall as soon as reasonably possible deliver the remaining certificated scheme shares to those securities holders holding their AdBEE securities in certificated form, as the successors-in-title to the scheme participants. The trustee shall procure that the relevant entries are made by the CSDPs in question as regards the remaining securities holders in AdBEE's sub-registers of securities holders, as successors-in-title to the scheme participants.

9.3 Calculated value exceeds the maximum price

If on the specified date the calculated value of a scheme share exceeds the maximum price then the scheme consideration will be settled as follows:

- 9.3.1 trading in the AdBEE securities on the JSE shall immediately cease at the specified date. Thereafter, all transactions for the transfer of the AdBEE securities, which have been initiated with the JSE before the specified date shall be completed within five days after such date in accordance with the normal settlement procedures of Strate;
- 9.3.2 a register of the securities holders at the specified date, shall be created after five days from such date;
- 9.3.3 if Ad-izinyosi settles any part of the Ad-izinyosi indebtedness on the specified date by payment to AdBEE in cash, then:
 - 9.3.3.1 the requisite scheme shares shall be released from the pledge and simultaneously Ad-izinyosi shall be deemed to have made payment of the Ad-izinyosi indebtedness by way of specific performance, by delivery to the trustee on behalf of the security holders. The trustee shall procure the dematerialisation thereof where appropriate for securities holders holding their AdBEE securities in dematerialised form. The trustee shall as soon as reasonably possible deliver the remaining certificated scheme shares to those securities holders holding their AdBEE securities in certificated form. The trustee shall procure that the relevant entries are made by the CSDPs in question as regards the remaining securities holders in AdBEE's sub-registers of securities holders; and
 - 9.3.3.2 the balance of the scheme shares not used to settle the balance of the Ad-izinyosi indebtedness shall be released from the pledge and released by AdBEE to Ad-izinyosi and AdBEE shall procure that the trustee returns the share certificates in respect of such shares to Ad-izinyosi.

9.4 Breaches

If, prior to the specified date, Ad-izinyosi effectively loses its BEE status (and fails to restore its BEE status within the ensuing 90-day period following the loss thereof) and/or if Ad-izinyosi breaches any of the provisions of the relationship agreement and fails to timeously remedy such breach, then the transaction (excluding the issue of the call options) will be deemed to have been cancelled.

- 9.5 AdBEE shall be entitled to exercise its rights under the pledge if Ad-izinyosi is wound up or liquidated or deregistered.
- 9.6 If Ad-izinyosi settles the Ad-izinyosi indebtedness entirely in cash, the scheme shares shall be released from the pledge and AdBEE shall procure that the trustee returns the share certificates in respect of the scheme shares to Ad-izinyosi.

10. RISKS ASSOCIATED WITH THE AdBEE SECURITIES

The value of the AdBEE securities will be correlated with the underlying Ad-izinyosi indebtedness, which in turn will track the value of an Adcock ordinary share. However, the AdBEE securities will also be influenced by market risks generally impacting on the value of listed equities. We highlight some of these risks below.

Risks associated with an investment in financial securities are factors that influence the value of the securities that are not under the control of the investor. The following are risks that have been identified with an investment in the AdBEE securities, but cannot be relied upon to represent all the risks that may be associated with an investment in the AdBEE securities:

- 10.1 the market risk of the underlying Adcock shares;
- 10.2 the discount or premium at which an AdBEE security may trade at on the JSE compared to its underlying value;
- 10.3 the trading liquidity of the AdBEE securities on the JSE;
- 10.4 the approvals required for the unwind to be effective as described in paragraph 9.1 above;
- 10.5 the execution risk associated with settling the Ad-izinyosi indebtedness and that the AdBEE securities that may exist outside the protection afforded to securities holders by the pledge and the restrictions placed on Ad-izinyosi and AdBEE in their memoranda of incorporation in terms of section 15(2) of the Act as described in paragraphs 5.1 and 6.1 above; and
- 10.6 the shareholders of Ad-izinyosi not being able to fulfil its obligation to finance actual and anticipated costs of Ad-izinyosi.

11. UNDERLYING ASSETS

For the duration of the transaction period the underlying assets backing the AdBEE securities will be the scheme shares, which will be pledged to AdBEE by Ad-izinyosi in terms of the pledge.

The following information is provided in respect of the underlying assets:

- the scheme shares are ordinary shares of 10 cents each in the issued share capital of Adcock;
- Adcock is incorporated in South Africa and its shares are listed on the JSE;
- the relationship between Adcock, Ad-izinyosi and AdBEE is determined in accordance with the scheme and the pledge and Adcock is party to the relationship agreement with Ad-izinyosi as described more fully in paragraph 19 below;
- the audited financial results for Adcock for the financial years ended June 2014, September 2013 and September 2012 are available on Adcock's website (www.adcock.com/Investors/FinancialReports); and
- the closing spot price of the Adcock shares on the last practicable date amounted to R53.20 per Adcock share.

In the event that Adcock is delisted, the underlying financial information will be made available as if it were a listed entity.

12. CONTROLLING SHAREHOLDERS AND THE TRUSTEE

A director of Edward Nathan Sonnenbergs Inc, Professor Michael Katz, will be the shareholder of Friedshel 1653 Proprietary Limited (registration number 2015/066126/07), which will in turn be the only shareholder of AdBEE.

Ad-izinyosi holds the redeemable preference share in AdBEE. Ad-izinyosi shall not be entitled to transfer the preference share. The preference share is not entitled to any vote unless a resolution is proposed for a distribution of any nature to its ordinary shareholders other than pursuant to the scheme or the preference dividend or a redemption payment remains in arrear.

The trustee shall initially be Edward Nathan Sonnenbergs and the trustee shall not be responsible for any loss to any securities holder in any circumstances whatever. It is merely fulfilling an administrative role and its duties are such as to render it incapable of a breach of trust. It shall have all the powers necessary for it to fulfil that role. The trustee may resign at any time by written notice to AdBEE and Adcock.

Adcock shall be entitled to appoint the new trustee.

The role of the trustee includes the following:

- the trustee or AdBEE may at any time convene a meeting of the securities holders;
- the trustee will appoint any replacements for the three directors if they cease to be a director;
- the trustee need not to enforce the settlement of the AdBEE securities, however the securities holders may by resolution passed at a meeting requisitioned:
 - direct enforcement, in which event the trustee shall, subject to its estimated costs being paid in advance, enforce the AdBEE securities on behalf of the securities holders; or
 - give other directions to AdBEE as regards the enforcement of the Ad-izinyosi indebtedness and AdBEE shall obey those directions to the extent to which they are not incapable of being carried out, provided that before carrying out the directions AdBEE may require that provision be made to furnish it with the necessary funds to enable it to meet the expense of giving effect to the directions.
- the trustee shall not be required to take any steps to ascertain whether the AdBEE securities have been duly paid and the trustee shall be entitled to assume that they have been paid on due date.

13. DETAILS OF THE ISSUE

13.1 Particulars of the scheme

Issue price per AdBEE security	R52.00
Aggregate number of AdBEE securities issued	Between 25 718 428 and 51 436 856

13.2 Salient dates of the scheme

	2015
Expected date of listing the AdBEE securities and the call options on the JSE and the date from which trading in the AdBEE securities and call options will commence	20 July
Record date of the scheme at the close of business	24 July
Expected date from which the AdBEE securities and the call options will be made available or posted to certificated scheme participants (if documents of title are received on or prior to the record date of the scheme) or, failing that, within five business days of receipt of the relevant documents of title by the transfer secretaries	27 July
Dematerialised scheme participants will have the AdBEE securities and call options credited to their account held at their CSDP or broker	27 July
Operative date of the scheme at the commencement of business	27 July

13.3 Condition to the listing

Application has been made to the JSE to list a maximum of 51 436 856 AdBEE securities on the main board in the “Specialist Securities – Other Securities” sector as an Asset Backed Security, under the name “ADE”.

The listing is subject to the condition that the scheme is implemented. AdBEE will then meet the requirements of the JSE in respect of the requisite spread of securities holders.

13.4 Subscription

Subscription for AdBEE securities can only be made in terms of the scheme whereby the scheme participants will receive the AdBEE securities as consideration for the disposal of their scheme shares to Ad-izinyosi. Accordingly scheme participants are referred to the procedures of the scheme as set out in the scheme circular sent to Adcock shareholders dated 28 May 2015. The AdBEE securities will be issued to the scheme participants in accordance with the table of entitlements set out in Annexure B to this placing document.

13.5 Issue of AdBEE securities

AdBEE securities issued in terms of the scheme will be issued at the expense of Adcock. All AdBEE securities issued in terms of this placing document will be subject to the provisions of the scheme and the memorandum of incorporation of AdBEE.

13.6 Trading of AdBEE securities

The JSE introduced Strate, which was designed to eliminate the many risks inherent in the previous method of clearing and settling transactions executed on the JSE. The principle features of Strate are as follows:

- trades executed on the JSE must be settled on a T+5 basis, being five days after the date of the trade;
- there will be penalties for late settlement;
- electronic record of ownership replaces share certificates and physical delivery thereof;
- all investors are required to appoint either a broker or CSDP to act on their behalf and to handle their settlement requirements; and
- AdBEE securities will be issued on the listing date against receipt of the scheme shares from a CSDP or broker.

AdBEE securities can however be held in certificated form and accordingly will be issued in certificated form within five business days of AdBEE receiving the certificated scheme shares from the certificated scheme participants.

13.7 Taxation

The following summary describes possible tax consequences arising for the various scheme participants as a result of the implementation of the scheme but it is not a complete description of all the possible tax consequences which may arise as a result of the scheme. This summary is based on the laws as of and as applied in practice on the last practicable date and is subject to changes to those laws and practices subsequent to the date of this placing document. In the case of scheme participants who are non-residents of South Africa for income tax purposes, it should be read in conjunction with the provisions of any applicable double tax agreement between South Africa and their country of tax residence. Scheme participants should consult their own advisers as to the tax consequences of the disposal of the scheme shares in light of their particular circumstances, including, in particular, the effect of any state, regional, local or other tax laws.

The implementation of the scheme will not in itself be regarded as a scheme of profit making or a change of intention. This is, however, a factual matter and will have to be considered in the light of each individual scheme participant's circumstances. Accordingly the tax implications that may arise for the scheme participants can be summarised as follows:

13.7.1 For scheme participants whose relevant scheme shares are capital in nature:

- 13.7.1.1 there will be an initial capital gain or loss on the date of the disposal of R52.00 minus the base cost per scheme share;
- 13.7.1.2 at the transaction end date, a further capital gain or loss based on the actual amount received from AdBEE as settlement of the AdBEE securities will have to be calculated;

13.7.2 For scheme participants whose relevant scheme shares are trading stock:

- 13.7.2.1 there will be a sale on revenue account on the date of the disposal and the R52.00 will constitute taxable income in the hands of the scheme participant. To the extent that the expenditure incurred in respect of the acquisition of such trading stock exceeds the R52.00 received amount must be disregarded and will be allowed as a deduction at the transaction end date or in the year during which any additional amounts from the disposal are received or accrued;
- 13.7.2.2 at the transaction end date, any further amounts received from AdBEE as settlement of the AdBEE securities will have to be included in the calculation of the scheme participant's taxable income; and
- 13.7.2.3 where the scheme shares have however been held for a period exceeding four years, the proceeds received in respect of the disposal of the scheme shares will likely be treated as capital. All expenses and losses previously claimed in respect of the scheme shares held as trading stock, must be recouped and included in the scheme participant's income.

- 13.7.3 Securities transfer tax in respect of the transfer of the scheme shares will be applicable in two tranches, the first of which will arise on the transfer of the scheme shares and in principle a further liability will arise on the amount by which the Ad-izinyosi indebtedness divided by the number of scheme shares that exceeds R52.00 per share.
- 13.7.4 Where the scheme shares are transferred through or from a member or participant as defined in the Securities Transfer Tax Act, 2007, the member or participant such as a Central Securities Depository, who effects the transaction is responsible for the payment of securities transfer tax of 0.25% of the taxable amount. The taxable amount is equal to the consideration declared by the buyer or the closing price of the scheme share where no consideration amount was declared or the amount declared is less than the lowest price of the scheme share. That member or participant may however, recover the tax paid from Ad-izinyosi
- 13.7.5 In any other case of a change in beneficial ownership of the scheme shares, securities transfer tax is payable by Ad-izinyosi through the participant which holds the scheme shares in custody. Where this not be the case, the securities transfer tax must be paid by Adcock, that issued the scheme shares.
- 13.7.6 To the extent that the scheme is cancelled and the scheme shares (excluding the options) are cancelled from the beginning and such cancellation is in fact possible, Ad-izinyosi will not accrue a taxable capital gain and there will be no securities transfer tax applicable to the return of the scheme shares, or any part of them, by Ad-izinyosi to the scheme participants or the successors-in-title to the scheme participants, namely the securities holders.
- 13.7.7 In respect of the subsequent transfer of the scheme shares, securities transfer tax will be payable only once, namely on the transfer of the scheme shares from Ad-izinyosi to the securities holders as AdBEE will not, during any stage of the transaction period, be the beneficial owner of the scheme shares. The participant is liable for the payment of securities transfer tax of 0.25% of the taxable amount, which is equal to the consideration declared by the buyer or the closing price of the scheme share where no consideration amount is declared or the amount declared is less than the lowest price of the scheme share. The tax paid by the participant will be recoverable from the AdBEE security holders.
- 13.7.8 To the extent that a scheme participant receives or a third party purchases an AdBEE security, whether on the JSE or otherwise, and subsequently disposes of such AdBEE security, any profits or losses arising on such disposal, will have tax consequences determined in accordance with normal tax principles.
- 13.7.9 With regards to the call options that scheme participants will hold, giving them the right to subscribe for scheme shares at R72.00 per share at the end of the four-year period the only income tax consequences arising therefrom are that:
- 13.7.9.1 if such call option is exercised at R72.00 then that amount will be the cost of such share and if at any time thereafter such share is disposed of any gain or loss arising from such disposal will have income tax and/or capital gains consequences as determined in accordance with the relevant tax principles;
 - 13.7.9.2 if, however, such right is disposed of prior to the exercise of the call option, then the full proceeds of the disposal of the right will be taxable as either capital or revenue in accordance with normal tax principles.

The above is merely a high-level summary of the potential tax implications that may arise and each scheme participant and securities holder must obtain its/his advice concerning the tax effects of the scheme, the holding or disposal of the AdBEE securities and the call options.

13.8 Exchange Control Regulations

The following summary is intended as a guide and is therefore not comprehensive. If you are in any doubt in regard hereto, please consult your professional adviser:

South African Exchange Control Regulations

13.8.1 *Emigrants*

- 13.8.1.1 The AdBEE securities due to a certificated scheme participant who is an emigrant and whose documents of title have been restrictively endorsed under the Exchange Control Regulations, on the surrender of the appropriate documents of title, will be similarly endorsed and sent to the authorised dealer controlling the blocked assets of the emigrant certificated scheme participant.
- 13.8.1.2 The AdBEE securities due to a dematerialised scheme participant whose registration as a member has been marked as being an “emigrant”, will be similarly marked as being held by an “emigrant”.

13.8.2 **All other non-residents of the common monetary area**

The AdBEE securities due to a scheme participant who is a non-resident of South Africa and who has never resided in South Africa, whose registered address is outside the common monetary area and whose documents of title have been restrictively endorsed under the Exchange Control Regulations (or, in the case of a dematerialised scheme participant, whose registration has been so endorsed) will, in the case of a certificated scheme participant, on the surrender documents of title and in the case of a dematerialised scheme participant, be endorsed non-resident in respect of the AdBEE securities.

13.9 **Underwriting and minimum subscription**

As the issue is in terms of the scheme the issue is not underwritten and is only conditional upon the successful implementation of the scheme.

13.10 **Brokerages and commissions**

AdBEE will pay no commission or consideration in respect of the allotment or issue of the AdBEE securities.

14. **COST OF THE TRANSACTION**

14.1 The costs of the scheme, including the costs applicable to this placing document, shall be borne by Adcock.

14.2 Other than as set out below, Adcock has not incurred any preliminary expenses in the three years preceding the date of this placing document with regards to the transaction. The expenses are set out below:

	R'000
Financial adviser and transaction sponsor fees	4 000
Independent expert fees	200
Legal adviser fees	4 000
Accounting and other consultants fees	1 000
JSE document inspection, printing and publishing fees	1 000
Contingency	800
TOTAL	11 000

All amounts are stated exclusive of VAT.

15. **CALCULATION AGENT**

Adcock will appoint the auditors to check the calculations of the rolling traded volume weighted average price of the Adcock shares at the appropriate time as required in respect of the following:

- calculated value;
- the Ad-izinyosi indebtedness; and
- requisite scheme shares.

16. **ADVISERS' INTERESTS**

None of the advisers of AdBEE have an interest in the issued share capital of AdBEE at the last practicable date. A director of Edward Nathan Sonnenbergs, Professor Michael Katz, will be the shareholder of Friedshelf 1653 (registration number 2015/066126/07), which will in turn be the only shareholder of AdBEE.

17. **MATERIAL CHANGES**

AdBEE and Ad-izinyosi are new companies established for the purposes of the scheme and accordingly there can be no material changes in the financial position of these companies. Other than in the ordinary course of business or as set out in this placing document, there have been no material changes between the financial or trading position of Adcock since the release of Adcock's audited interim results for the six months ended December 2014, and the last practicable date.

18. MATERIAL CONTRACTS, ACQUISITIONS OR DISPOSALS

18.1 AdBEE and Ad-izinyosi are new companies and, as such, the common material contracts are the scheme and the pledge and, in addition, Adcock is party to the relationship agreement.

18.2 The purpose of the relationship agreement is to enable Adcock to promote its empowerment aspirations and objectives. In this agreement the parties undertake in favour of each other to explore in good faith ways in which they can develop their common interests for the benefit of the group and thereby enhance the value of the Adcock shares. Some of the material terms of the relationship agreement are the following:

- for so long as it holds any scheme shares, Ad-izinyosi is entitled to and shall in good faith nominate for appointment to the board of directors of Adcock a director whose identity is reasonably acceptable to Adcock (having regard to the requirements and guidelines of the nomination and remuneration committee of Adcock at the relevant time). Ad-izinyosi is also entitled to participate through its directors holding office as such on the board of Adcock and also through the shareholders of Ad-izinyosi, to the extent invited by and acceptable to Adcock and in accordance with good corporate governance as prescribed in the King Code III on Governance, on sub-committees of Adcock's board of directors;
- save for directors' fees payable in the ordinary and normal course, neither Ad-izinyosi nor any of the Ad-izinyosi shareholders are entitled to receive remuneration or compensation for their services to the group;
- all voting rights attaching to scheme shares shall vest in and be exercisable by Ad-izinyosi in such manner as Ad-izinyosi in the exercise of its discretion deems fit. The shareholders of Ad-izinyosi have however agreed to a voting pool arrangement in relation to resolutions of the shareholders of Adcock which, if approved, may result in a change of control of Adcock. In such a change of control event, Ad-izinyosi will exercise its voting rights over its scheme shares in a manner in which Ad-izinyosi's ordinary shareholders by special resolution agree, after having in good faith, taken into consideration the recommendation by Adcock's board of directors to all Adcock shareholders on the manner in which to vote on such transaction;
- the relationship agreement has been signed by Ad-izinyosi's core shareholders and their associate shareholders. To the extent that Ad-izinyosi acquires in excess of 15%, Adcock shall be entitled to introduce a further BEE shareholder, up to the point at which Ad-izinyosi acquires 19%. They will subscribe for their shareholding in Ad-izinyosi. If applicable, the aforesaid additional shareholders nominated by Adcock shall be entitled to subscribe for new shares in Ad-izinyosi prior to the final date, provided they also agree to be bound by the terms of, inter alia, the relationship agreement. Save as aforesaid, between the final date and the closing date, no shares in Ad-izinyosi's share capital may be issued to any third party without the approval of Adcock on the one hand and Ad-izinyosi shareholders holding not less than 75% of Ad-izinyosi's issued share capital on the other hand. The subscription price for these shares shall be the fair value of these shares as determined by an independent valuer, unless the core shareholders and Adcock agree in writing that the subscription price will be a different price, in which event the subscription price will be such agreed price;
- Ad-izinyosi is responsible for the payment of all costs which it incurs in complying with its statutory, common law and contractual obligations under the scheme, save for the costs of AdBEE, which will be borne by Adcock directly;
- Blue Falcon and Bophelo Trust have agreed to subscribe for shares in Ad-izinyosi an aggregate amount of approximately R20 million to be used by Ad-izinyosi to fund the payment of a portion of the transaction costs for which Ad-izinyosi is liable and Adcock has agreed to guarantee the return of the aforesaid subscription amount to the core shareholders if there are insufficient funds available on a winding-up of Ad-izinyosi to do so;
- Adcock is responsible for the payment of its own transaction costs and the costs of AdBEE;
- if the scheme fails (for example, because of non-fulfilment of any conditions precedent), then unless otherwise agreed, Ad-izinyosi shall be wound up and Adcock agrees to pay all costs in respect of the scheme which would otherwise have been Ad-izinyosi's responsibility. If, however, the transaction is as a matter of fact cancelled from the beginning in its entirety as a result of the fulfilment of any of the resolute conditions, Ad-izinyosi shall cease to have any obligation to contribute towards the costs of the transaction, beyond those already contributed, which shall be guaranteed by Adcock as aforesaid;
- until the closing date Ad-izinyosi is not entitled under any circumstances to dispose of any of its scheme shares to any third party other than AdBEE in accordance with the terms of the scheme. Thereafter Adcock enjoys pre-emptive rights over such scheme shares in the event of Ad-izinyosi wishing to dispose of any of them;
- if, prior to the transaction end date, Ad-izinyosi is wound up, liquidated or deregistered or effectively loses its BEE status (and in the latter case fails to restore its BEE status within the

ensuing 90-day period following the loss thereof), then and in such event the transaction shall automatically be cancelled from the beginning and Ad-izinyosi will forfeit its right to the scheme shares. The same consequences will ensue if Ad-izinyosi materially breaches any of the material provisions of the relationship agreement and fails to remedy such breach within 21 days of receipt of notice calling upon it to remedy the breach. If after the transaction end date but before the closing date, Ad-izinyosi should lose its BEE status as aforesaid or materially breaches the relationship agreement and fails to remedy such breach as aforesaid, then Adcock is entitled, at its election, to repurchase all Adcock shares then held by Ad-izinyosi at their fair value, alternatively, to cause Ad-izinyosi to dispose of all such shares by private treaty or on the JSE for a purchase price which is not less than their fair value;

- Ad-izinyosi undertakes strictly to adhere to and abide by all of the restrictions imposed on it by its memorandum of incorporation in terms of section 15(2) of the Act;
- Ad-izinyosi undertakes that no shares in its share capital may be disposed of to any third party nor may any third party subscribe for new shares in Ad-izinyosi unless, simultaneously with the transaction concerned, the third party involved agrees in writing signed by it to be bound by the provisions of the relationship agreement;
- all parties to the relationship agreement have given comprehensive confidentiality undertakings in favour of the group;
- restraint of trade undertakings have been given by Ad-izinyosi, its shareholders, key executives of Ad-izinyosi's shareholders and persons who hold 10% or more of the shareholding of any Ad-izinyosi shareholder (and by those persons who hold less than 10% of an Ad-izinyosi shareholder but whom Ad-izinyosi and Adcock agree should be bound by the restraint) not to compete with any of the businesses or activities carried on from time to time by the members of the group (and as described in the group's audited financial statements from time to time) in any territory in which the group carries on business. The restraint endures until the expiry of a period of one year following the date upon which Ad-izinyosi ceases to hold any shares in Adcock and in respect of each restrainee other than Ad-izinyosi, until the expiry of a period of one year following the date upon which it ceases to be an Ad-izinyosi shareholder or a shareholder of an Ad-izinyosi shareholder or a key executive of an Ad-izinyosi shareholder, as the case may be. No restraints shall preclude a restrainee from holding a direct or indirect beneficial shareholding in any company listed on a recognised stock exchange, where the direct holding or cumulative indirect holdings of the restrainee do not exceed 5% of any class of that listed company's issued share capital and the interests of the shareholders are solely those of shareholder. In circumstances where Kagiso disposes of its shares as contemplated in paragraph 11.2.2 of part 3 of the circular, its restraint shall terminate with immediate effect in respect of Kagiso and its associate shareholders;
- numerous trigger events are described in the relationship agreement, upon the happening of which, prior to the closing date, the Ad-izinyosi shareholders' affected thereby are obliged to offer for sale their shares in Ad-izinyosi. One such trigger event is if an Ad-izinyosi shareholder or any shareholder in an Ad-izinyosi shareholder breaches any of the provisions of the relationship agreement and fails to remedy the breach concerned within 21 days of receipt of notice calling upon it to remedy such breach.

19. DIRECTORS' RESPONSIBILITY STATEMENT

The directors of each of AdBEE, Ad-izinyosi and Adcock, whose names and details are given in the 'Corporate information' section of this placing document, collectively and individually, accept full responsibility for the accuracy of the information contained in this placing document that pertain to each of AdBEE, Ad-izinyosi and Adcock and certify that, to the best of their knowledge and belief, there are no omissions of material facts or other considerations which would make any statement herein false or misleading and that they have made all reasonable enquiries in this regard and that this placing document contains all information required by law and the JSE Listings Requirements. AdBEE accepts full responsibility for the accuracy of the information contained in the placing document, the annual financial report, the amendments to the annual financial report or any supplements from time to time, except as otherwise stated therein.

20. LITIGATION STATEMENT

As AdBEE and Ad-izinyosi are new companies they are not the subjects of any legal or arbitration proceedings. The board of directors of Adcock is not aware of any legal or arbitration proceedings (including any such proceedings that are pending or threatened), which may have or have had a significant impact on the financial position of Adcock during the 12 months preceding the date of this placing document.

21. EXPERTS' CONSENTS

Each of the investment bank and transaction adviser, sponsor, corporate law advisers and transfer secretaries have consented in writing to act in the capacities stated and to their names being included in this placing document and have not withdrawn their consent prior to the publication of this placing document.

22. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available on the website of Adcock and for inspection at the registered office of AdBEE, Ad-izinyosi or Adcock during normal business hours (excluding Saturdays, Sundays and South African public holidays) from the date of issue of this placing document up to and including 10 July 2015:

- the memorandum of incorporation of AdBEE;
- the memorandum of incorporation of Ad-izinyosi;
- the memorandum of incorporation of Adcock;
- the scheme circular, including the pledge agreement in paragraph 12 of part 2 thereto;
- the relationship agreement;
- the audited annual financial results of Adcock for the three financial years ended June 2014, September 2013 and September 2012;
- written consents of the investment bank and transaction adviser, sponsor and the corporate law advisers, and transfer secretaries to the inclusion of their names in this placing document in the context and form in which they appear; and
- a signed copy of this placing document.

SIGNED IN JOHANNESBURG BY OR ON BEHALF OF ALL THE DIRECTORS OF AdBEE, AD-IZINYOSI AND ADCOCK ON OR ABOUT 28 May 2015

DETAILS OF AdBEE DIRECTORS’ REMUNERATION

As AdBEE is a new company the directors of AdBEE have not received any past remuneration. In addition, there is no proposed remuneration to be paid to the directors.

AdBEE Name	Salaries, Directors’ fees and other Remuneration R	Performance- related Remuneration R	Other Benefits R	Total Proposed Remuneration expenses R
C Raphiri	0	0	0	0
M Makwana	0	0	0	0
T Lesoli	0	0	0	0
TOTAL	0	0	0	0

TABLE OF ENTITLEMENTS

This table of entitlements is based on Ad-izinyosi acquiring between 15% and 30% of the issued share capital of Adcock, which amounted to between 25 718 428 and 51 436 856 Adcock shares (excluding shares held as treasury stock) at the last practicable date prior to finalising this placing document amounting to 15% to 30% of the issued share capital of Adcock. As the issued share capital of Adcock may change between the last practicable date and the record date of the scheme this table of entitlements may change. Scheme participants will be provided with an updated table of entitlements based on the issued share capital of Adcock on the record date of the scheme, together with the surrender circular to be issued to scheme participants upon the scheme being implemented. It is not expected that the table of entitlements will change significantly from that disclosed here.

Where the number of scheme shares tendered is a fraction <0.5 the number will be rounded down the nearest whole number. Where the number is equal to or greater than 0.5 the number will be rounded up to the nearest whole number.

Adcock shares in issue	171 456 185
% of shares tendered in the scheme	15%
Number of shares tendered in the scheme	25 718 428
Number of call options	8 000 000
Number of options received per share tendered	0.3111
Number of AdBEE shares required	25 718 428

AIP shares before	Scheme shares tendered	AdBEE securities received	Call options received	AIP shares after
50	8	8	2	42
100	15	15	5	85
500	75	75	23	425
1 000	150	150	47	850
5 000	750	750	233	4 250
10 000	1 500	1 500	467	8 500
50 000	7 500	7 500	2 333	42 500
100 000	15 000	15 000	4 666	85 000

Adcock shares in issue	171 456 185
% of shares tendered in the scheme	30%
Number of shares tendered in the scheme	51 436 856
Number of call options	8 000 000
Number of options received per share tendered	0.1555
Number of AdBEE shares required	51 436 856

AIP shares before	Scheme shares tendered	AdBEE securities received	Call options received	AIP shares after
50	15	15	2	35
100	30	30	5	70
500	150	150	23	350
1 000	300	300	47	700
5 000	1 500	1 500	233	3 500
10 000	3 000	3 000	467	7 000
50 000	15 000	15 000	2 333	35 000
100 000	30 000	30 000	4 666	70 000

