



RH BOPHELO LIMITED

(previously Newshelf 1388 Proprietary Limited)
(Incorporated in the Republic of South Africa)
(Registration number 2016/533398/06)
(JSE share code: RHB ISIN: ZAE000244737)
("RH Bophelo" or "the Company")

PRE-LISTING STATEMENT

The definitions and interpretations commencing on page 6 of this Pre-listing Statement apply, *mutatis mutandis*, to this entire document, including this cover page. This Pre-listing Statement is not an invitation to the public to subscribe for Shares in the Company. Only persons in South Africa who fall within one of the specified categories envisaged in sections 96(1)(a) or (b) of the Companies Act and to selected institutional investors in other jurisdictions to whom the Private Placement will specifically be addressed, are entitled to participate in the Private Placement. Consequently, this Pre-listing Statement does not constitute, envisage or represent an offer to the public, as envisaged in the Companies Act, nor does it constitute a "registered prospectus" as contemplated by the Companies Act, and is issued in compliance with the JSE Listings Requirements, for the purpose of providing information to Invited Investors.

This Pre-listing Statement is issued in connection with:

- a private placement to raise R500 000 000 by way of an offer for subscription to Invited Investors for at least 50 000 000 Private Placement Shares in the Company, at the Issue Price of R10 per Private Placement Share; and
- the subsequent listing of all the A Ordinary Shares of the Company on the Main Board of the JSE.

2017

Abridged pre-listing statement announced on SENS on	Wednesday, 5 July
Opening Date of the Private Placement at 09:00 on	Thursday, 6 July
Closing Date of the Private Placement at 12:00* on	Friday, 7 July
Results of the Private Placement released on SENS on	Monday, 10 July
Notification of allotments to successful Invited Investors by	Monday, 10 July
Listing of A Ordinary Shares on the JSE expected at commencement of trade on	Wednesday, 12 July
Accounts at CSDPs/Brokers updated in respect of Dematerialised Shareholders on	Wednesday, 12 July

**Invited Investors must advise their CSDP or Broker of their acceptance of the Private Placement Shares in the manner and cut-off time stipulated by their CSDP or Broker.*

The offer, in the form of the Private Placement, is being made to Invited Investors only and will comprise a minimum of 50 000 000 Private Placement Shares at the Issue Price.

Immediately prior to the Private Placement and the Listing:

- the authorised share capital of the Company comprised 10 000 000 000 A Ordinary Shares and 1 B Share;
- the issued share capital of the Company comprised 1 A Ordinary Share and 1 B Share; and
- the Company had no treasury Shares in issue.

Assuming that a minimum of 50 000 000 Private Placement Shares are issued in terms of the Private Placement, immediately after the Private Placement and the Listing:

- the authorised share capital of the Company will comprise 10 000 000 000 A Ordinary Shares and 1 B Share;
- the issued share capital of the Company will comprise 50 000 000 A Ordinary Shares and 1 B Share; and
- the Company will have no treasury Shares in issue.

Upon Listing on the JSE, assuming that a minimum of 50 000 000 Private Placement Shares are issued in terms of the Private Placement, the anticipated market capitalisation of the Company should be approximately R500 000 000.

On Listing and thereafter, all A Ordinary Shares in issue will rank *pari passu* in respect of all rights (including the Private Placement Shares). There are no convertibility or redemption provisions relating to any of the Private Placement Shares offered in terms of the Private Placement. The Private Placement Shares will only be issued in dematerialised form. No certificated Private Placement Shares will be issued. There will be no fractions of Private Placement Shares offered or issued in terms of the Private Placement. The Private Placement will not be underwritten.

The Listing is conditional upon the Company raising a minimum amount of R500 000 000 in terms of the Private Placement and the Company meeting the spread requirements of the JSE. The proceeds of the Private Placement will be used by the Company to acquire Viable Assets.

Subject to the Company raising the aforementioned minimum amount and meeting the spread requirements of the JSE, the JSE has granted the Company a listing as a SPAC in the “*Non-Equity Investment Instruments*” sector on the Main Board of the JSE of a minimum of 50 000 000 A Ordinary Shares under the abbreviated name: “*RHBophelo*”, JSE share code: RHB and ISIN: ZAE000244737, with effect from the commencement of trade on Wednesday, 12 July.

The Directors, whose names are set out in paragraph 6.1.1 of this Pre-listing Statement, collectively and individually accept full responsibility for the accuracy of the information contained in this Pre-listing Statement which relates to the Company and, in this regard, certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this Pre-listing Statement contains all information required by the JSE Listings Requirements.

The Auditors and Independent Reporting Accountants and each of the advisors, whose names appear in the “*Corporate Information*” section of this Pre-listing Statement, have given and have not, prior to the publication of this Pre-listing Statement by the JSE, withdrawn their written consents to the inclusion of their names, and acting in the capacities stated and, where applicable, to their reports, being included in this Pre-listing Statement.

An abridged version of this Pre-listing Statement will be released on SENS on Wednesday, 5 July 2017 and published in the press on Thursday, 6 July 2017.

Joint Transaction Advisors



**Sponsor, Auditors and
Independent Reporting
Accountants**



Escrow Agent



Legal Advisor



Founding partner



Date of issue Wednesday, 5 July 2017

Copies of this Pre-listing Statement are available in English only and may, from Thursday, 6 July 2017 be obtained from the registered office of the Company and from Third Way Investment Partners and Birkett Stewart McHendrie, during normal business hours at the addresses set out in the “*Corporate Information*” section of this Pre-listing Statement. A copy of this Pre-listing Statement will also be available on the Company’s website (www.rhbophelo.co.za).

CORPORATE INFORMATION AND ADVISORS

Registered Office

3rd Floor, 18 Melrose Boulevard
Melrose Arch, Melrose North
Johannesburg, 2076
South Africa

Directors

Q Zunga (*Chief executive officer*)
KD Mhlaba (*Chief financial officer*)
VP Nomvalo (*Executive director*)
MP Mehlahe (*Chief operating officer*)
Dr SG Motuba (*Lead independent non-executive director*)
Dr KR Ntshwana (*Independent non-executive director*)
JR Oliphant (*Non-executive chairman*)
Dr PD Sekete (*Non-executive director*)

Company Secretary

Corporate Vision Consulting Proprietary Limited
(Registration number 2015/006536/07)
3 Decotah, Canart Street, Kyalami Hills
Johannesburg, 1684
South Africa

Transaction Advisors

Third Way Investment Partners Proprietary Limited
(Registration number 2015/184672/07)
1st Floor, 11 Crescent Drive
Melrose Arch, Melrose North
Johannesburg, 2196
South Africa

Birkett Stewart McHendrie Proprietary Limited
(Registration number 2014/201187/07)
22 Kildoon Road, Bryanston
Johannesburg, 2191
South Africa

Date of incorporation: 13 December 2016

Place of incorporation: South Africa

Transfer Secretaries

Computershare Investor Services Proprietary Limited
(Registration number 2004/003647/07)
Rosebank Towers
15 Biermann Ave, Rosebank
Johannesburg, 2196
South Africa

Escrow Agent

Rand Merchant Bank (a division of FirstRand Bank Limited)
(Registration number 1929/001225/06)
4 Merchant Place
1 Fredman Drive, Sandton
Johannesburg, 2196
South Africa

Legal Advisor

Edward Nathan Sonnenbergs Inc.
(Registration number 2006/018200/21)
150 West Street, Sandton
Johannesburg, 2196
South Africa

Sponsor

Deloitte & Touche Sponsor Services Proprietary Limited
(Registration number 1996/000034/07)
The Woodlands, Woodlands Drive
Woodmead, Sandton
Johannesburg, 2196
South Africa

Auditors and Independent Reporting Accountants

Deloitte & Touche
(Practice number 902276)
The Woodlands, Woodlands Drive
Woodmead, Sandton
Johannesburg, 2196
South Africa

IMPORTANT LEGAL NOTES

This Pre-listing Statement is not an invitation to the public to subscribe for securities, but is issued in compliance with the JSE Listings Requirements, for the purpose of providing information to Invited Investors with regard to the Company. This Pre-listing Statement does not constitute, envisage or represent an offer to the public, as envisaged in the Companies Act, nor does it constitute a “registered prospectus” in terms of the Companies Act.

FORWARD-LOOKING STATEMENT DISCLAIMER

This Pre-listing Statement includes statements about the Company that are, or may be deemed to be forward-looking statements. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. These forward-looking statements are not based on historical facts, but rather reflect current expectations concerning future results and events and generally may be identified by the use of forward-looking words such as “*targets*”, “*believe*”, “*aim*”, “*expect*”, “*project*”, “*anticipate*”, “*intend*”, “*foresee*”, “*forecast*”, “*likely*”, “*should*”, “*planned*”, “*may*”, “*will*”, “*estimated*”, “*potential*” or similar words and phrases. Examples of forward-looking statements include statements regarding a future financial position or future profits, cash flows, corporate strategy, estimates of capital expenditures, acquisition strategy, or future capital expenditure levels, and other economic factors, such as, amongst other things, interest and exchange rates and public sector spend and resource allocation.

By their nature, forward-looking statements involve known and unknown uncertainties, assumptions and other important factors, because they relate to events and depend on circumstances that may or may not occur in the future, whether or not outside of the control of the Company. Such factors may cause the Company’s actual results, financial and operating conditions, liquidity and the developments within the industry in which the Company operates to differ materially from those made in, or suggested by, the forward-looking statements contained in this Pre-listing Statement. The Company cautions that forward-looking statements are not guarantees of future performance.

All these forward-looking statements are based on estimates and assumptions made by the Company, all of which estimates and assumptions, although the Company believes them to be reasonable, are inherently uncertain. Any forward-looking statement made in this Pre-listing Statement or elsewhere is applicable only at the date on which such forward-looking statement is made. New factors that could cause the business of the Company not to develop as expected may emerge from time to time and it is not possible to predict all of them. Further, the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statement is not known. The Company has no duty to, and does not intend to, update or revise the forward-looking statements contained in this Pre-listing Statement after the date of this Pre-listing Statement, except as may be required by law or regulation.

OFFER IN SOUTH AFRICA ONLY

This Pre-listing Statement has been issued in connection with the Private Placement in South Africa only and is addressed only to Invited Investors to whom the Private Placement may lawfully be made. The distribution of this Pre-listing Statement and the making of an offer by means of the Private Placement may be restricted by law. Persons into whose possession this Pre-listing Statement comes must inform themselves about and observe any and all such restrictions. This Pre-listing Statement does not constitute an offer of or invitation to subscribe for and/or purchase any A Ordinary Shares in any jurisdiction in which the offer would be unlawful.

The release, publication or distribution of this Pre-listing Statement in certain jurisdictions other than South Africa may be restricted by law and therefore any persons who are subject to the laws of any jurisdiction other than South Africa should inform themselves about, and observe, any applicable requirements. Any failure to comply with the applicable requirements may constitute a violation of the securities laws of any such jurisdiction. It is the responsibility of the non-resident Shareholder to satisfy himself or herself as to the full observance of the laws and regulatory requirements of the relevant jurisdiction in connection with this Pre-listing Statement.

Any Shareholder who is in doubt as to his position, including, without limitation, his tax status, should consult an appropriate independent professional advisor in the relevant jurisdiction without delay.

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SALIENT DATES

The definitions and interpretations commencing on page 6 of this Pre-listing Statement apply, *mutatis mutandis*, to the following salient dates and times relating to the Listing:

2017¹

Abridged pre-listing statement announced on SENS on	Wednesday, 5 July
Opening Date of the Private Placement at 09:00 on	Thursday, 6 July
Abridged Pre-listing Statement published in the press on	Thursday, 6 July
Closing Date of the Private Placement at 12:00 ² on	Friday, 7 July
Results of the Private Placement published on SENS on	Monday, 10 July
Notification of allotments to successful Invited Investors by	Monday, 10 July
Results of the Private Placement published in the press on	Tuesday, 11 July
Listing of A Ordinary Shares on the JSE expected at commencement of trade on	Wednesday, 12 July
Accounts at CSDPs/Brokers updated in respect of Dematerialised Shareholders on ³	Wednesday, 12 July

Notes:

1. These dates and times are South African dates and times and are subject to amendment. Any such amendment will be released on SENS and published in the press.
2. Invited Investors may only receive Dematerialised Shares and must advise their CSDP or Broker of their acceptance of the Private Placement in the manner and cut-off time stipulated by their CSDP or Broker.
3. CSDP's effect payment on a delivery-*versus*-payment basis.

DEFINITIONS AND INTERPRETATIONS

In this Pre-listing Statement and annexures hereto, unless the context indicates otherwise, a word or an expression which denotes any gender includes the other genders, a natural person includes a juristic person and *vice versa*, the singular includes the plural and *vice versa* and the following words and expressions bear the meanings assigned to them below:

“A Ordinary Shares”	means the A ordinary shares of no par value in share capital of the Company;
“Application Form”	means the application form to be used by Invited Investors for purposes of subscribing for Private Placement Shares in terms of the Private Placement, a specimen of which is attached to this Pre-listing Statement (<i>blue</i>) and which will be made available to Invited Investors;
“Auditors” and “Independent Reporting Accountants”	means Deloitte & Touche (Practice number 902276), a South African partnership regulated by Independent Regulatory Board for Auditors (South Africa);
“B Share”	means an unlisted B share of no par value in the share capital of the Company;
“BBBEE”	means broad based black economic empowerment as envisaged in the BEE Act;
“BEE Act”	means the Broad Based Black Economic Empowerment Act, No. 53 of 2003 as amended or substituted from time to time;
“BHF”	means the Board of Healthcare Funders;
“Board” or “Directors”	means the board of directors of the Company at the Last Practicable Date;
“Broker”	means a “stockbroker” as defined in the Financial Markets Act, or its nominee;
“Business Day”	means any day other than a Saturday, Sunday or official public holiday in South Africa;
“Category II”	means a financial services provider as defined in the FAIS Act;
“CIPC”	means the Companies and Intellectual Property Commission established by section 185 of the Companies Act;
“CMS”	means the Council for Medical Schemes;
“COID”	means Compensation for Occupational Injuries and Diseases;
“Common Monetary Area”	means South Africa, the Republic of Namibia and the Kingdoms of Lesotho and Swaziland;
“Competition Commission”	means the Competition Commission of South Africa and the Competition Tribunal of South Africa and/or the Competition Appeal Court of South Africa being the regulatory and/or judicial authorities established in terms of the Competition Act, 1998;
“Company” or “RH Bophelo”	means RH Bophelo Limited (Registration number 2016/533398/06), a public company duly incorporated in accordance with the laws of South Africa which was converted from a private company to a public company on 30 March 2017 and which has no subsidiaries (other than the Operating Entity) as at the Last Practicable Date and will have no subsidiaries (other than the Operating Entity) as at the Listing Date;
“Company Secretary”	means Corporate Vision Consulting Proprietary Limited (Registration number 2015/006536/07), a private company duly registered and incorporated in South Africa;

“Companies Act”	means Companies Act, No. 71 of 2008, as amended from time to time;
“CSDP”	means a Central Securities Depository Participant, accepted as a participant in terms of the Financial Markets Act, with whom a Shareholder holds a dematerialised share account;
“Dematerialised Shareholders”	means Shareholders who hold Dematerialised Shares;
“Dematerialised Shares”	means A Ordinary Shares which have been incorporated into the Strate system and which are no longer evidenced by certificates or other physical Documents of Title;
“Group”	means the Company and its wholly-owned subsidiary, Operating Entity;
“Documents of Title”	means share certificates, certified transfer deeds, balance receipts or any other physical documents of title pertaining to the A Ordinary Shares in question, acceptable to the Board;
“Escrow Account”	means the escrow account managed by the Escrow Agent in terms of the Escrow Agreement in accordance with paragraph 4.36 of the Listings Requirements, relating to the proceeds of the Listing;
“Escrow Agent”	means Rand Merchant Bank (a division of FirstRand Bank Limited), registration number 1929/001225/06, appointed by the Company to act as the escrow agent;
“Escrow Agreement”	means the escrow agreement entered into between the Escrow Agent and the Company on or about 13 June 2017, as amended from time to time, which governs, inter alia, the terms on which the capital raised by the Company in terms of the Private Placement is held in escrow and invested in either (i) investment grade bonds (being debt securities with a rating of “BBB” or above as rated by Standard and Poor’s Corporation or an equivalent rating by any similar institution); or (ii) bank deposits with one or more recognised banks, by the Escrow Agent, and the terms of the release of such capital which is to be utilised to cover the Company’s operating expenses, acquire Viable Assets and/or be distributed to Shareholders, as envisaged in the JSE Listings Requirements, with further details contained in paragraph 17;
“Exchange Control Regulations”	means the Exchange Control Regulations, 1961, as amended from time to time, issued in terms of section 9 of the Currency and Exchanges Act, No. 9 of 1933, as amended from time to time;
“FAIS Act”	means the Financial Advisory and Intermediary Services Act, 2002;
“Financial Markets Act”	means the Financial Markets Act, No. 19 of 2012, as amended from time to time;
“GDP”	means the gross domestic product of all goods and services produced in South Africa in a year;
“GEMS”	means Government Employee Membership Scheme;
“HASA”	means the Hospital Association of South Africa;
“HPCSA”	means the Health Professionals Council of South Africa;
“ICT”	means Information and Communications Technology – or technologies;
“IFRS”	means International Financial Reporting Standards;

“Invited Investors”	means a limited number of specifically selected and invited investors in South Africa who fall within one of the specified categories in sections 96(1)(a) or (b) of the Companies Act and to whom the Private Placement will be specifically addressed and which Private Placement is only capable of acceptance by such invitation;
“Issue Price”	means the price at which the Private Placement Shares will be issued by the Company pursuant to the Private Placement, being R10 per Private Placement Share;
“JSE”	means JSE Limited (Registration number 2005/022939/06), licensed as an exchange under the Financial Markets Act, and a public company incorporated under the laws of South Africa;
“JSE Listings Requirements”	means the Listings Requirements of the JSE, as amended from time to time;
“King Code”	means the King III Report on Corporate Governance Principles for South Africa (2009), as amended or replaced from time to time. The Company and the Directors will comply and adhere to the revised provisions of King IV;
“Last Practicable Date”	means the last practicable date before finalisation of this Pre-listing Statement, being Monday, 3 July 2017;
“Legal Advisor”	means Edward Nathan Sonnenbergs Inc. (Registration number 2006/018200/21), a company duly incorporated in accordance with the laws of South Africa;
“Listing”	means the admission of A Ordinary Shares to listing and trading on the Main Board of the JSE under the abbreviated name “RHBophelo”, share code: RHB and ISIN: ZAE000244737 as envisaged in this Pre-listing Statement, in accordance with the JSE Listings Requirements;
“Listing Date”	means the date of listing of the SPAC, being Wednesday, 12 July 2017;
“Management Agreement”	means the management agreement entered into between the Company, the Operating Entity and the Management Company on or about 23 June 2017 in terms of which the Management Company provides the Services to the Company and the Operating Entity, details of which are set out in paragraph 7 and Annexure 6 of this Pre-listing Statement;
“Management Company” or “RH Bophelo Management Company”	means RH Bophelo Management Company Proprietary Limited (Registration number 2016/533552/07), a private company duly registered and incorporated in South Africa;
“Medical Schemes Act”	means the Medical Schemes Act, No. 131 of 1998, as amended from time to time;
“Memorandum of Incorporation” or “MOI”	means the memorandum of incorporation of the Company;
“NHI”	means National Health Insurance;
“NHN”	means the National Hospital Network;
“OECD”	means the Organisation for Economic Co-operation and Development;
“OMSFIN”	means Old Mutual Specialised Finance Proprietary Limited (a wholly-owned subsidiary of Old Mutual South Africa) (Registration number 1998/013266/07), a private company duly registered and incorporated in South Africa, being a wholly-owned subsidiary of the Company;

“OMSFIN Facility Term Sheet”	means the facility term sheet entered into between OMSFIN and the Company on or about 6 March 2017 in terms of which OMSFIN will provide a funding facility to the Company;
“Operating Entity”	means RH Bophelo Operating Company Proprietary Limited (Registration number 2016/533529/07), a private company duly registered and incorporated in South Africa, being a wholly-owned subsidiary of the Company;
“Permissible Operating Expenses”	means fees and expenses incurred by the Company which may be paid by the Company from the Escrow Account, as disclosed in paragraph 14 of this Pre-listing Statement;
“Pre-listing Statement”	means this pre-listing statement, including its annexures dated Wednesday, 5 July 2017;
“Private Placement”	means the private placement by the Company to raise a minimum of R500 million by way of an offer to Invited Investors to subscribe for the Private Placement Shares at the Issue Price, as discussed in detail in paragraph 10 of this Pre-listing Statement;
“Private Placement Shares”	means a minimum of 50 000 000 A Ordinary Shares to be offered and issued in terms of the Private Placement;
“RAF”	means the Road Accident Fund;
“Razorite Healthcare and Rehabilitation Fund”	means the Razorite Healthcare and Rehabilitation Fund is a South African-based private equity fund that is structured as an en commandite partnership and whose mandate is to invest in healthcare infrastructure in South Africa;
“RH Managers”	means RH Managers Proprietary Limited (Registration number 2013/080004/07), a private company duly registered and incorporated in South Africa, and is a 30% shareholder in the Management Company, which 30% interest was acquired on 27 March 2017;
“SAMA”	means the South African Medical Association;
“SENS”	means the Stock Exchange New Service, being the news service operated by the JSE;
“Shareholders”	means the holders of the A Ordinary Shares in the issued share capital of the Company;
“Shares”	means the A Ordinary Shares and B Share constituting the authorised and issued share capital of the Company;
“South Africa”	means the Republic of South Africa;
“SPAC”	means a special purpose acquisition company as envisaged in the JSE Listings Requirements, being a special purpose vehicle established to facilitate the primary capital raising process to enable the acquisition of Viable Assets in pursuit of a listing on the Main Board of the JSE;
“Sponsor”	means Deloitte & Touche Sponsor Services Proprietary Limited (Registration number 1996/000034/07), a private company duly registered and incorporated in South Africa;
“Strate”	means Strate Proprietary Limited (Registration number 1998/022242/07), a private company incorporated under the laws of South Africa, a central securities depository licensed in terms of the Financial Markets Act and responsible for the electronic clearing and settlement system provided to the JSE;
“Transaction Advisors”	means Third Way Investment Partners Proprietary Limited (Registration number 2015/184672/07) and Birkett Stewart McHendrie Proprietary Limited (Registration number 2014/201187/07), private companies duly registered and incorporated in South Africa;

“Transfer Secretary”	Computershare Investor Services Proprietary Limited (Registration number 2004/003647/07), a private company incorporated under the laws of South Africa;
“UN”	means the United Nations;
“US\$”	means the United States Dollar;
“Viable Asset/s”	means asset/s which meet the investment policy and acquisition criteria set out in paragraph 2 and paragraph 3 of this Pre-listing Statement, which, if acquired, will enable the Company to qualify for a listing, other than as a SPAC, pursuant to the Main Board listing criteria of the JSE;
“White Paper”	means the National Health Insurance White Paper, 2015; and
“ZAR”	means the South African Rand.



RH BOPHELO LIMITED

(previously Newshelf 1388 Proprietary Limited)

(Incorporated in the Republic of South Africa)

(Registration number 2016/533398/06)

(JSE share code: RHB ISIN: ZAE000244737)

("RH Bophelo" or "the Company")

Directors

Executive

Mr Q Zunga (*Chief executive officer*)

Mr KD Mhlaba (*Chief financial officer*)

Ms VP Nomvalo (*Executive director*)

Mr MP Mehlape (*Chief operating officer*)

Non-executive

Dr SG Motuba (*Lead independent non-executive director*)

Dr KR Ntshwana (*Independent non-executive director*)

Mr JR Oliphant (*Non-executive chairman*)

Dr PD Sekete (*Non-executive director*)

PRE-LISTING STATEMENT

SECTION ONE – INFORMATION ON THE COMPANY

1. INTRODUCTION

1.1 Background to a SPAC

A SPAC is a public company, the shares of which are listed on the JSE. The purpose of a SPAC is to raise money which must be used for acquiring assets that will, on their own, enable the Company to qualify for a listing, other than as a SPAC, pursuant to the listing criteria of the JSE. Until such assets are acquired, the only asset of a SPAC is the cash which it holds pursuant to a capital raise through the issue of shares. This cash must be held in escrow and invested conservatively in accordance with paragraph 4.36(b) of the JSE Listings Requirements. The interest on the cash in escrow will accrue in favour of the SPAC and accumulate in escrow. If the Company does not complete an acquisition of Viable Assets within a 24-month period, the Company will return the monies then held by, or on behalf of, the Company less the aggregate of all amounts payable by, or on behalf of, the Company, including (i) Permissible Operating Expenses; and (ii) any amounts payable by, or on behalf of, the Company to implement the distribution and anticipated voluntary liquidation.

1.2 Background to the Company

The Company was incorporated as a private company on 13 December 2016 under the name "Newshelf 1388 Proprietary Limited". On 30 March 2017, the Company was converted into a public company and its name was changed to "RH Bophelo Limited". The intended purpose of the Company following the Listing will be to pursue acquisitions of healthcare assets in exceptionally managed commercial entities or special situations across the South African market.

The Company has been set up as a SPAC and operates on a model similar to private equity funds in order to offer public investors an opportunity to invest in a liquid vehicle that provides investors access to a portfolio of unlisted assets. The Company will invest in operating hospitals, brownfield projects (where licenses are in place), other healthcare funds and related healthcare sub-sectors. The Company is value focused, will deliver traditional alternative asset class returns through a portfolio of operating companies that participate in a broad array of healthcare specific sectors whilst providing investors with day-to-day liquidity, access to a world-class management team and greater transparency.

The Company will ensure that profits realised through operations or sales are carefully and well managed and will further ensure that there is an appropriate balance between dividends returned to Shareholders and the need for reinvestment such that investors can benefit from capital appreciation.

The Company is seeking to raise a minimum of R500 million, with expected deployment into the Company and Management Company's existing R1 billion pipeline as soon as practicably possible.

The Company has not traded and has not conducted any business, other than in connection with the preparation of this Pre-listing Statement and the Private Placement. The Company intends to obtain a listing as a SPAC on the Main Board of the JSE following subscriptions for Private Placement Shares in terms of the Private Placement.

1.3 **Background to the Management Company**

RH Bophelo, upon acquisition of a Viable Asset will become a investment holding company with a focus on investing in healthcare assets and building a healthcare company. The Company will operate like an investment fund with very limited direct employees and as a result has entered into a Management Agreement, whereby the Management Company will provide services to the Company and Operating Entity. The Management Company's team consists of individuals who are uniquely qualified to deliver exceptional performance for Shareholders and possess direct equity, debt investment, portfolio management, business, regulatory and legal experience across varied asset classes and sectors (in particular healthcare) in the South African market, on the African continent and internationally.

The management and corporate structure has been set up in this way in order to align the Management Company, Operating Entity and the Company to the private equity provisions of the BBBEE Act whereby, as a result of the Management Company, Operating Entity and the Company meeting the requirements of the BEE Codes, the ownership in the investee companies, in which the Operating Entity will invest, will be classified as black.

BBBEE (BEE) transactions are typically structured in a way that restricts the transfer of BBBEE (BEE) ownership. Such a restriction in the BBBEE (BEE) secondary market creates a valuation discount, which is to the detriment of those who ought to be empowered.

The structure therefore:

- leverages the ability of the Company to raise capital from the listed market whilst maintaining black control;
- facilitates government's initiative to issue licenses to BBBEE (BEE) parties (as opposed to the listed hospital groups) which is a major competitive advantage;
- creates a significant pipeline of opportunities due to its BBBEE (BEE) status; and
- acts as an enabler and plays a critical role in unlocking the BBBEE (BEE) in the secondary market.

1.4 **RH Managers and the Razorite Healthcare and Rehabilitation Fund**

The Razorite Healthcare and Rehabilitation Fund is a R1.4 billion private equity fund which is managed by RH Managers whose mandate is to exclusively invest in healthcare infrastructure (greenfield/development) in South Africa focusing on acute hospitals, sub-acute hospitals and primary healthcare facilities.

RH Managers and the Management Company consists of a very similar executive and operational team. The Company and the Razorite Healthcare and Rehabilitation Fund do, however, have different strategies and mandates in terms of healthcare opportunities within which they can and see opportunity to invest.

Currently, the Razorite Healthcare and Rehabilitation Fund is fully invested, however has a further pipeline of potential projects that is more than double its fund size and is often presented with healthcare prospects that do not fit into its mandate. Given the relationship between RH Managers and the Management Company, the Company will have access to and can take advantage of the following opportunities:

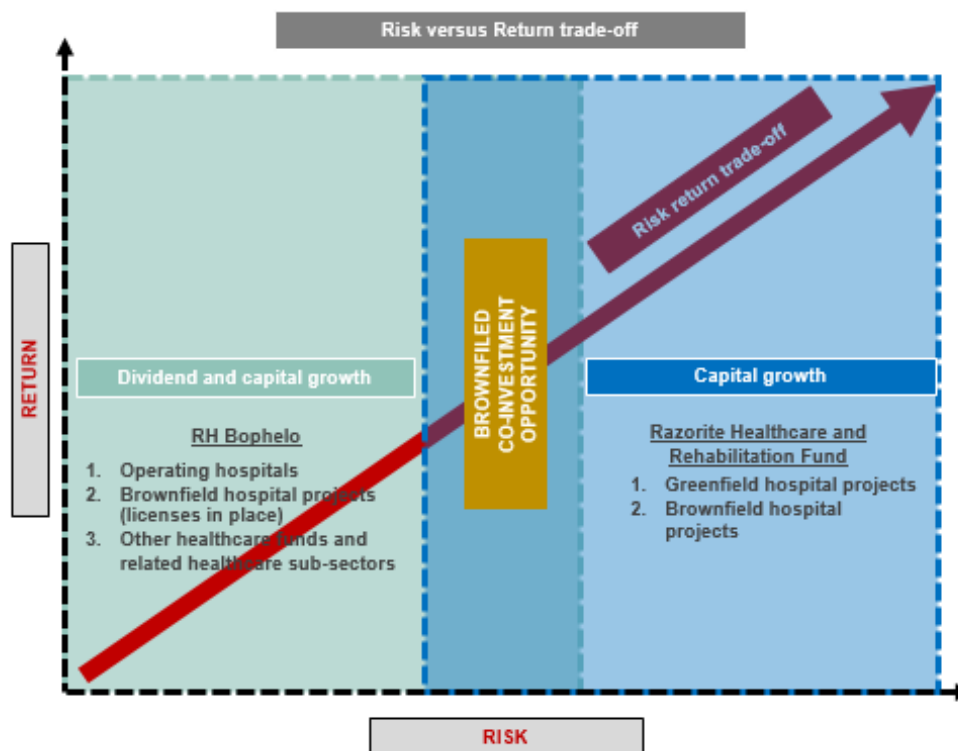
- Healthcare assets that have now become operational and there is an exit opportunity for the Razorite Healthcare and Rehabilitation Fund. The Company will have an opportunity to create further value from these assets;
- Opportunities presented to RH Managers and the Razorite Healthcare and Rehabilitation Fund which do not fit their greenfield mandate (albeit that they are fully invested) but are great operational assets with sustainable dividend profile; and
- To the extent RH Managers raises additional capital, specific co-investment opportunities (per figure 1: “Risk versus Return trade-off” graph below) that may arise in the future.

For the avoidance of doubt, prospective investors should note:

- The Razorite Healthcare and Rehabilitation Fund is fully invested and RH Managers sole role going forward will be to manage the assets in the Razorite Healthcare and Rehabilitation Fund;
- As a result of the Razorite Healthcare and Rehabilitation Fund being fully invested, only the Company will be able to invest in an opportunity that is presented to both RH Managers and the Management Company;
- In the event that the Razorite Healthcare and Rehabilitation Fund sells any of its assets to the Company (or should there be any other transaction between the Razorite Healthcare and Rehabilitation Fund and the Company), this will be deemed to be a related party transaction as defined by the JSE Listings Requirements and as a result will require Shareholder approval; and
- As shown in figure 1 below, the Razorite Healthcare and Rehabilitation Fund has invested in greenfield projects whilst the Company will focus and invest in cash-generating assets.

The Razorite Healthcare and Rehabilitation Fund and the Company are complementary to one another and not competitive and fit into the following “Risk versus Return trade-off” respectively:

Figure 1: Risk versus Return trade-off



1.5 Rationale for the Listing

The Company believes that the Listing will have the following benefits:

- Providing investors with access to a highly sought-after asset class associated with high growth and cash-generative returns;
- Enables the Company to access investment funding in order to acquire its initial pipeline of assets and provides it with the initial and ongoing ability to raise capital in order to pursue and acquire or investment in the desired Viable Assets;
- Enables an attractive environment for risk-tolerant investors to promote the formation of capital;
- Provides the Company with a certain level of credibility at the point when potential vendors are approached. Not only can the vendors independently verify the identity of the Company, they are also able to gain confidence in the ability of the Company to perform financially;
- Increases profile visibility and deal flow opportunities;
- Provides a capital base for the Company and properly positions the Company for the changing nature of the healthcare industry in South Africa;
- Regulatory safeguards that protect investors;
- Incoming investors have the potential to make significant gains;
- To provide potential investors with an opportunity to participate directly in the equity of South African healthcare entities;
- The Company will be able to issue A Ordinary Shares giving the Company additional flexibility when evaluating opportunities. Vendors may find it attractive to receive part of their purchase consideration in the form of equity securities in a listed vehicle, giving the Company a competitive advantage over other potential buyers that are unlisted; and
- Allows for the raising of capital from a wider pool of investors who have a mandate and actively seek investment opportunities in the listed environment.

1.6 Purpose of this Pre-listing Statement

The purpose of this Pre-listing Statement is to:

- provide Invited Investors with relevant information relating to the Group, the Management Company, the Private Placement and the Listing;
- communicate the strategy and the objectives of the Company; and
- set out the salient details of the Listing and the Private Placement and the procedure for participating therein.

2. INVESTMENT OPPORTUNITY

2.1 Background

The Company will invest in operating hospitals, brownfield projects (where licenses are in place) and other healthcare funds and related healthcare sub-sectors. The Company is value focused, will deliver traditional alternative asset class returns through a portfolio of operating companies that participate in a broad array of healthcare specific sectors whilst providing investors with day-to-day liquidity, access to a world-class management team and greater transparency.

The Company will ensure that profits realised through operations or sale will be carefully managed and will further ensure that there is an appropriate balance between dividends returned to Shareholders and the need for reinvestment such that investors can benefit from additional capital appreciation.

The Company, through the Private Placement is seeking to raise a minimum of R500 million, with expected deployment into the Company and Management Company's existing R1 billion pipeline as soon as practicably possible.

Invited Investors will benefit from the following:

- Long-term partners focused on building sustainable long-term growth and value for investors;
- Experienced management team with extensive healthcare and investment experience;

- Strong relationships and networks with Departments of Health in all of South Africa's provinces;
- Aligned incentive structure as management have "skin in the game" (Directors will hold 5% on Listing);
- BEE vehicle with access to an initial R1.0 billion pipeline;
- Powerful BEE credentials are crucial in obtaining licenses;
- Liquid vehicle that provides investors access to a portfolio of highly sought-after unlisted healthcare assets;
- Incorporating BEE and environmental, social and governance principles thereby assisting in unlocking South Africa's economic potential;
- Direct real asset exposure to the defensive healthcare sector with reliable cash flow;
- Exposure to the ever-growing private healthcare sector;
- Comparable companies are expensive and trading at very high multiples;
- Opportunity partner with licence holders who struggle to raise the equity required for further asset/project funding;
- Access to a R250 million facility from OMSFIN on Listing;
- Receive interim cash flows via dividend income and benefit from capital appreciation;
- Strong financial returns and duration risk mitigation over the long term;
- Benefits of diversification, healthcare has a low correlation with other asset classes and has an inelastic demand; and
- Participate in a vehicle that has all the benefits of being a listed company on the JSE as described in paragraph 1.5.

2.2 Healthcare in South Africa¹

The South African healthcare sector was estimated at a value of R359 billion in 2015 (per Table 1). This figure has been growing at a compound rate of 9% since 2010 despite slowing economic growth and is expected to reach R515 billion by 2020. In 2015, this equated to 9% of GDP which is in line with other OECD countries, and this is expected to continue to be the case.

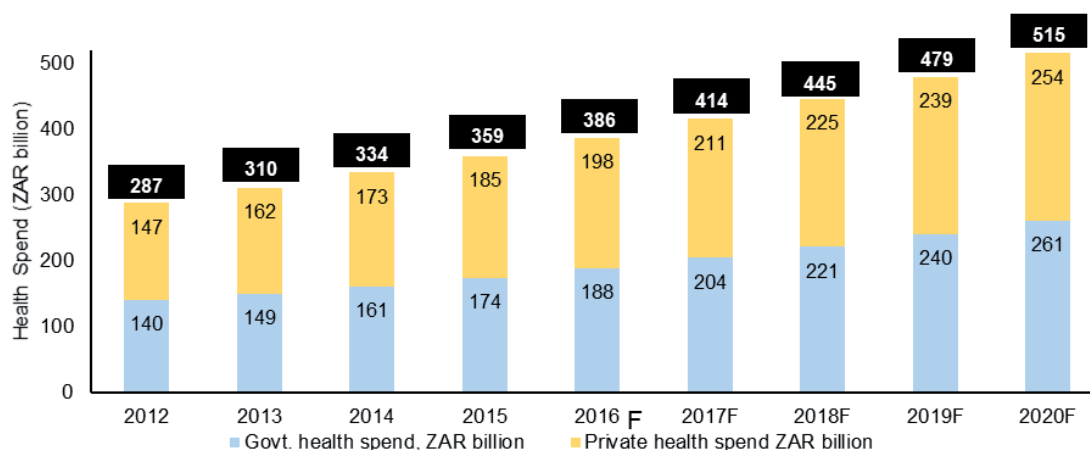
Table 1: Health spending in South Africa – Historical data and forecasts (2010 to 2020f)

	2010	2011	2012	2013	2014	2015	2016f	2017f	2018f	2019f	2020f
ZAR bn	233.7	260.6	286.9	310.2	334.0	359.0	385.7	414.5	445.5	478.8	514.9
ZAR bn, % y-o-y	11.12	11.49	10.12	8.10	7.68	7.50	7.44	7.45	7.47	7.50	7.52
Health spend, % of GDP total	8.50	8.61	8.79	8.78	8.80	9.00	9.02	9.02	8.98	8.95	8.85

South Africa's healthcare system is two-pronged: a large, underresourced and overused public sector and a small, well-funded and well-equipped private sector. The public sector provides healthcare for 80% of the population and accounts for approximately 48% of total healthcare spending (per Figure 2). The private sector provides healthcare for 20% of the population and accounts for approximately 50% of total healthcare spending (the remaining 2% is provided by non-profit organisations). Of the private sector spending, 81% is funded from private prepaid plans and about 14% from out of pocket payments (with the balances coming from social insurance consisting of RAF and COID).

Health spend is a significant component of South Africa's GDP, which presents a compelling investment case and opportunity.

Figure 2: Total health spend in South Africa (ZAR billion, 2012 to 2020F)



¹ All references in this section, paragraph 2, have been taken from the following sources:

- ^A BMI Report – South Africa Pharmaceuticals & Healthcare Report Q1 2017.
- ^B Council for Medical Schemes Quarterly Report for the period ending 30 September 2015.
- ^C CMS Report 2016.
- ^D Private Hospital Group Websites; Econex 2013 Report.
- ^E Deloitte Analysis.

2.3 Private healthcare in South Africa

2.3.1 Market size and growth

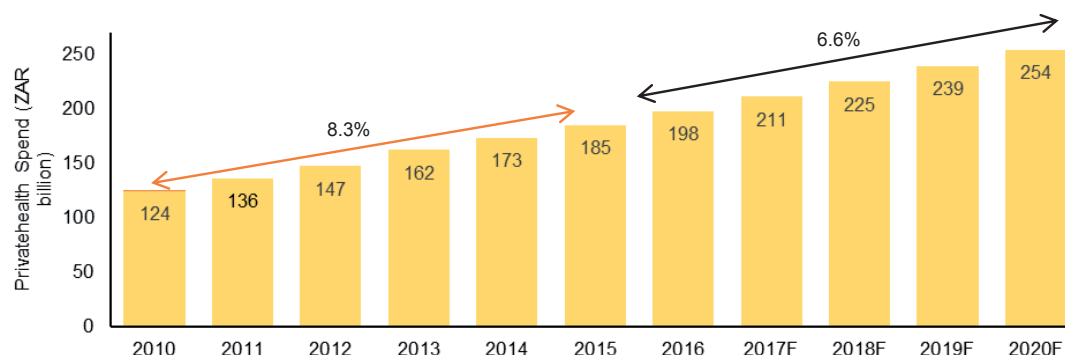
The expenditure on private healthcare in South Africa increased from R147 billion in 2012 to R185 billion in 2015. This trend in increasing expenditure is expected to continue to reach R254 billion by 2020 (see Figure 3), which growth is largely being driven by the following:

- Growth rate in the South African population;
- Increased life expectancy;
- Increased urbanisation and urban migration;
- Growth in the middle class who will be able to afford private healthcare; and
- Affordable healthcare options by insurers.

Increasing awareness of available healthcare options

With increasing wealth and higher standards of living in South African society, citizens can be expected to continue to opt for better quality treatment and, increasingly, for private health insurance. As medical schemes introduce more affordable healthcare options and the gap in quality of care provided by the public and private sectors widens, it is expected that more people will join medical schemes and/or access private healthcare.

Figure 3: Total private health spend in South Africa (ZAR billion, 2012 to 2020f)



2.3.2 **The private healthcare sector consists of:**

- privately insured individuals who belong to medical schemes;
- individuals who do not belong to medical schemes yet access private healthcare (largely on a self-pay basis); and
- social insurance consisting of the RAF and COID.

Membership of medical schemes has grown and continues to grow, being driven by:

- growth in the economy;
- the growth in the GEMS, which has increased private health insurance membership amongst employees of government;
- an increase in the number of more affordable medical scheme options targeting people earning above the tax threshold; and
- a perceived widening gap in quality of care between the public and private sectors.

2.3.3 **Private sector expenditure**

Private healthcare expenditure *per capita* is substantially higher than the public sector. Although private healthcare expenditure in South Africa is higher than most emerging markets, it remains significantly lower than in developed economies. The majority of medical scheme payments go to hospitals and doctors.

Private health expenditure covers approximately 20% of the national population, representing around 4.2% of GDP. Around 8.8 million people were insured by medical schemes in 2015.

There are currently more than 400 public hospitals and around 215 private hospitals in South Africa. The government has acknowledged the need to significantly improve the quality of care in public hospitals. To improve standards, it views public-private partnerships (PPPs) as a way to fund improvements. In addition, private hospital groups have offered to support the public sector in areas such as training, patient administration and pharmacy management.

The disparity in access to good healthcare between South Africa's public and private sectors provides significant opportunities for innovative reforms that will increase access to wider sections of the population and generate additional value and revenue.

Stakeholders in South Africa's healthcare sector should consider technology advances, PPPs and value-based funding models as viable ways to lower costs and improve patient outcomes. Organisations that develop and refine such models are more likely to become industry leaders, grow their market share and address the country's healthcare challenges.

More than half of the country's healthcare expenditure comes from the private sector – this is calculated as spending from private insurance schemes, out-of-pocket payments and contributions by non-profit organisations to households. Private insurance schemes account for approximately 80% of this spend.

2.3.4 **Funding**

The South African government released its *White Paper* for the NHI in 2015. Whilst there are projections for the cost of implementing the scheme, the source/s of funding remains unclear. However, if the NHI is to be successful, the private sector will have to be engaged in order to bridge the gap in terms of capacity.

Healthcare insurance schemes are the biggest contributor to private sector healthcare spending, accounting for approximately 80% of the total out-of-pocket payments. 2015 statistics show that about 8.5 million people were employed in South Africa; of these, 3.9 million people were medical scheme main members and there were 8.8 million medical scheme beneficiaries.

Based on the CMS 2015/16 annual report, there were 22 open schemes and 60 restricted schemes at the end of the 2015/2016 year. The biggest open and restricted medical schemes are shown below.

Table 2: Largest medical schemes based on member numbers (2015)

Top Medical Schemes (by principal member numbers)			
Open		Restricted	
Scheme	Number of members	Scheme	Number of members
Discovery Health Medical Scheme	1 250 194	Government Employees Medical Scheme	671 215
Bonitas Medical Fund	295 462	SA Police Service Medical Scheme	172 039
Momentum Health	126 070	Bankmed	104 526
Medihelp	94 316	Platinum Health	64 005
Bestmed Medical Scheme	93 066	LA-Health Medical Scheme	55 712

There is scope for more employed people to take up medical schemes membership as less than 50% are currently medical scheme members which could potentially translate into more private healthcare expenditure. This augurs well with the trend of increasing private healthcare expenditure.

There is also evidence of rising per beneficiary utilisation rates alongside the rising expenditure per medical scheme beneficiary. Current admissions rates for the medical schemes are shown below:

Table 3: Hospital admissions (2014 and 2015)

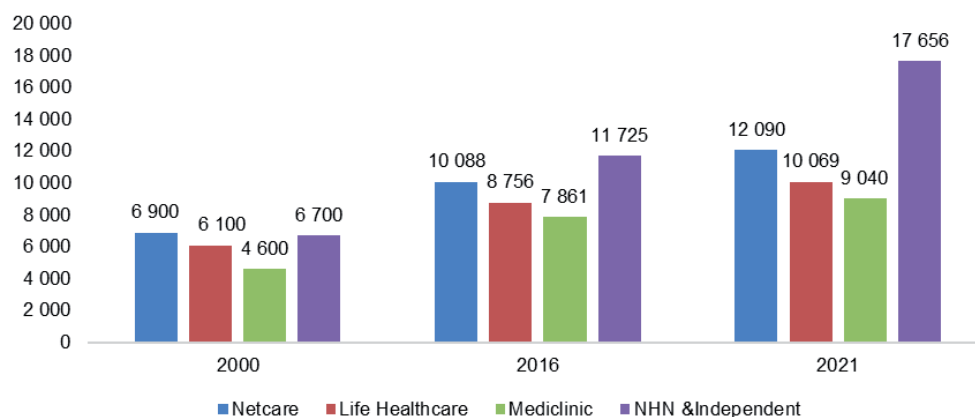
Utilisation of hospitals	2014	2015
Same-day inpatient admissions per 1 000 beneficiaries		
Sub-acute facilities	0.10	0.10
Provincial hospitals	14.96	13.09
Private hospitals ('A'-status)	13.69	14.55
Private hospitals ('B'-status)	81.92	81.03
Private hospitals ('A' and 'B'-status)	95.61	95.58
Private rehab hospital (acute)	0.01	0.01
Unattached operating theatres	0.07	0.06
Approved day clinics	9.81	10.95
Inpatient admissions per 1 000 beneficiaries		
Drug and alcohol rehab	0.91	0.94
Sub-acute facilities	2.68	2.64
Mental health institutions	3.86	4.15
Provincial hospitals	2.62	2.21
Private hospitals ('A'-status)	22.50	22.01
Private hospitals ('B'-status)	145.11	146.84
Private hospitals ('A' and 'B'-status)	167.62	168.85
Private rehab hospital (Acute)	0.32	0.30
Hospices	0.28	0.25

2.3.5 Concentration: Dominance of the "Big 3" hospital groups

Netcare Limited operates the largest private healthcare network in South Africa. The Life Healthcare Group Limited, with its Hospital, Occupational Health, Rehabilitation and Esidimeni divisions, is South Africa's second largest private healthcare company; while Mediclinic southern Africa, which is a division of Mediclinic International, ranks third, collectively the "Big 3".

The other operators are made up of a grouping of independently-owned private hospital facilities the NHN, and other independent hospitals that are not part of the NHN. The fragmented nature of the remaining ~30% of the market are controlled by independent operators. There is an opportunity to consolidate some of these independently held beds under one group. This would give the new group the same kind of competitive advantage that is enjoyed by the Big 3.

Figure 4: Number of Private Hospital Beds in South Africa, by holding groups (2000 actual; 2016 actual; 2021 RH Managers forecast)



It is anticipated that the smaller independents will gain more market share against the Big 3 over the next five years been driven by government's initiative to issue hospital licences to entities other than the listed hospital groups which bodes well for Company and its ability to gain critical mass and market share.

2.3.6 **Cost and financing of private hospitals in South Africa**

The hospitals sector is divided into three segments being:

- acute;
- sub-acute; and
- primary healthcare.

Most investment is made in acute hospitals.

It costs on average approximately R3 million per bed to build and equip an acute care hospital, so a 100 bed hospital will typically cost R300 million to build. Debt financiers will require the project sponsors to contribute 40 – 50% of the total project cost as equity in the absence of off-take agreements as is usually the case with hospital projects. Therefore, for a 100 bed hospital licence holder to access debt financing they would need to raise between R120 million and R150 million in equity.

This equity requirement creates a barrier of entry to new entrants and has perpetuated the dominance of the sector by the established operators.

2.3.7 **Regulatory environment**

On 6 January 2014, the Competition Commission set up an inquiry into the private healthcare sector to investigate:

- how hospitals set tariffs and the factors that are driving higher-than-inflation cost increases;
- whether there is collusion between medical schemes and healthcare providers;
- the referral of patients to specialists by primary care providers, such as general practitioners;
- the nature of the relationships between private hospitals and specialists; and
- the effect of the HPCSA restrictions on practitioners.

While the outcome of the enquiry may pose a regulatory risk to the industry as profit margins could be curtailed if prices are regulated, it will likely lead to:

- the government reinforcing efforts to curtail the growth and dominance of the Big 3; and
- increased pursuance in the implementation of the NHI.

2.4 Investment opportunity

2.4.1 **Limited access to financing for new entrants**

As a result of the South African government's policy to issue hospital licences mainly to historically disadvantaged individuals, most licence holders find it difficult to raise the equity required to access further financing. This lack of financing has also led to sub-optimal hospitals being built and presents an opportunity for the Company to partner with the licence holders to invest the equity required.

2.4.2 **Licensing**

Hospital licences are predominantly being issued to historically disadvantaged individuals in an effort to not only empower them, but to curb the continued domination of this part of the healthcare sector by the Big 3. This has led to the increase in the number of independently owned hospitals as shown in figure 4 which shows the sharp increase in the number independently operated beds (NHN).

The drive by government to issue hospital licences to entities other than the listed hospital groups has led to a situation where many parties (mostly historically disadvantaged) are holding licences, but cannot raise the finance to fund projects.

The Company, by virtue of its fully empowered structure, is perfectly placed to take advantage of government's licensing initiative and through the Listing will be able to fund and implement on its strategy.

2.4.3 **Relationship with the Razorite Healthcare and Rehabilitation Fund and RH Managers**

The Razorite Healthcare and Rehabilitation Fund is the leading institution in South Africa whose sole mandate is provide equity to finance the construction of hospitals. The Razorite Healthcare and Rehabilitation Fund's mandate does however limit it in terms of the type of opportunities it can invest in and thus there is an opportunity for the Company to invest in these assets as well as other co-investment opportunities.

The Management Company has built a reputation with various Departments of Health, projects sponsors and licence holders which has led to the ease with which it finds investment opportunities.

To this end the Company will not require to invest much time nor resources to build a project pipeline. Furthermore, the Company will leverage off the Management Company, RH Managers, the Razorite Healthcare and Rehabilitation Fund's reputation, experience and the Company and Management Company's BEE status to access pipeline and public financing for these opportunities.

2.4.4 **Consolidation of independent hospitals and smaller groups**

A structural change occurred in the South African private health sector when a ruling by the Competition Tribunal in 2004 prohibited collective bargaining between various players. More specifically, this ruling prohibited the HASA, the BHF and the SAMA from negotiating prices collectively on behalf of their respective members.

The consequences are that the big hospital groups now negotiate rates separately with medical aid schemes. This is a disadvantage to the independent smaller hospital groups and thus creates an appealing case for consolidation among the smaller hospital groups.

There is an opportunity for the Company to consolidate fragmented players in the healthcare sector through:

- the acquisition of operating assets;
- the financing of brownfield projects; and
- funding of expansion projects.

Hospital operators in a consolidated healthcare group will benefit from the following:

- An integrated IT system which will come at a much lower cost per bed than would be the case if the system was procured individually;
- Bulk procurement of equipment, consumables and other inputs which would increase the profit margins; and
- Increased bargaining power with the medical schemes as is the case for the listed hospital groups.

2.4.5 **NHI**

While the South African Government's intervention poses regulatory risk, it also presents a good outlook for investors in healthcare infrastructure. The implementation of the NHI will lead to a large portion of the currently medically uninsured gaining access to private healthcare facilities. The Company has the opportunity to invest in healthcare infrastructure and be in a position to meet this anticipated increase in demand for healthcare facilities.

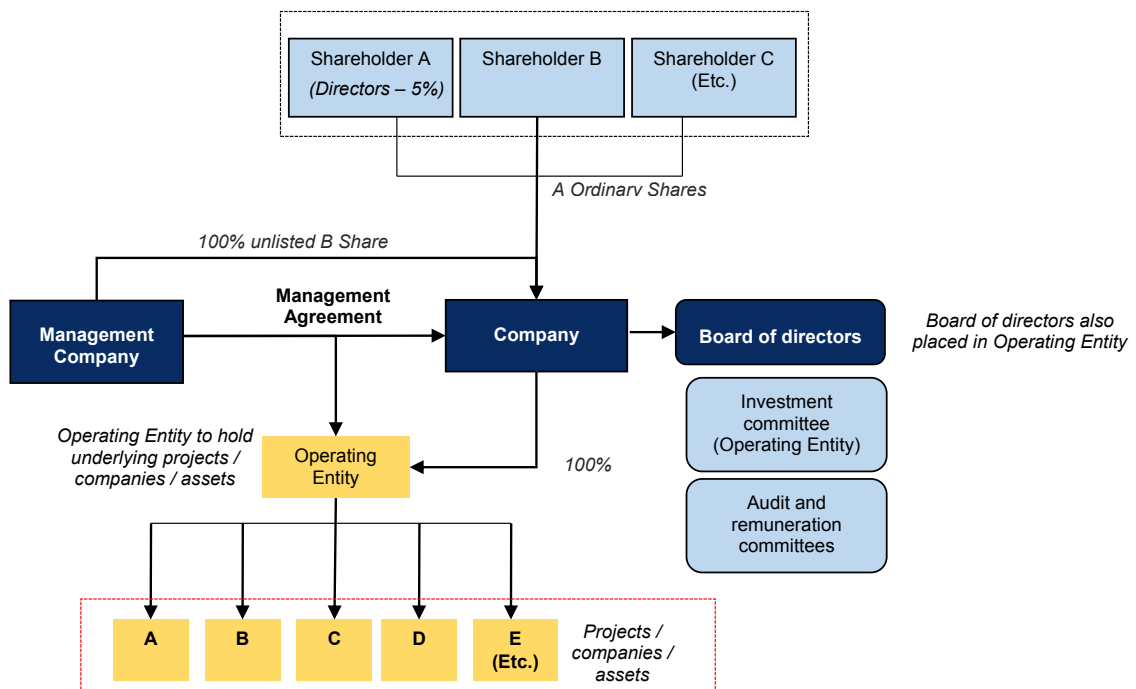
2.4.6 **Other opportunities**

A number of industries are linked to the healthcare sector which gives the Company the opportunity to invest in either related sectors or in upstream and downstream sectors. The Razorite Healthcare and Rehabilitation Fund gets presented with opportunities to invest in some of these sectors, but cannot invest because of its mandate's restrictions. The Company will be able to invest in these opportunities, which include:

- healthcare products manufacturing;
- pharmaceuticals;
- healthcare-related financial services;
- health professionals training schools; and
- waste management infrastructure.

3. **INFORMATION RELATING TO THE COMPANY**

3.1 **Structure**



3.1.1 The Operating Entity is a 100% held subsidiary of the Company and will be managed by the Management Company in terms of the Management Agreement entered into between the Management Company, Operating Entity and the Company.

- 3.1.2 The structure has been set up like this in order to align the Management Company, Operating Entity and the Company to the private equity provisions of the BBBEE Act whereby, as a result of the Management Company, Operating Entity and the Company meeting the requirements of the BEE Codes, the ownership in the investee companies, in which the Operating Entity will invest, will be classified as black.
- 3.1.3 BBBEE (BEE) transactions are typically structured in a way that restricts the transfer of BBBEE (BEE) ownership. Such a restriction in the BBBEE (BEE) secondary market creates a valuation discount, which is to the detriment of those who ought to be empowered.
- 3.1.4 The structure therefore:
- leverages the ability of the Company to raise capital from the listed market whilst maintaining black control;
 - facilitates government's initiative to issue licenses to BBBEE (BEE) parties (as opposed to the listed hospital groups) which is a major competitive advantage;
 - creates a significant pipeline of opportunities due to its BBBEE (BEE) status; and
 - acts as an enabler and plays a critical role in unlocking the BBBEE (BEE) in the secondary market.

3.2 Experience and healthcare expertise

The Directors and the Management Company's team have significant experience and relationships in the healthcare sector and are well positioned in the South African market to implement on the Company's strategy as evidenced by the Director's experience outlined in paragraph 6.2.

The management team has worked successfully on various projects with the Departments of Health in all the provinces and have established lines of communication which smoothens the investment process in the healthcare sector. This is evident through the investments made by the Razorite Healthcare and Rehabilitation Fund, on the advice of RH Managers.

The Razorite Healthcare and Rehabilitation Fund started operating in September 2014 and in just over two years has made the following investments:

- Investment into the "*Busamed Hospital Group*" which operates a network of five hospitals spanning Cape Town, Durban and Johannesburg;
- The Razorite Healthcare and Rehabilitation Fund acquired a shareholding in "*Healthmed*", a primary healthcare group that operates a network of medical centres and is in the process of opening its first of four In Vitro Fertilisation (IVF) clinics;
- Acquired 100% of "*Ernest Oppenheimer Hospital*" which is an existing hospital from "*Harmony Gold*". The property has been transferred and the hospital carries a license for 141 private beds and 309 public beds (issued by the Free State Department of Health);
- Investment into the "*KwaDukuza Hospital*" in Stanger which is currently under construction, with an estimated completion date of October 2017;
- Investment into the "*Eden Gardens Hospital*" in Pietermaritzburg which is currently under construction with estimated completion date of October 2017;
- Purchased land in the Bridge City complex in KwaMashu for the construction a 165 bed hospital. The earthworks have been completed and construction is set to start in the second half of 2017;
- Investment into the "*Medleb Hospital*" in Lebowakgomo which is currently under construction with estimated completion date at the end of 2017;
- Purchased land in Vereeniging for the construction of a day clinic and a sub-acute hospital; and
- Purchased land in Polokwane for the construction of a 120 bed rehabilitation hospital.

3.3 Strategy

The Company's strategy is to create a premier healthcare group by leveraging off its BEE credentials and the Management Company, RH Managers and the Razorite Healthcare and Rehabilitation Fund's market position as the go to providers of equity for healthcare projects.

3.3.1 ***The strategy will be implemented in a three pronged approach as follows:***

- **Consolidation of already operating assets**

The Company will either individually purchase equity or co-invest with the Razorite Healthcare and Rehabilitation Fund in healthcare assets that are already operating and have cash flows. Where the Razorite Healthcare and Rehabilitation Fund cannot invest because of structural restrictions, the Company may invest on its own. The idea of a consolidated group appeals to independent groups as they will benefit from increased economies of scale, have a stronger bargaining position with medical schemes, and thus, allow them to compete with the established operators.

- **Investment in brownfield projects**

The Company will invest in brownfield hospital projects (or co-invest with the Razorite Healthcare and Rehabilitation Fund) that are not more than a year from cash flow with the opportunity to further develop and consolidate to enhance value and support longer-term income and capital growth. The Company will insist on the securing of licences and land by the project sponsors to ensure commitment and alignment of interests.

- **Other healthcare funds and related healthcare sub-sectors**

The Company will invest in select healthcare funds and related healthcare sub-sectors which present an attractive opportunity and in which the Company and the Management Company see value and can generate returns to Shareholders.

3.3.2 ***The Company will seek investment opportunities from the following sources:***

- The Company and Management Company's project pipeline;
- Sponsors, advisors and investment banks that independently approach the Company;
- Other funds or investment vehicles interested in co-investment arrangements;
- Projects that the RH Managers finds that do not fall under the Razorite Healthcare and Rehabilitation Fund's mandate; and
- Cash generative but non-core disposals of healthcare assets from industry players

3.3.3 The Company will be transparent in its strategy, such that it is clear to all stakeholders how and why each investment is made, and that there is no inappropriate political, ideological, or personal interest in investments made.

3.4 **Investment policy**

3.4.1 The Company's investment policy is to acquire commercially viable healthcare assets and will only consider investment opportunities in South Africa. Investments may be by way of purchasing quoted and unquoted shares in appropriate companies, outright acquisition or by the acquisition of assets, including the intellectual property, of a relevant business, or by entering into partnerships, joint venture arrangements or co-investments.

3.4.2 The Company may co-invest with the Razorite Healthcare and Rehabilitation Fund or other investors and may invest solely if appropriate and meet RH Bophelo's investment criterion.

3.4.3 The Company may acquire the whole or part of a company or project (which in the case of an investment in a company may be private or listed) and such investments may constitute a minority or majority stake in the Company or project in question. The Company may be either an active or passive investor depending on the nature of the individual investments. The Company will assess each opportunity on its merits and whilst the following are not prescriptive, the Company will apply two guiding principles as part of its decision-making process (majority versus minority):

- Majority stakes will be acquired for turnaround opportunities and/or where the Company believes that they will have to play an active role in the management of the acquired entity. RH Bophelo will seek synergies that reduce costs, drive efficiencies to deliver growth and drive earnings; and
- Minority stakes will be acquired for opportunities in which the Company is satisfied with the existing management team's competence and ability to drive growth and deliver value and there is a clean path to control.

- 3.4.4 The Company will place no minimum or maximum limit on the length of time that any investment may be held. There will be no limit on the number of investments to be made.
- 3.4.5 The Company may offer new A Ordinary Shares by way of consideration as well as cash in making investments. The Company may, in appropriate circumstances, issue debt securities or otherwise borrow money to complete an investment.
- 3.4.6 The Company will actively manage the investment life cycle of investee companies to maximise the financial returns through appropriate exit mechanisms at maturity of investments.
- 3.4.7 It is envisaged, that to the extent that debt investments are used by the Company, these will mostly be self-liquidating through the repayment of capital, whilst equity investments will be realised at full market value through sale.
- 3.4.8 In the case of investee companies with strong positive cash flow, active growth strategies will be pursued, or alternatively high dividend distributions in order to create annuity type income. In exceptional cases equity realisation may be by the way of initial public offerings and listing of shares on the JSE.
- 3.4.9 In addition to the use of its own resources, the Company will employ external financing as a source of capital. The Company will use borrowings to advance cash flows in order to increase overall returns. The Board will adopt policies from time to time to set limits on the extent of the Company's borrowings. Interest rate movement risk will be mitigated by using inflation-linked rate loans or other hedging instruments. The implementation of such policies and the use of such instruments largely serve to make interest on borrowings a known and controlled expense. The Company will use borrowings to fund acquisitions on a case by case basis and only where it is satisfied that the overall yield from a particular prospective acquisition is or will be greater than the cost of the borrowing required for that particular acquisition, or when the leveraging produces enhanced returns.
- 3.4.10 The Company is not permitted, and will not, obtain any form of debt financing (excluding those of short-term trade or accounts payable used in the ordinary course of business to settle any operating expenses pursuant to paragraphs 4.34 (c) and (d)), except to facilitate the acquisition of Viable Assets.
- 3.4.11 The Company has been able to secure a R250 million funding facility with OMSFIN on the terms as provided in the OMSFIN Facility Term Sheet. The facility, subject to the fulfilment of the conditions precedent, will become available on Listing and will be utilised in pursuit of the acquisition of Viable Assets. Salient details of the OMSFIN Facility Term Sheet are provided in **Annexure 8**.

3.5 **Acquisition criteria**

The targeted investments will meet the following criteria:

3.5.1 ***Consistent value orientation***

The Company will actively seek out investments whereby the intrinsic value (such as replacement cost of the assets employed) and/or conservative market value is sufficiently higher than the transaction value of the securities being acquired.

3.5.2 ***Discounted price for controllable growth***

Many of the Company's equity investments will be in well-run companies primarily in need of a financing partner to pursue earnings growth initiatives, facilitate a recapitalisation, or avoid/solve current or impending balance sheet issues. A value orientation applied to growth companies.

3.5.3 ***Motivated sellers***

The Company will not be an active participant in traditional merger and acquisition auction processes. Rather, the firm will focus on a proactive sourcing process that seeks motivated sellers who are actively searching for, and in need of, a strategic financing partner.

3.5.4 **Holistic, team-based approach**

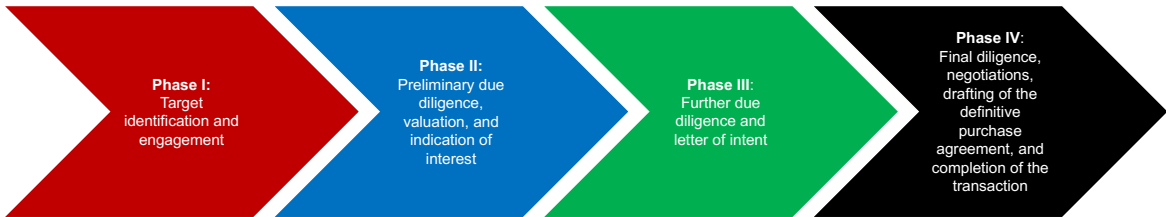
The Company will utilise a holistic, team-based approach pillared on a consistent investment process.

3.5.5 **Time horizon**

Most participants in the corporate financing markets underwrite investments with a targeted duration of three to five years. Investors in the Company can access liquidity at any moment, the Company offers management teams and investment partners of a differentiated view on time with potential holding periods beyond five years.

3.6 **Due diligence**

The targeted investments will undergo the following phases of due diligence:



3.7 **Bankable stage**

The projects must either be operational or be at bankable stage, that is, all the groundwork has been completed and all that is required is financing. If it is a brownfield project, then it has to be a project where the license has been secured and where the land has been secured.

3.8 **Infrastructure**

Only infrastructure projects in the healthcare and related sectors will be considered. Service-based projects with no significant infrastructure components will not be considered.

3.9 **Investment size**

Average deal size will be R100 million.

3.10 **Commercially viable**

The investments will have to be commercially viable and yield attractive and sustainable returns to the benefit of Shareholders.

3.11 **Asset valuations and reporting**

Asset valuations in relation to the Company's portfolio will be prepared in accordance with International Private Equity and Venture Capital Valuation Guidelines ("**IPEV Guidelines**"). Valuations of underlying investee companies will be audited annually and approved by the Company's advisory board.

Valuation reporting will be provided to the Company on an annual, semi-annual and quarterly basis (ie, approximately six to eight weeks post the end of each quarter) with an independent valuation being performed annually. The annual reports will include detailed fund valuation summaries and reports, while semi-annual and quarterly reports will contain summaries and commentary on material movements and drivers in valuations. The Company will not make these reports available to Shareholders, but will report to Shareholders in accordance with the Listings Requirements, including as required by paragraph 15.6, read with paragraph 15.5, of the Listings Requirements, which sets out the annual reporting requirements of investment entities in their annual financial statements.

The IPEV Guidelines set out the best practice where private equity investments are reported on at fair value, and are intended to be applicable across all private equity funds and to all financial instruments commonly held by private equity funds. For further information on the IPEV Guidelines, see www.privateequityvaluation.com.

3.12 Risks

Investors should be aware that investing in the Company does carry risk. The following are key risks to be considered by anyone planning to invest in the Company:

3.12.1 **General business risks**

- Investors should consider the Company's structure and the investment objectives before making any decision to invest in the Company.
- The Company requires a long-term commitment and there can be no assurance that the Company will achieve its investment objective, or that the investor will receive any return or the return of their invested capital.

3.12.2 **Reliance on the Management Company and key personnel**

- The Company will be managed by the Management Company. Investors will not be able to make investment decisions regarding the Company. Accordingly, the success of the Company will depend on the ability of the Management Company and the individuals involved therewith sourcing, selecting, completing and realising appropriate investments.

3.12.3 **Economic and political risks**

- In the course of investing in South Africa, the Company will be exposed to the direct and indirect consequence of political, economic, social and diplomatic changes in the region and that could materially affect investments. Although the Management Company intends to manage the Company's assets in a manner that will minimise its exposure to such risks, there can be no assurance that adverse political or economic changes will not cause the Company to suffer losses.

3.12.4 **Market for portfolio companies**

- The market for the realisation of the Company's investments may be volatile. Periods of economic and political uncertainty may result in the further volatility in the value of the Company's investments such that there may be greater volatility than the volatility that can be expected by investors in other comparable securities. The Company intends to invest in securities which are not currently and may never be publicly traded or listed on a securities exchange. Such securities are not subjected to the same disclosure and other investor's protection requirements that are applicable to listed securities. These investments may as a result be difficult to value and realise, and the risk of investing in such companies is generally greater than the risk of investing in the listed securities.

3.12.5 **Legal, tax and regulatory risks**

- Legal, tax and regulatory changes in the South African investment environment or otherwise, may occur during the term of the Company which could have an adverse effect on the Company or its investments.

3.13 JSE approval of the acquisition of Viable Assets

3.13.1 In terms of paragraph 4.35 of the JSE Listings Requirements, the acquisition of Viable Assets must be approved by a majority of disinterested Directors and the majority of the Shareholders at a general meeting.

3.13.2 In the event that not all of the capital raised from the Private Placement is utilised for purposes of the acquisition of Viable Assets, Shareholders will be requested to approve a further resolution at the same general meeting dealing with the further use and retention of the balance of the capital ("**Residual Capital**") after the acquisition of Viable Assets has been approved.

3.13.3 For JSE purposes, in conjunction with the completion of the acquisition of Viable Assets, the Company will be required to satisfy the JSE that it meets the criteria for a listing on the Main Board of the JSE. Opportunities will be assessed on their merit and the Company is not restricted from acquiring a controlling interest, should the Board elect to do so. Accordingly, to the extent that the Company acquires a controlling interest in a new investment, the Company will need to comply with, *inter alia*, the criteria set out in section 4 of the JSE Listings Requirements applicable to operating entities and to the extent that the Company acquires a minority interest in a new investment, the Company will need to comply with, *inter alia*, the criteria set out in section 15 of the JSE Listings Requirements applicable to investment entities.

- 3.13.4 Once listed on the JSE, either as an operating entity or as an investment entity, the Company will be subject to the JSE Listings Requirements in all respects. Failure to meet those criteria once the acquisition of Viable Assets has been completed will result in the Company being delisted by the JSE.
- 3.13.5 The Company will initially be listed as a SPAC in the “*Non-Equity Investment Instruments*” sector of the Main Board of the JSE. Following the acquisition of Viable Assets, the Company will be reclassified into the appropriate sector.
- 3.13.6 In terms of the JSE Listings Requirements and subject to any extension granted by the JSE, should the Company not complete an acquisition of Viable Assets within 24 months of the Listing Date, the JSE will suspend the Company’s Listing on the JSE. The JSE will proceed to delist the Company once the Company has:
- completed a distribution of the funds held in escrow by the Escrow Agent, less outstanding operating expenses, within 60 calendar days after the expiry of the aforementioned 24-month period, to all Shareholders *pro rata* to their shareholdings. Such distribution must comply with the solvency and liquidity test as required pursuant to the Companies Act. All interest earned in escrow will form part of the distribution, excluding any taxes and expenses relating to the distribution and anticipated voluntary liquidation; and
 - proposed a special resolution to Shareholders, and same having been adopted by the requisite number of Shareholders, for the voluntary liquidation of the Company.
- 3.13.7 In terms of the Listings Requirements, the JSE may permit the Company prior to the completion of a Viable Asset to raise additional capital for the acquisition of further assets by issuing further A Ordinary Shares provided that it is part of a rights offer or Shareholders have granted approval thereof in accordance with the Listings Requirements. Any funds raised must be paid into the Escrow Account.

4. POTENTIAL OPPORTUNITIES

The Company and Management Company has a pipeline of projects that are immediately available and that will fully utilise the capital raised during the Private Placement. The projects have not been named because of confidentiality reasons.

	Total equity investment	Number of beds	Number of hospitals	Description
Investment 1	R350m	500	3	A hospital group that operates three hospitals in the North West province. It has a total of 500 beds and plans to build two more hospitals.
Investment 2	R100m	1 417	9	A hospital group that operates in various townships in SA, with the aim of providing affordable healthcare through private hospitals to previously disadvantaged communities.
Investment 3	R250m	4 154	13	A group with a network of rehabilitation facilities across South Africa.
Investment 4	R100m	n/a	8	A primary healthcare group which operates three business units, Medical Centres, Optical Services and In Vitro Fertilisation (IVF) Fertility Clinics.
Investment 5	R150m	125	1	A 125 bed private hospital, alongside other licences that are still to be developed in Mpumalanga.
Investment 6	R50m	50	1	A Private Hospital in the North West province that is operating 50 beds.
Total	R1 000m	6 246	35	

5. MANAGEMENT OF THE COMPANY

- 5.1 The management function of the Company is outsourced on market-related terms to the Management Company. Salient details relating to the Management Company and the Management Agreement are set out in paragraph 7 and **Annexure 6** of this Pre-listing Statement.
- 5.2 The Board, as a whole, considered and approved the terms and conditions of the Management Agreement prior to the Company entering into same. The independent Directors of the Company shall perform an annual review of the Management Company's performance and, if required, make appropriate recommendations to Shareholders. The services to be provided by the Management Company are listed and set out in **Annexure 6**. These services are objective criteria against which the Management Company will be evaluated. In addition, the Directors of the Company will assess the performance of the Management Company based on the quality of the Viable Assets identified and investments made by the Company, as well as the return on such investments to Shareholders. If poor investments result in poor returns to Shareholders, the independent Directors may make appropriate recommendations to Shareholders to terminate the Management Agreement.
- 5.3 The Management Company is remunerated by way of a management fee as determined by the Management Agreement (per **Annexure 6**) and by way of a dividend payable on the B Share as determined by the MOI (per **Annexure 5**). Whilst a detailed summary of the B dividend is provided in **Annexure 5**, salient features of the B Share include the following:
- On termination of the Management Agreement, the B Share will be repurchased immediately subject to the provisions of the Companies Act;
 - On termination, the Management Company will continue to perform their duties in terms of the Management Agreement for a period of 12 (twelve) calendar months or as may be agreed between the parties;
 - Neither of the parties shall be entitled to terminate the Management Agreement for convenience and without cause prior to the 5th (fifth) anniversary of the commencement of the Management Agreement unless they have first procured a special resolution from their shareholders approving such termination;
 - On termination, the B Share will be repurchased for the greater for the present value of future management fees and 5% of the average market capitalisation (as defined in the Management Agreement);
 - There will only be 1 B Share in issue and no further issue of a B Share can take place;
 - No further dividend will be paid on the B Share to the B shareholder (Management Company) on termination of the Management Agreement; and
 - The B Share has very limited voting rights as further detailed in **Annexure 5**.
- 5.4 The instances in which the Management Agreement may be terminated are set out in **Annexure 6** of this Pre-listing Statement together with the consequences of such termination. If the Management Agreement is terminated at any time and the Company intends to appoint a new manager, the appointment of such new manager and new management agreement shall be subject to approval of Shareholders by ordinary resolution.
- 5.5 The Board is responsible for ensuring that the Company complies with all of its statutory and regulatory obligations, as specified in the Companies Act, the MOI, and following the listing, in the JSE Listings Requirements.
- 5.6 The Company's executive Directors and committee meets monthly and comprises the following members:

Name	Position
Q Zunga	Chief executive officer
KD Mhlaba	Chief financial officer
VP Nomvalo	Executive Director
MP Mehlope	Chief operating officer

- 5.7 Profiles of the executive Directors and members of the executive committee, detailing their experience, appear in paragraph 6.2 to this Pre-listing Statement.
- 5.8 The Board has appointed a number of further committees to assist the Board in discharging its duties, with the particulars of such committees appearing in **Annexure 7** to this Pre-listing Statement.

6. DIRECTORS

6.1 Composition of the Board

- 6.1.1 The full names, ages, business address and designations of the Directors are provided below:

Full name	Age	Designation
Quinton Zunga	40	Chief executive officer
Katekani Dion Mhlaba	31	Chief financial officer
Vuyokazi Phatheka Nomvalo	36	Executive Director
Maunatlala Piet Mehlaphe	51	Chief operating officer
Dr Solomon Gabriel Motuba	53	Lead independent Non-executive Director
Dr Kgaogelo Rachel Ntshwana	40	Independent Non-executive Director
John Rabagadi Oliphant	35	Non-executive chairman
Dr Phetole David Sekete	62	Non-executive Director

- 6.1.2 The Board of Directors of the Operating Entity is identical to the Company.

- 6.1.3 The following changes occurred to the Board over the past 12 months:

- Q Zunga was appointed as chief executive officer on 30 March 2017;
- KD Mhlaba was appointed as chief financial officer on 30 March 2017;
- VP Nomvalo was appointed as an executive Director on 30 March 2017;
- MP Mehlaphe was appointed as an chief operating officer on 30 March 2017;
- Dr SG Motuba was appointed as the lead independent Non-executive Director on 30 March 2017;
- Dr KR Ntshwana was appointed as an independent Non-executive Director on 30 March 2017;
- JR Oliphant was appointed as the non-executive chairman on 30 March 2017; and
- Dr PD Sekete was appointed as a Non-executive Director on 30 March 2017.

6.2 Experience of Directors

The experience, occupation, function, nationality, business address and qualifications of the Directors as at the last Practicable Date are set out below:

Quinton Zunga

Background

Quinton Zunga is founder and current chief executive officer of RH Managers. Prior to this he was co-founder and Executive Director of Arkein Capital Partners. Quinton has 16 years of high level business experience, which includes 12 years of professional experience at senior levels in investment banking and four years private equity experience.

Prior to founding RH Managers and co-founding Arkein Group, Quinton was a director at Bank of America Merrill Lynch SA (“**BofAML**”) and head of its debt capital markets for South Africa and sub-Saharan Africa. In that role Quinton was instrumental in developing BofAML’s sub-Saharan Africa business focusing on regional hubs in South Africa, Nigeria and Kenya. He was instrumental in capital raising for over US\$1.5 billion in these regions and built deep relationships. He worked at BofAML from 2007 to 2011.

Prior to joining BofAML, Quinton was Head of Debt Capital Markets at Absa Capital, a role he assumed after the merger of Barclays and Absa Bank. Before this merger Quinton was head of Debt Capital Markets at Barclays and was responsible for a team that covered 11 African countries that Barclays had banking operations in. He helped develop Africa’s Debt Capital Markets in these countries, launching the first medium-term notes in Botswana, Tanzania, Mauritius and Zambia. He also led the issue of municipal bonds by the City of Johannesburg. Quinton raised over US\$2.0 billion in 40 transactions that he was lead manager or co-lead manager of over his seven years at Barclays.

Quinton has served on the executive committee of the Debt Insurers Association (SA), and an associate of the Institute of Bankers, and is a graduate of the Institute of Chartered Secretaries.

Function

Chief executive officer

Nationality

South African

Business address

3rd Floor, 18 Melrose Boulevard, Melrose Arch, Johannesburg, 2076, South Africa

Qualifications

Bus.Sci Computer Science, MSc Finance

Katekani Dion Mhlaba

Background	<p>Dion Mhlaba has a BCom Accounting Degree and is an honours graduate from the University of Johannesburg. He also holds a certificate from Wits Business School following his completion of the Broad Based Black Economic Empowerment Management Development Programme. He completed his articles with KPMG (Johannesburg) where he qualified as a Chartered Accountant (CA) and Registered Auditor (RA).</p> <p>Dion's clients during his tenure at KPMG included Nedbank, IDC (Industrial Development Corporation), DBSA (Development Bank of southern Africa), and Shanduka. Some of his responsibilities included credit model reviews, model audit, accounting, budgeting and accounting for financial instruments such as bonds, preference shares, debentures, loans, money market instruments and valuation of equity and hybrid instruments.</p> <p>He was also responsible for reporting, fund raising, project review and valuation at Afripalm Resources and Sakhumnotho Holdings. As Financial Support/Manager at Thebe Investments his role entailed streamlining reports, analysing financial data, budgeting, performance and preparation of board reports. Dion also worked for the University of Johannesburg as a senior lecture for over two years.</p> <p>Dion was previously the chief financial officer of the Razorite Healthcare and Rehabilitation Fund where he is responsible for good governance, social and environment integrated reporting in investments, streamlining all hospital investments, performance review and leveraging of synergies across the portfolio. Dion is the full-time chief financial officer of the Company.</p>
Function	Chief financial officer
Nationality	South African
Business address	3rd Floor, 18 Melrose Boulevard, Melrose Arch, Johannesburg, 2076, South Africa
Qualifications	BCom (Hons), CA(SA)

Vuyokazi Phatheka Nomvalo

Background	<p>Vuyokazi Nomvalo holds a Bachelor of Accounting Science degree and honours from the University of South Africa (Unisa) and is a qualified Chartered Accountant. Vuyokazi completed her articles with Pricewaterhouse Coopers in 2009 where she served within the Financial Services sector. In this period she was exposed to the audit process of various financial institutions including Standard Bank Equities, First National Bank Credit, Liberty Life, Absa Credit and RMB Merchant bank (RMB stockbroking, RMB Securities and RMB Morgan Stanley).</p> <p>Vuyokazi subsequently joined the IDC as a Business analyst, later promoted to Project Manager. During her time at the IDC, Vuyokazi gained valuable experience in deal making within the various sectors including the Renewable Energy Independent Power Procurement Programme (REIPPP).</p> <p>Vuyokazi was involved in various transactions (projects) and submitted for the REIPPP with four of these projects awarded the preferred Bidder status and are in implementation.</p> <p>In 2014, Vuyokazi joined RH Managers as an Investment Principal, a post which she holds to date. In this time she has executed transactions which include greenfield projects and acquisitions of operating assets.</p>
Function	Executive Director
Nationality	South African
Business address	3rd Floor, 18 Melrose Boulevard, Melrose Arch, Johannesburg, 2076, South Africa
Qualifications	BCom (Hons), CA(SA)

Maunatlala Piet Mehlape

Background

Peter Mehlape is the current chairman of RH Managers' investment committee. He was formerly at Becton Dickinson, employed as a Regional Director for Eastern Europe, Middle East and Africa. As regional director, Peter developed and led a business case to invest in Nigeria and Iran. He was responsible for design and implementation for go-to-market strategies, evaluating new technologies for resource-limited settings so as to increase access to quality healthcare for patients in developing countries and emerging markets. In addition he managed Becton Dickinson's global public-private partnerships including identifying new opportunities to advance global health through strategic planning in the region.

From 2010 to 2014, Peter served as the General Manager for Becton Dickinson's Sub-Sahara African business where he was able to grow the business from US\$92 million to US\$150 million. Peter was able to form and develop the leadership teams in the three sub-Saharan African hubs (Johannesburg, Nairobi and Accra) and initiated Becton Dickinson's relationship with Foundation for Innovative New Diagnostics (FIND), a NGO based in Geneva.

Peter's responsibilities also included the implementation of the PEPFAR partnership and other partnerships driven by the GH function, such as the ASLM TB partnership. He was responsible for influencing and ensuring effective planning, management and timely implementation of the project in collaboration with USAID, CDC, several NGO's, partners, key stakeholders and others.

Peter developed and managed distributors and agents across the African continent and grew the OIBT from 24% to 34%. He initiated and spearheaded a \$50 million global partnering project. In addition, he developed and implemented a collaborative strategy in Africa to access funding and change policy and further also developed expert technical staff as a competitive advantage.

Function

Chief operating officer

Nationality

South African

Business address

20 Woodlands Drive, The Woodlands Office Park, Building 31, 2nd Floor, Woodmead, 2199, Gauteng, South Africa

Qualifications

Diploma (Nursing), (IMM) Diploma in Marketing Management, Wits Business School (MAP), Management Advancement Programme, Masters in Business Administration (MBA – Bond University)

Dr Solomon Gabriel Motuba

Background	<p>Dr Motuba has consulted to various medical schemes and corporate entities on the rationalisation and structuring of health funds. He has also served on a number of medical aid boards, in the capacity as a healthcare consultant, or as a trustee.</p> <p>He amassed a wealth of experience whilst working for various healthcare organisations within the areas of health delivery, health finance, health risk management, health tax and law. He has more than 20 years' experience in the industry, including seven years as a general practitioner. Dr Motuba is an entrepreneur who has been instrumental in the establishment and incubation of a number of start-up businesses, some of which have grown into sizeable entities. He was instrumental in the turnaround of a number of medical schemes.</p> <p>Dr Motuba has served on several boards and was the co-founder of Cure Day Clinics and Vmed medical aid administrators. Dr Motuba has worked for two medical aid schemes, as a Principal Officer and for third party medical aid administrators as chief executive officer. He has also worked as an executive in charge of a Managed Care Organisation.</p> <p>Dr Motuba currently works as Head of Private Practice at the South African Medical Association.</p>
Function	Lead independent Non-executive Director
Nationality	South African
Business address	29 Sotogrande Street, Silver Lakes, Pretoria, 0081 South Africa
Qualifications	MBChB, FILPA, MBA, Diploma in Financial Management, Diploma in Digital Marketing

Dr Kgaogelo Rachel Ntshwana

Background	<p>Dr Ntshwana is a Specialist Physician (Internal Medicine) and a sub-specialist in Medical Gastroenterology and Hepatology.</p> <p>With more than 16 years of experience in the fraternity, she spent 12 years in the public sector, more than 70% of which was in the academic institutions. As a specialist consultant in the Department of Medicine in the Wits Circuit of teaching hospitals, she served as an associate lecturer and was therefore involved in the academic training programmes of medical students and registrars. During her earlier years in the fraternity she has worked across an array of disciplines, including surgery, anaesthesia and paediatrics before settling on internal medicine.</p> <p>She moved to full time Private Gastroenterology Practice in 2013 at the Sandton Mediclinic and has recently opened a second Gastroenterology Practice at the Busamed Modderfontein Private Hospital.</p>
Function	Independent Non-executive Director
Nationality	South African
Business address	Suite G07, North Block, Mediclinic Sandton, Corner Peter Place and Main Road, Bryanston, 2196, South Africa
Qualifications	MBChB, Certificate in Gastroenterology for Physicians, Fellowship of The College of Physicians of South Africa

John Rabagadi Oliphant

Background	<p>John Oliphant is currently the executive chairman of Third Way Investment Group, a BEE financial advisory and investment firm.</p> <p>John is also a director and the chairman of Third Way Investment Partners and All Weather Capital which has combined assets under management of R8 billion. He is the former principal executive officer of the Government Employees Pension Fund (“GEPF”), the largest pension fund in Africa with assets of more than R1.5 trillion (US\$120 billion). He was the key driver behind GEPF’s leading investment policies and strategy. Working closely with the board, he managed to double the assets of the GEPF in less than five years, during the toughest economic environment in recent history.</p> <p>John also served on a number of key strategic industry initiatives including being a member of the PRI Advisory Council and chairman of the Code for Responsible Investing in South Africa (“CRISA”) committee. John helped establish the CRISA which is hailed as one of the best in the world, this contributed to him winning an Industry Person of the Year award in financial services in 2012. He was also recognised by the Mail and Guardian as one of the Top 200 Young South Africans in 2012 for his contribution in the world of pensions. In 2013, he was named Africa’s Top Emerging Leader by Africa Investor.</p>
Function	Non-executive chairman
Nationality	South African
Business address	1st Floor, 11 Crescent Drive, Melrose Arch, Melrose North, Johannesburg, 2076, South Africa
Qualifications	BSc (Hons) Adv, Mathematics of Finance, Wits University BSc Actuarial Science and Mathematical Statistics, Wits University MSc Finance (Economic Policy), University of London

Dr Phetole David Sekete

Background

Dr PD Sekete has 33 years medical experience having worked in both public and private hospitals. Dr Sekete has extensive management experience in healthcare, property and environmental health. Dr Sekete has been running a successful private practice for the last 30 years. From 1995 to 1997 he was responsible for the integration of the Ekurhuleni District clinics with the provincial clinics and hospitals.

In addition to these accomplishments, Dr Sekete is a Director of MEDITECH (SA) which is a leading Health Information Company contracted to the SA Department of Health (16 years), and also operates in the Middle East-South Arabia, Kuwait, Dubai, Nigeria and Botswana. Dr Sekete owns a leading waste management company, Buhle Waste (Pty) Ltd, which is contracted to the SA Department of Health (14 years), and operates in Limpopo, North West, Gauteng, Mpumalanga, SA Military Services, NHLS, Blood Transfusion Services, private doctors, dentists and mortuaries. Buhle Waste (Pty) Ltd owns and operates two medical waste treatment facilities in Benoni (Bio-Med) and the Converter Green Technology in Limpopo and is expanding into KwaZulu-Natal and Eastern Cape.

He is also a director of ACSION Ltd a property company listed on the Johannesburg Stock Exchange worth approximately R4 billion. He sits on the Investment Committee and Social and Ethics Committee of ACSION Ltd. He is also a director of Aberrant Medical Supplies which provides medical point of care diagnostic products, specially diagnosis, timely treatment, medicine dispensing and compliance.

De Sekete is a Director of Liseko with investments in Aspen Pharmaceuticals and SANLAM. He is also a director of Ingocure (Pty) Ltd which sources quality products from reputable companies throughout the world and locally. The product line concentration being medical equipment, consumables, rehabilitation equipment and research for cost saving measures.

Function

Non-executive Director

Nationality

South Africa

Business address

294 Phooko Shopping Centre, Kattlehong, 1431

Qualifications

BSc (Unin), MBCHB (Natal), MSc Med (Wits)

Fulufhelo Makwetla*

Background	<p>Fulu is a founding partner and the Managing Director of Third Way Investment Partners and a Non-executive Director of All Weather Capital.</p> <p>She was previously the Investment Manager of the Government Employees Pension Fund – the largest Pension Fund in Africa, with assets in excess of R1.6 trillion, representing the retirement interest of 1.2 million members and over 360 000 pensioners. During her tenure at the GEPF, she served on the Investment Committee of the Pan African Infrastructure Development Fund and represented the GEPF on several advisory boards of Private Equity Funds.</p> <p>Prior to joining GEPF, Fulu was an Executive and Senior Consultant at RisCura, consulting to Pension Funds, Insurance Companies and Medical schemes in southern Africa. She was an employer elected trustee of the RisCura Provident Fund. She also worked for RMB Asset Management and has over 15 years industry experience.</p> <p>Fulu holds a Bachelor of Commerce in Econometrics and a Bachelor of Commerce (Hons) in Economics from the University of Pretoria, South Africa.</p>
Function	Non-Executive Director of Management Company
Nationality	South Africa
Business address	1st Floor, 11 Crescent Drive, Melrose Arch, Melrose North, Johannesburg, 2076, South Africa
Qualifications	BCom (Hons), BCom, University of Pretoria

Collin Wayne Clarke*

Background

Colin Clarke is currently Chairman of Benguela Global Fund Managers, a South African asset management firm with both equities and fixed income products. Chairman of the Investment Committee of Sizwe Medical Fund. A member of the Board of Directors, Audit and Risk Committee as well as Chairman of the Compensation Committee for Atlatsa Group Resources a dual listed platinum group minerals company.

Formerly Chairman of the Board of Directors for ACPI Investment Managers South Africa, a subsidiary of London based asset management firm operating in the fixed income, equities, special situations and private equities space. He has extensive experience with listed and multinational organisations including BP Amoco, the African America Institute, the National Empowerment Fund in South Africa, the Africa Regional Assistance Electoral Fund, the Sloan Financial Groups and NAIF, both private equity funds where he served as legal counsel in the former and a partner in the later. Colin additionally served as Chief Investment Officer for Sishen Iron Ore's Community Development Trust and has also served as director for the special projects division of Lonrho Africa Plc.

Colin further served as the Chief Operating Officer of the National Empowerment Fund in South Africa between 2009 and 2010, where he headed the group operations as well as asset management, marketing and communications and strategy and planning. He has many years of international, legal, private equity and corporate finance experience with multinational organisations such as BP Amoco, where he served as legal counsel in Western Areas (acquisitions department). Colin has also held the position of Deputy Director for Trade and Investment at the African America Institute and Programme Director for the Africa Regional Assistance Electoral Fund, which was established to assist African countries' transition to democracy.

Colin is an Advocate of the High Court of South Africa, and the holder of a Category I FSB licence.

Function

Executive Director of Management Company

Nationality

United Kingdom/American

Business address

3rd Floor, 18 Melrose Boulevard, Melrose Arch, Johannesburg, 2076, South Africa

Qualifications

BA (Political Science); MBA (OXON); Juris Doctorate (JD)

**Not a Director of the Company but a Director of the Management Company.*

6.3 Additional information

- 6.3.1 A list of other directorships held by the Directors and the directors of the Operating Entity is set out in **Annexure 4** to this Pre-listing Statement.
- 6.3.2 All of the Directors and the directors of the Operating Entity are South African citizens.
- 6.3.3 No Director or the directors of the Operating Entity is a partner with unlimited liability.
- 6.3.4 None of the Directors or the directors of the Operating Entity:
- Have been declared bankrupt, insolvent or have entered into any individual voluntary compromise arrangement;
 - Have been directors with an executive function of any company put under, or proposed to be put under, any business rescue plans, or that is or was the subject of an application for business rescue, any notices in terms of section 129(7) of the Companies Act, receiverships, compulsory liquidations, creditors voluntary liquidations, administrations, company voluntary arrangements or any compromise or arrangements with creditors generally or any class of creditors, at the time of such event or within the 12 months preceding any such event;

- Have been partners in a partnership that was the subject of any compulsory liquidation, administration or partnership voluntary arrangement, at the time of such event or within the 12 months preceding any such event;
- Have entered into any receiverships of any asset(s) or of a partnership where such directors are or were partners during the preceding 12 months;
- Have been publicly criticised by a statutory or regulatory authority, including recognised professional bodies, or been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company;
- Have been involved in any offence of dishonesty;
- Have been removed from an office of trust, on the grounds of misconduct, involving dishonesty; or
- Have been the subject of any court order declaring him delinquent or placing him under probation in terms of section 162 of the Companies Act and/or section 47 of the Close Corporations Act, No. 69 of 1984 or been disqualified by a court to act as a director in terms of section 219 of the Companies Act, No. 61 of 1973.

6.4 Chief financial officer

KD Mhlaba is the chief financial officer of the Company. The audit committee has considered and satisfied itself of the appropriateness of the expertise and experience of KD Mhlaba.

6.5 Borrowing powers

6.5.1 The provisions of the MOI regarding the borrowing powers exercisable by Directors are set out in **Annexure 5** to this Pre-listing Statement. The MOI does not provide for the powers of the Directors to be varied and any variation of such powers would accordingly require Shareholders to approve a special resolution amending the MOI. The borrowing powers of the directors of the Operating Entity are identical to those of the Company.

6.5.2 The borrowing powers of the Directors and the directors of the Operating Entity have not been exceeded during the three years preceding the Last Practicable Date and no exchange control or other restrictions have been imposed on the Group's borrowing powers in that period.

6.6 Appointment and qualification of Directors

6.6.1 The relevant provisions of the MOI regarding the term of office of Directors, the manner of their appointment and rotation and their retirement are set out in **Annexure 5** to this Pre-listing Statement. No person has the right in terms of any agreement in respect of the appointment of any Director or any number of Directors.

6.6.2 The relevant provisions of the MOI relating to the qualification of Directors appear in **Annexure 5** to this Pre-listing Statement. Apart from satisfying the qualification and eligibility requirements set out in section 69 of the Companies Act and the applicable provisions set out in **Annexure 5** to this Pre-listing Statement, a person need not satisfy any eligibility requirements or qualifications to become or remain a Director.

6.6.3 The relevant provisions of the memorandum of incorporation of the Operating Entity relating to the qualification and remuneration of the directors of the Operating Entity appear in **Annexure 5** to this Pre-listing Statement.

6.7 Remuneration of Directors

6.7.1 The relevant provisions of the MOI, which provide for the remuneration of its Directors, are set out in **Annexure 5** to this Pre-listing Statement.

6.7.2 The Company may pay remuneration to Non-executive Directors for their services as directors in accordance with a special resolution approved by Shareholders within the previous two years, as set out in section 66(8) and (9) of the Companies Act, and the power of the Company in this regard is not limited or restricted by the MOI.

- 6.7.3 Any Director who (i) serves on any executive or other committee; or (ii) devotes special attention to the business of the Company; or (iii) travels or resides outside South Africa for the purpose of the Company; or (iv) otherwise performs or binds himself to perform services which, in the opinion of the Board, are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration or allowances in addition to or in substitution of the remuneration to which he may be entitled as a Director, as a disinterested quorum of the Board may from time to time determine.
- 6.7.4 Directors may also be paid all their travelling and other expenses necessarily incurred by them in connection with the business of the Company and attending meetings of the Directors or of committees of the Directors.
- 6.7.5 The Company will not pay the executive Directors a salary, as the Management Company will be paying their salaries from the fees it receives from the Group in terms of the Management Agreement.
- 6.7.6 The remuneration receivable by the Directors will not be varied as a result of the Listing.
- 6.7.7 No remuneration was paid to Directors prior to Listing Date. The remuneration of Directors by the Group for the financial year ending 28 February 2018 is detailed below.
- 6.7.8 The remuneration of the executive Directors by the Management Company, for the financial year ending 28 February 2018 is as follows:

Salaries, fees and bonuses

Director	Salary¹ (R)	Directors' fees (R)	Fees for other services (R)	Bonuses (R)
Q Zunga	R1 300 000	–	–	–
KD Mhlaba	R800 000	–	–	–
VP Nomvalo	R660 000	–	–	–
MP Mehlape	R1 040 000	–	–	–
Total	R3 800 000	–	–	–

Notes:

1. The Company will not pay the executive Directors a salary, as the Management Company will be paying their salaries from the fees it receives in terms of the Management Agreement.
2. The executive Directors will receive no further remuneration or Directors' fees from the Company.

Contributions and expenses

Director	Provident fund, medical aid and pension contributions (R)	Expense allowance (R)	Total remuneration (R)
Q Zunga	–	–	R1 300 000
KD Mhlaba	–	–	R800 000
VP Nomvalo	–	–	R660 000
MP Mehlape	–	–	R1 040 000
Total	–	–	R3 800 000

The anticipated Directors' fees payable by the Company for the financial year, ending 28 February 2018, are set out below:

Director	Directors' fees (R)
Q Zunga	–
KD Mhlaba	–
VP Nomvalo	–
MP Mehlaphe	–
Dr SG Motuba	R150 000
Dr KR Ntshwana	R150 000
JR Oliphant	R150 000
Dr PD Sekete	R150 000
Total	R600 000

- 6.7.9 Directors are not entitled to any commission and are not party to any gain or profit-sharing arrangements with the Company. Save for the emoluments set out in the tables of paragraph 6.7.8 of this Pre-listing Statement above, no other material benefits were received by Directors prior to Listing Date.
- 6.7.10 No fees have been paid to any third party *in lieu* of directors' fees.
- 6.7.11 The Company has not, in the three years preceding the date of this Pre-listing Statement, paid (or agreed to pay) any amounts (whether in cash or in securities or otherwise) or given any benefits to any Director or to any company in which he is beneficially interested, directly or indirectly, or of which he is a director or to any partnership, syndicate or other association of which he is a member, to induce him to become, or to qualify him as, a Director or otherwise for services rendered by him or by the associate company or the associate entity in connection with the promotion or formation of the Company.

6.8 Interests of Directors

- 6.8.1 Save as set out below, no Director of the Company (including any person who may have resigned as a Director within the last 18 months) has any material beneficial interest, directly or indirectly, in any transactions that were effected by the Company (i) during the current or immediately preceding financial year; or (ii) during an earlier financial year and remain in any respect outstanding or unperformed.
- 6.8.2 Save for being a Shareholder of the Company (as set out in paragraph 6.8.4 of this Pre-listing Statement) and a shareholder of the Management Company (as set out in paragraph 7.3 of this Pre-listing Statement), no Director has had any material beneficial interest, either direct or indirect, in the Listing and no promoter or Director of the Company is or was a member of a partnership, syndicate or other association of persons that has or had such an interest.
- 6.8.3 Save for being a Shareholder of the Company (as set out in paragraph 6.8.4 of this Pre-listing Statement) and a shareholder of the Management Company (as set out in paragraph 7.3 of this Pre-listing Statement), no Director has had any material beneficial interest, either direct or indirect, in the promotion of the Company. No cash or securities have been paid and no benefit has been given to any promoter within the last three years.

- 6.8.4 Assuming that the Private Placement is fully subscribed, as at the Listing Date, the direct and indirect beneficial interests of the Directors (including any Directors who have resigned during the 18 months preceding the Last Practicable Date) and their associates in the issued share capital of the Company, shall be as follows:

Director	% of shares held directly	% of shares held indirectly	% of shares in issue held
Q Zunga	–	3.0*	3.0
JR Oliphant	–	2.0**	2.0
Dr PD Sekete	0.2	–	0.2
Total	0.2	5.0	5.2

* Held through a company controlled by Q Zunga, being RQ Capital Proprietary Limited.

** Held through a company controlled by JR Oliphant, being Third Way Investment Group Proprietary Limited.

- 6.8.5 The Directors' interests in securities which are set out in the table above ("**Directors' Shares**") will be subscribed for by each of the abovementioned Directors ("**Subscribing Directors**") at the Issue Price in terms of the Private Placement and will be held in custody by their respective brokers ("**Custody Agents**") in accordance with the JSE Listings Requirements, as envisaged below.
- 6.8.6 The holding of the Directors' Shares in custody by the Custody Agents are governed in terms of custodial agreements entered into by (or on behalf of) each of the Subscribing Directors and their respective Custody Agents ("**Custodial Arrangements**"). In terms of the Custodial Arrangements, amongst other things:
- the Custody Agents shall hold the Directors' Shares in custody until the later of: the date which is six months from the date of completion of the acquisition of Viable Assets by the Company and the receipt of written notice from the respective Subscribing Director requesting the respective Custody Agent to release that Subscribing Director's respective Directors' Shares (the "**Custodial Period**");
 - the Subscribing Directors and the Custody Agents shall not be entitled to dispose of the Directors' Shares for the duration of the Custodial Period; and
 - the Custody Agents shall have no right, title or interest in respect of the Directors' Shares, including voting rights and the right to dividends and distributions, which rights shall remain with the Subscribing Directors.

6.9 Service contracts of Directors

Service contracts have been concluded between the Management Company and each of the Company's executive Directors on terms and conditions that are standard for such appointments. There are no service contracts between the Company and any of its Non-executive Directors.

7. THE MANAGEMENT COMPANY

7.1 Overview of the Management Company

- 7.1.1 The Management Company was incorporated in South Africa as a private company under registration number 2016/533552/07.
- 7.1.2 The Management Company is constituted by a combination of highly skilled investment professionals who will identify and create opportunities within the healthcare (and other identified) sector(s).
- 7.1.3 The Management Company will provide services to the Company and the Operating Entity in the terms of Management Agreement. The Management Company will be remunerated for these services in terms of the provisions of the MOI as set out in **Annexure 5** and the Management Agreement as set out in **Annexure 6**.
- 7.1.4 The Board and the Board of Directors of the Management Company are similar, with the full details of the Board being disclosed in paragraph 6.1 and details of the Board of Directors of the Management Company being disclosed in paragraph 7.4.

7.1.5 The Management Agreement was considered and approved by the Board as a whole and was entered into between the Company, the Operating Entity and the Management Company. The salient provisions of the Management Agreement are set out in **Annexure 6** of this Pre-listing Statement.

7.2 Expertise of the Management Company

7.2.1 The Management Company represents skilled investors with the relevant experience (as illustrated in paragraph 6.2).

7.2.2 After the Listing, the Company will have a right of first refusal in respect of all potential new investments identified by the Management Company which meet the Company's investment policy. When determining if a potential investment should be pursued, the Board will consider the size of the investment, diversification of risk and general risk profile thereof.

7.2.3 Accordingly, the Directors may decide to place all or only a portion of the proposed investment into the Company.

7.3 Shareholders of the Management Company

The Non-executive Directors of the Management Company, as listed below in paragraph 7.4 of this Pre-listing Statement, collectively hold 30% of the issued share capital of the Management Company. The Executive Directors of the Management Company, as listed below in paragraph 7.4 of this Pre-listing Statement, collectively hold 70% of the issued share capital of the Management Company. This interest was acquired by the directors of the Management Company for a nominal amount on the basis that they would be actively involved in running the Management Company. Their interest was determined and agreed amongst the directors and shareholders of the Management Company.

7.4 Details of directors of the Management Company

The full names, ages, business address and capacities of the directors of the Management Company are outlined below:

Full name	Age	Designation	Business address
Quinton Zunga	40	Chief executive officer	3rd Floor, 18 Melrose Boulevard, Melrose Arch, Johannesburg, 2076, South Africa
Katekani Dion Mhlaba	31	Chief financial officer	3rd Floor, 18 Melrose Boulevard, Melrose Arch, Johannesburg, 2076, South Africa
Collin Wayne Clarke	52	Executive Director	3rd Floor, 18 Melrose Boulevard, Melrose Arch, Johannesburg, South Africa
John Rabagadi Oliphant	35	Non-Executive Director	1st Floor, 11 Crescent Drive, Melrose Arch, Melrose North, Johannesburg, 2076, South Africa
Fulufhelo Makwetla	38	Non-Executive Director	1st Floor, 11 Crescent Drive, Melrose Arch, Melrose North, Johannesburg, 2076, South Africa

7.5 Experience of the directors of the Management Company

Profiles of the directors of the Management Company, detailing their experience, appear in paragraph 6.2 to this Pre-listing Statement.

7.6 Disclosures by the directors of the Management Company

None of the directors of the Management Company:

- Have been declared bankrupt, insolvent or have entered into any individual voluntary compromise arrangement;
- Have been directors with an executive function of any company put under, or proposed to be put under, any business rescue plans, or that is or was the subject of an application for business rescue, any notices in terms of section 129(7) of the Companies Act, receiverships, compulsory liquidations, creditors voluntary liquidations, administrations, company voluntary arrangements or any compromise or arrangements with creditors generally or any class of creditors, at the time of such event or within the 12 months preceding any such event;
- Have been partners in a partnership that was the subject of any compulsory liquidation, administration or partnership voluntary arrangement, at the time of such event or within the 12 months preceding any such event;
- Have entered into any receiverships of any asset(s) or of a partnership where such directors are or were partners during the preceding 12 months;
- Have been publicly criticised by a statutory or regulatory authority, including recognised professional bodies, or been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company;
- Have been involved in any offence of dishonesty;
- Have been removed from an office of trust, on the grounds of misconduct, involving dishonesty; or
- Have been the subject of any court order declaring him delinquent or placing him under probation in terms of section 162 of the Companies Act and/or section 47 of the Close Corporations Act, No. 69 of 1984 or been disqualified by a court to act as a director in terms of section 219 of the Companies Act, No. 61 of 1973.

7.7 Remuneration of the directors

7.7.1 The directors of the Management Company are all Directors of the Company and, accordingly, any and all remuneration and benefits received by such directors from the Company and/or the Management Company have been disclosed in paragraph 6.7 of this Pre-listing Statement.

7.7.2 The directors of the Management Company will not receive any remuneration from the Company as a direct consequence of the Listing.

7.7.3 The Company has not paid any amounts (whether in cash or in securities), nor given any benefits to any directors of the Management Company or to any company in which the directors of the Management Company are beneficially interested, or to any partnership, syndicate or other association of which the directors of the Management Company are members, or to any director of the Management Company as an inducement to become a director of the Company or of the Management Company or otherwise, or for services rendered by the directors of the Management Company, or otherwise for services rendered by the directors of the Management Company or by an associate company or associate entity in connection with the promotion or formation of the Company.

7.8 Interests of the directors of the Management Company

7.8.1 All of the directors of the Management Company are also Directors of the Company. Accordingly, the direct and indirect beneficial interests of such directors of the Management Company (including any directors who have resigned during the 18 months preceding the Last Practicable Date) and their associates in the issued share capital of the Company have been disclosed in paragraph 6.8.4 of this Pre-listing Statement.

7.8.2 No director of the Management Company has or had any interest, directly or indirectly, in any transaction which is, or was, material to the business of the Company and which was effected by the Company during the current financial year which remains in any respect outstanding or unperformed.

7.8.3 Save for being a Shareholder or a shareholder of the Management Company, no director of the Management Company has had any material beneficial interest, either direct or indirect, in the promotion of the Company.

- 7.8.4 The B Share is advantageous to the Management Company as it further aligns the interests of the Management Company with Shareholders, which is of the utmost importance, by ensuring better cash flow management (the B Dividend cannot be declared unless the Operating Entity is liquid and solvent) and provides further protection to Shareholders in a business rescue or liquidation process.
- 7.8.5 Save for being a Shareholder or a shareholder of the Management Company, no director of the Management Company has had any material beneficial interest, either direct or indirect, in any property acquired or to be acquired by the Company.

7.9 Fee

The Management Company will be paid a management fee and a dividend on the B Share for services performed and performance achieved as follows:

- A management fee of 0.7% on total enterprise value before the acquisition of Viable Assets and 1% of enterprise value following the acquisition of Viable Assets. Full details are further disclosed in **Annexure 6**; and
- A dividend on the B Share, equating to 15% of the growth in net asset value subject to achieving a growth in net asset value of 10% (hurdle rate). For the avoidance of doubt, the dividend on the B Share, subject to achieving the 10% hurdle rate, will only be 15% above a 10% growth in net asset value. The B Dividend is also subject to an annual rolling claw-back. Full details are further disclosed in **Annexure 5**.

8. SHARE CAPITAL

- 8.1 The authorised and issued share capital of the Company as at the Last Practicable Date was as follows:

Name	R
Stated Capital	
<i>Authorised</i>	
10 000 000 000 A Ordinary Shares with no par value	–
1 B Share with no par value	–
<i>Issued</i>	
1 A Ordinary Shares with no par value issued at R1	1
1 B Share with no par value issued at R1	1
Total	2

Note:

As at the Last Practicable Date, no Shares were held in treasury.

- 8.2 Assuming that the Private Placement is fully subscribed, the authorised and issued share capital of the Company after the Private Placement and Listing is expected to be as follows:

Name	R
Stated Capital	
<i>Authorised</i>	
10 000 000 000 A Ordinary Shares with no par value	–
1 B Share with no par value	–
<i>Issued</i>	
50 000 000 A Ordinary Shares with no par value	500 000 000
1 B Share with no par value issued at R1	1
Total	500 000 001

Notes:

1. *As at the time of Listing, no Shares will be held in treasury.*
2. *The table above, assumes that the Private Placement is fully subscribed.*

- 8.2.1 As at the time of the Listing:
- No debentures had been created or issued by the Company or the Operating Entity; and
 - All A Ordinary Shares and the B Share in issue were fully paid up and the A Ordinary Shares are freely transferable.
- 8.2.2 On the Listing Date, all A Ordinary Shares in issue shall rank *pari passu* with each other in all respects, including in respect of voting rights and dividends. The B Share holds limited voting rights as disclosed in **Annexure 5**.
- 8.2.3 There are no preferential conversion and/or exchange rights in respect of any Shares.

8.3 Major and controlling Shareholders

- 8.3.1 At the Last Practicable Date, those Shareholders who, insofar as is known to the Company, directly or indirectly, beneficially hold 5% or more of the issued share capital of the Company are set out below. The Board is not aware of any pre-existing intention of any major Shareholder to dispose of a material number of their A Ordinary Shares at or immediately after the Listing.

Shareholder	Number of A Ordinary Shares held	% of A Ordinary Shares held
Q Zunga	1	100
	1	100

- 8.3.2 Prior to the Private Placement and Listing, there has been no change in the controlling Shareholder since its incorporation on 13 December 2016, save for the original acquisition of the Company as a shelf company.
- 8.3.3 As a result of the Private Placement, the original shareholder will be diluted to a shareholding of 3% in the Company and will no longer control the Company. The new controlling Shareholder will be the PIC, who are will hold in excess of 50% of the Company, however, this will only be determined following the Private Placement.
- 8.3.4 The Management Company holds the B Share (100% of the B Share) both before and after the Listing.

8.4 Rights attaching to Shares

Salient provisions in the MOI relating to the rights attaching to Shares, appear in **Annexure 5** to this Pre-listing Statement.

8.5 Changes to share capital

There have been no changes to the Company's authorised share capital (including no share consolidations or subdivisions) since its incorporation, save as set out below:

- 8.5.1 The Company was incorporated with an authorised share capital of 10 000 Shares of no par value on 13 December 2016; and
- 8.5.2 The Company increased its authorised share capital to 10 000 000 000 Shares of no par value on 30 June 2017.

8.6 Options and preferential rights in respect of Shares

There is no contract or arrangement, either actual or proposed, whereby any option or preferential right of any kind has been or will be given to any person to subscribe for any Shares or any shares in the Operating Entity.

8.7 Dividends

- 8.7.1 The Directors do not intend to declare any dividends prior to the completion of an acquisition of Viable Assets.

- 8.7.2 Thereafter, subject to section 46 of the Companies Act, the Company will declare and pay dividends to Shareholders as the Directors in their discretion deem fit, provided, however, that the Directors shall be obliged to declare a dividend to the B shareholder in such maximum amount as may be available for distribution in the manner and within the timeframes contemplated in the relevant annexure to the MOI. Dividends will not be withheld unless the Company is planning to re-invest the available funds into further resource development.
- 8.7.3 In terms of the MOI all unclaimed monies that are due to any Shareholder pursuant to the declaration of a dividend shall be held by the Company in trust until lawfully claimed by such Shareholder, or until the Shareholder's claim to such money has prescribed in terms of the applicable laws of prescription.
- 8.7.4 The B Share has a preferential right to dividends over the A Ordinary Shares but only if the liquidity and solvency requirements in terms of the Companies Act are met.
- 8.7.5 No arrangements exist under which future dividends are waived or are agreed to be waived.

8.8 **Rights offer**

Since the Company's incorporation, the Company has not undertaken any rights offers.

8.9 **Shares issued**

Other than pursuant to the Private Placement and the issue of 1 B Share to the Management Company, neither the Company nor the Operating Entity has issued any shares since its incorporation.

8.10 **Authorisations**

The following resolutions were passed by 30 March 2017, being the sole Shareholder of the Company on the date on which such resolutions were taken:

- The special resolution required to change the name of the Company from "Newshelf 1388 Proprietary Limited" to RH Bophelo Limited";
- The special resolution required to increase the authorised share capital of the Company from 10 000 A Ordinary Shares to 10 000 000 000 A Ordinary Shares;
- The special resolution required for the adoption of the new MOI;
- The special resolution required to convert the Company from a private company to a public company; and
- The special resolution required for the authorised but unissued A Ordinary Shares to be placed under the control of the Directors, subject to the provisions of section 38 of the Companies Act and the Listings Requirements.

SECTION TWO – DETAILS OF THE PRIVATE PLACEMENT

9. PURPOSE OF THE PRIVATE PLACEMENT AND THE LISTING

9.1 The main purpose of the Private Placement and the Listing is to:

- Provide investors with access to a highly sought-after asset class associated with high growth and cash generative returns;
- Enable the Company to access investment funding in order to acquire its initial pipeline of assets and provides it with the initial and ongoing ability to raise capital in order to pursue and acquire or investment in the desired Viable Assets;
- Enable an attractive environment for risk-tolerant investors to promote the formation of capital;
- Provide the Company with a certain level of credibility at the point when potential vendors are approached. Not only can the vendors independently verify the identity of the Company, they are also able to gain confidence in the ability of the Company to perform financially;
- Increase profile visibility and deal flow opportunities;
- Provide a capital base for the Company and properly positions the Company for the changing nature of the healthcare industry in South Africa;
- Implement regulatory safeguards that protect investors;
- Incoming investors have the potential to make significant gains;
- Provide potential investors with an opportunity to participate directly in the equity of South African healthcare entities;
- The Company will be able to issue A Ordinary Shares giving the Company additional flexibility when evaluating opportunities. Vendors may find it attractive to receive part of their purchase consideration in the form of equity securities in a listed vehicle, giving the Company a competitive advantage over other potential buyers that are unlisted; and
- Allows for the raising of capital from a wider pool of investors who have a mandate and actively seek investment opportunities in the listed environment.

9.2 The proceeds of the Private Placement will be used by the Company to fund the acquisition of Viable Assets.

10. PARTICULARS OF THE PRIVATE PLACEMENT

10.1 Salient dates relating to the Private Placement

	2017¹
Abridged Pre-listing Statement published on SENS on	Wednesday, 5 July
Abridged Pre-listing Statement published in the press on	Tuesday, 6 July
Opening Date of the Private Placement at 09:00 on	Tuesday, 6 July
Closing Date of the Private Placement at 12:00 ² on	Friday, 7 July
Results of the Private Placement published on SENS on	Monday, 10 July
Notification of allotments to successful Invited Investors by	Monday, 10 July
Results of the Private Placement published in the press on	Tuesday, 11 July
Listing of A Ordinary Shares on the JSE expected at commencement of trade on	Wednesday, 12 July
Accounts at CSDPs/Brokers updated in respect of Dematerialised Shareholders on ³	Wednesday, 12 July

Notes:

1. These dates and times are South African dates and times and are subject to amendment. Any such amendment will be released on SENS and published in the press.
2. Invited Investors may only receive Dematerialised Shares and must advise their CSDP or Broker of their acceptance of the Private Placement in the manner and cut-off time stipulated by their CSDP or Broker.
3. CSDP's effect payment on a delivery-vs.-payment basis.

10.2 Details of the Private Placement

- 10.2.1 Pursuant to the Private Placement, the Company intends to raise R500 000 000 by way of an offer for subscription to Invited Investors of a minimum of 50 000 000 Private Placement Shares in the Company at the Issue Price.
- 10.2.2 The Private Placement Shares issued in terms of this Pre-listing Statement will be allotted subject to the provisions of the MOI and will rank *pari passu* in all respects including distributions, with all existing issued A Ordinary Shares in the Company.
- 10.2.3 There are no convertibility or redemption provisions relating to any Shares.
- 10.2.4 The Private Placement Shares will only be issued in dematerialised form. No certificated Private Placement Shares will be issued.
- 10.2.5 No fractions of Private Placement Shares will be offered in terms of the Private Placement.
- 10.2.6 The Directors in their sole discretion are entitled to increase the number of Private Placement Shares offered in terms of the Private Placement and the quantum sought to be raised.
- 10.2.7 The Directors in their sole discretion are entitled to amend the terms of the Private Placement, provided that any such amendments shall be advised to Invited Investors.

10.3 Conditions to the Listing

The Listing is subject to:

- The Company raising a minimum amount of R500 000 000 in terms of the Private Placement; and
- The achievement of a spread of Shareholders acceptable to the JSE.

If any condition precedent fails, the Private Placement and any acceptance thereof shall not be of any force or effect and no person shall have any claim whatsoever against the Company or any other person as a result of the failure of any condition, other than a claim for repayment of the subscription price paid.

10.4 Procedures for acceptance

- 10.4.1 The Private Placement is open to Invited Investors only.
- 10.4.2 Only persons who fall within any of the categories envisaged in section 96(1)(a) of the Companies Act or who subscribe for a minimum amount of R1 000 000 per single addressee acting as principal as contemplated in section 96(1)(b) of the Companies Act, are entitled to participate in the Private Placement.
- 10.4.3 Invited Investors are to provide the Transaction Advisors with their completed Application Form by 12:00 on Friday, 7 July 2017. Invited Investors will be informed of their allocated Private Placement Shares, if any, by Monday, 10 July 2017. Invited Investors must make the necessary arrangements to enable their CSDP or Broker, as the case may be, to make payment for the allocated Private Placement Shares on settlement date. The allocated Private Placement Shares will be transferred, on a "*delivery-versus-payment*" basis, to successful applicants on the settlement date, which is expected to be Wednesday, 12 July 2017.
- 10.4.4 The following parties may not participate in the Private Placement:
- Any person who may not lawfully participate in the Private Placement; and/or
 - Any investor who has not been invited to participate in the Private Placement; and/or
 - Any person acting on behalf of a minor or deceased estate.

- 10.4.5 No applications will be accepted after 12:00 on Friday, 7 July 2017.
- 10.4.6 Applications submitted by Invited Investors are irrevocable and may not be withdrawn once received by the Transaction Advisors.
- 10.4.7 Application Forms must be completed in accordance with the provisions of this Pre-listing Statement and the instructions contained in the Application Form, a specimen of which is attached to this Pre-listing Statement (*blue*) and which will be made available to Invited Investors.
- 10.4.8 Copies or reproductions of the Application Form will be accepted at the discretion of the Directors.
- 10.4.9 Any alterations on the Application Form must be authenticated by full signature.
- 10.4.10 Receipts will not be issued for applications, application monies or supporting documents received.
- 10.4.11 Each application will be regarded as a single application.
- 10.4.12 Other than as detailed in the Application Form, no documentary evidence of capacity to apply need to accompany the Application Form, but the Company reserves the right to call upon any applicant to submit such evidence for noting, which evidence will be held on file with the Company or the Transfer Secretaries or returned to the applicant at the applicant's risk.
- 10.4.13 The Directors reserve the right to accept or refuse any applications, either in whole or in part, or to abate any or all applications (whether or not received timeously) in such manner as they may, in their sole and absolute discretion, determine.

10.5 **Issues and allocation of the Private Placement Shares**

- 10.5.1 All Private Placement Shares subscribed for in terms of this Pre-listing Statement will be issued at the expense of the Company.
- 10.5.2 It is intended that notice of the allocations will be given by Monday, 10 July 2017.
- 10.5.3 Successful applicants' accounts with their CSDP or Broker will be credited with the allocated Private Placement Shares on the settlement date being Wednesday, 12 July 2017, on a "*delivery-versus-payment*" basis.

10.6 **Payment and delivery of the Private Placement Shares**

- 10.6.1 No payment should be submitted with the Application Form delivered to the Transaction Advisors. Applicants must make the necessary arrangements to enable their CSDP or Broker to make payment for the allocated Private Placement Shares on the settlement date, which is expected to be Wednesday, 12 July 2017, in accordance with each applicant's agreement with their CSDP or Broker.
- 10.6.2 The allocated Private Placement Shares will be transferred, on a "*delivery-versus-payment*" basis, to successful applicants on the settlement date, which is expected to be Wednesday, 12 July 2017.
- 10.6.3 The applicant's CSDP or Broker must commit to Strate to the receipt of the applicant's allocation of Private Placement Shares against payment on Wednesday, 5 July 2017.
- 10.6.4 On the settlement date, the applicant's allocation of Private Placement Shares will be credited to the applicant's CSDP or Broker against payment during the Strate settlement runs, prior to the opening of the market.
- 10.6.5 The CSDP or Broker concerned will receive and hold the Private Placement Shares (as Dematerialised Shares) on the applicants' behalf.

10.7 **Representation**

Any Invited Investor applying for or accepting the Private Placement Shares in the Private Placement shall be deemed to have represented to the Company that such investor was in possession of a copy of this Pre-listing Statement at that time. Any party applying for or accepting Private Placement

Shares on behalf of another investor shall be deemed to have represented to the Company that they are duly authorised to do so and warrant that they and the purchaser for whom they are acting as agent are duly authorised to do so in accordance with all relevant laws and such investor guarantees the payment of the requisite subscription price and that a copy of this Pre-listing Statement was in the possession of such investor for whom they are acting as agent.

10.8 **Applicable law**

The Private Placement, applications, allocations and acceptances will be exclusively governed by the laws of South Africa and each Invited Investor will be deemed, by applying for Private Placement Shares, to have consented and submitted to the jurisdiction of the courts of South Africa in relation to all matters arising out of or in connection with the Private Placement.

10.9 **Strate**

10.9.1 A Ordinary Shares may be traded only on the JSE in electronic form (as Dematerialised Shares) and will be trading for electronic settlement in terms of Strate immediately following the Listing.

10.9.2 Strate is a system of “paperless” transfer of securities. If you have any doubt as to the mechanics of Strate please consult your Broker, CSDP or other appropriate advisor and you are referred to the Strate website (<http://www.strate.co.za>) for more detailed information.

10.9.3 Some of the principal features of Strate are:

- Electronic records of ownership replace certificates and physical delivery of certificates;
- Trades executed on the JSE must be settled within five Business Days;
- All investors owning Dematerialised Shares or wishing to trade their securities on the JSE are required to appoint either a Broker or a CSDP to act on their behalf and to handle their settlement requirements; and
- Unless investors owning Dematerialised Shares specifically request their CSDP to register them as an “own-name” holder (which entails a fee), their respective CSDPs or Broker’s nominee company holding shares on their behalf, will be the holder (member) of the relevant company and not the investor. Subject to the agreement between the investor and the CSDP or Broker (or the CSDPs or Broker’s nominee company), generally in terms of the rules of Strate, the investor is entitled to instruct the CSDP or Broker (or the CSDPs or Broker’s nominee company), as to how it wishes to exercise the rights attaching to the shares and/or to attend and vote at shareholder meetings.

10.10 **Oversubscription**

10.10.1 In the event of an oversubscription, the Board shall, in its sole discretion, determine an appropriate allocation mechanism. The Board will take into account the spread requirements of the JSE, the liquidity of the A Ordinary Shares and consider the potential shareholder base that the Board wishes to achieve.

10.10.2 Depending upon the level of demand, Invited Investors may receive no Private Placement Shares or fewer than the number of Private Placement Shares applied for. Any dealing in A Ordinary Shares prior to delivery of the Private Placement Shares is entirely at the Invited Investor’s own risk.

10.11 **Simultaneous issues**

No A Ordinary Shares are to be issued simultaneously with the issue of Private Placement Shares for which application is being made.

10.12 **Underwriting**

The Private Placement will not be underwritten.

11. MINIMUM SUBSCRIPTION

The Listing is conditional upon raising a minimum amount of R500 000 000 in terms of the Private Placement.

12. LISTING ON JSE

Prior to the Private Placement and the Listing, the Company does not have any Shares listed on any stock exchange. Subject to raising the minimum amount contemplated in paragraph 11 of this Pre-listing Statement and the achievement of a spread acceptable to the JSE, the JSE has granted the Company approval for the listing of a minimum of 50 000 000 A Ordinary Shares with effect from the commencement of business on Wednesday, 12 July 2017 in the “*Non-Equity Investment Instruments*” sector of the JSE under the abbreviated name “*RHBophelo*”, JSE share code: RHB and ISIN: ZAE000244737. Accordingly, it is anticipated that the Listing will be effective as from the commencement of trade of the JSE on Wednesday, 12 July 2017.

SECTION THREE – FINANCIAL INFORMATION

13. PRIVATE PLACEMENT AND LISTING COSTS

The total estimated costs of the Private Placement and the Listing, which amount to approximately R12.6 million (*excluding VAT*), are detailed in the table below:

	R'000
Transaction Advisor – Third Way Investment Partners	1 500
Transaction Advisor – Birkett Stewart McHendrie	1 500
Capital raise fee – Third Way Investment Partners	7 500
Sponsor	380
Legal and CIPC fees	700
Printing, publication, distribution and advertising expenses	100
JSE documentation fees	36
JSE listing fees	182
Transfer Secretaries	28
Auditors and Independent Reporting Accountants	240
Company secretary	280
Contingency	150
Total	12 596

14. PERMISSIBLE OPERATING EXPENSES

The estimated operating expenses (*excluding VAT*) that will be incurred by the Company for the periods ending 28 February 2018 and 28 February 2019 are as follows:

	2018⁵	2019
	R'000	R'000
Listing and Private Placement costs	12 596	–
JSE annual fees ^{2/5}	211	298
Legal fees ^{2/5}	225	318
Non-executive Directors fees ^{2/5}	450	636
Sponsor fees ^{2/5}	90	127
Company Secretary ^{2/5}	315	445
Management fees ^{2/3/5}	2 625	6 500
Travel and accommodation ^{2/5}	75	106
Audit fee ²	200	212
Service providers fees ²	263	371
Estimated transaction costs for acquiring Viable Assets ^{2/4}	5 000	5 300
Total	R22 049	R14 313

Notes:

- The Permissible Operating Expenses, which will be paid from the proceeds of the Private Placement, have been estimated based on what the Board believes to be an accurate representation of costs associated with the running of an office whose purpose is to identify investment opportunities and acquire of Viable Assets. Primary costs will be those associated with basic expenses such as Directors' fees, the management fee and the acquisition costs related to Viable Assets;
- 2019 operating expenses represent an estimated inflationary increase of 6% on the 2017 operating expenses;
- 2018 management fees assumes a fee of 0.7% and R500 million of assets under management and no performance fee whilst 2019 management fee assumes a fee of 1.0% (on the assumption that Viable Assets are acquired) on an enterprise value of R650 million and no performance fee;
- The amount of the transaction costs that will be incurred pursuant to the acquisition of Viable Assets is merely an estimate as this will depend on various factors such as the size of the Viable Assets acquired and the advisors' fees; and
- Apportioned for nine months the year (where applicable).

- The operating expenses, which will be paid from the proceeds of the Private Placement, have been estimated based on what the Board believes to be an accurate representation of costs associated with the running of an office whose purpose is to identify investment opportunities and the acquisition of Viable Assets.
- In accordance with the Listings Requirements, the Company may not exceed the estimated operating expenses unless a resolution is passed at a meeting of Shareholders by achieving a 75% majority of the votes cast to that effect.

15. **BORROWINGS AND LOANS RECEIVABLE**

15.1 **Loans to Directors**

As at the Last Practicable Date, no loans have been made or security furnished by the Company to or for the benefit of any Director, manager or any associate of a Director or manager of the Company.

15.2 **Material loans**

As at the Last Practicable Date, no material loans have been made to the Company or the Operating Entity and no loan capital is currently outstanding.

15.3 **Material commitments, lease payments and contingent liabilities**

As at the Last Practicable Date, the Company did not have any material capital commitments or contingent liabilities.

15.4 **Loans receivable**

As at the Last Practicable Date, neither the Company nor the Operating Entity had any material loans receivable.

16. **AMOUNTS PAID TO PROMOTERS, BROKERAGES AND COMMISSIONS**

Since the incorporation of the Company:

- 16.1 Other than those amounts reflected in paragraph 13 and paragraph 14 of this Pre-listing Statement above, no amounts have been paid to any promoter, partnership, syndicate or other association;
- 16.2 No Director, or any partnership, syndicate or any other association of which he is a member, or any of his associates, has been paid to induce him, or qualify him to become a Director, or for the promotion of the Company;
- 16.3 No amount has been paid to any underwriter;
- 16.4 No commissions, discounts or brokerages were paid, or any special terms granted, to any person in connection with the issue or sale of any A Ordinary Shares; and
- 16.5 No royalties or items of a similar nature have been paid or are payable by the Company.

17. **ESCROW ACCOUNT**

- 17.1 The proceeds from the Private Placement will be deposited by the Company, by electronic transfer, directly into the Escrow Account and the Escrow Agent shall hold same on behalf of the Company for disbursement in accordance with the terms of the Escrow Agreement. The interest on the proceeds from the Private Placement in escrow will accrue in favour of the Company and accumulate in escrow.
- 17.2 As contemplated in paragraph 4.36(b) of the JSE Listings Requirements and the Escrow Agreement, the Escrow Agent must invest the capital in escrow in:
 - Investment grade bonds (being debt securities with a rating of “BBB” or above as rated by Standard and Poor’s Corporation or an equivalent rating by any similar institution);
 - Bank deposits with a recognised bank; or
 - Such other investment product approved by the JSE.

- 17.3 The amount raised in the Private Placement, and to the extent applicable, amounts raised in future capital raises, shall be held by the Escrow Agent on the basis that these amounts or part thereof may only be released by the Escrow Agent into the Company's bank account during the initial 24-month period upon receipt by the Escrow Agent of a release instruction from the Board.
- 17.4 The Escrow Agent ("**Resigning Agent**") may resign from its position and be discharged from its duties under the Escrow Agreement by delivering written notice to the Company. In such event, the Company will then take all necessary steps to novate the Escrow Agreement to the replacement of the Resigning Agent (in the case of the Escrow Agent only) or enter into a new escrow agreement with such replacement agent, and, the Escrow Agent will transfer to the Company the escrow amount together with any interest accrued thereon, by way of electronic transfer, directly into the Company's bank account for reinvestment into the bank account of the firm of attorneys, bank and/or financial institution acting as the replacement Resigning Agent.

18. **WORKING CAPITAL**

The Directors are of the opinion that, following the Listing:

- 18.1 The Group will be able, in the ordinary course of business, to pay its debts for a period of 12 months after the date of this Pre-listing Statement;
- 18.2 The assets of the Group will be in excess of the liabilities of the Group for a period of 12 months after the date of this Pre-listing Statement.
- 18.3 The share capital and reserves of the Group will be adequate for ordinary business purposes for a period of 12 months after the date of this Pre-listing Statement; and
- 18.4 The working capital of the Group will be adequate for ordinary business purposes for a period of 12 months after the date of this Pre-listing Statement.

19. **HISTORICAL FINANCIAL INFORMATION OF THE COMPANY**

Annexure 1 and **Annexure 2** to this Pre-listing Statement contains the report of historical financial information of the Company, while the Independent Reporting Accountants' report thereon is included as **Annexure 3** to this Pre-listing Statement. The historical financial information is the responsibility of the Directors.

20. **MATERIAL CHANGES**

Save for the Private Placement contemplated in this Pre-listing Statement:

- 20.1 There have been no other material changes in the financial or trading position of the Group since the end of its audit as at 13 December 2016;
- 20.2 There have been no other changes in the business or trading objects of the Group since its incorporation;
- 20.3 There have been no other major changes in the nature of property, plant and equipment and in the policy regarding the use thereof; and
- 20.4 There have been no other material changes in the nature of business of the Group.

21. **MATERIAL COMMITMENTS, LEASE PAYMENTS AND CONTINGENT LIABILITIES**

As at the Last Practicable Date, the Company had no material commitments, lease payments or contingent liabilities.

22. **LOANS TO DIRECTORS OR MANAGERS**

The Group has not made any loans to, or furnished any security for the benefit of, any Director or manager of the Company (or of any associate of any such Director or manager).

23. PRINCIPAL IMMOVABLE PROPERTY OWNED AND LEASED

As at the Last Practicable Date, neither the Company nor the Operating Entity owns or leases any immovable property and will operate out of the Management Company's offices in Johannesburg. No separate leased offices are foreseen.

24. INTERCOMPANY FINANCIAL AND OTHER TRANSACTIONS

There are no material inter-company financial and other transactions.

25. MATERIAL ACQUISITIONS

Neither the Company nor the Operating Entity has undertaken any material acquisitions since its incorporation, respectively, and, save in respect of the acquisition of Viable Assets, is not currently contemplating any potential material acquisitions.

26. PROPERTY DISPOSED OF OR TO BE DISPOSED OF

Neither the Company nor the Operating Entity has disposed of any material property since its incorporation and neither company is currently contemplating any material disposals.

SECTION FOUR – ADDITIONAL MATERIAL INFORMATION

27. PROMOTERS' AND OTHER INTERESTS

- 27.1 No amounts have been paid or have accrued as payable and no benefit was given or proposed to be given within the last three years to any promoter or to any partnership, syndicate or other association of which any promoter is or was a member.
- 27.2 No Director or promoter has any material beneficial interest, direct or indirect, in the promotion of the Company, save for being a Shareholders and/or a shareholder of the Management Company.
- 27.3 No commissions were paid, or accrued as payable, by the Company within the three years preceding the date of this Pre-listing Statement in respect of any underwriting.
- 27.4 No commissions, discounts, brokerages or other special terms have been granted by the Company within the three years preceding the date of this Pre-listing Statement in connection with the issue or sale of any securities, stock or debentures in the capital of the Company.

28. GOVERNMENT PROTECTION AND INVESTMENT ENCOURAGEMENT LAW

There is no government protection or investment encouragement law affecting the Group.

29. EXCHANGE CONTROL

The following summary is intended as a guide and is, therefore, not comprehensive. If you are in any doubt hereto, please consult your attorney, accountant or professional advisor. Per Section G.B (i) of the "*Currency and Exchanges Manual for Authorised Dealers*":

In terms of the Exchange Control Regulations of South Africa:

1. A former resident of the Common Monetary Area who has emigrated, may use funds in the emigrant capital account to subscribe for A Ordinary Shares in terms of this Pre-listing Statement;
 2. All payments in respect of subscriptions for A Ordinary Shares by an emigrant, using funds from an emigrant's capital account, must be made through the authorised dealer controlling the remaining assets;
 3. Any shares issued pursuant to the use of funds from emigrant's capital account, will be credited to their share accounts at the central securities depository participant controlling their remaining portfolios;
 4. Shares subsequently re-materialised and issued in certificated form, will be endorsed 'Non-Resident' and will be sent to the authorised dealer through whom the payment was made; and
 5. If applicable, refund monies payable in respect of unsuccessful applications or partly successful applications, as the case may be, for A Ordinary Shares in terms of this Pre-listing Statement, emanating from emigrant capital accounts, will be returned to the authorised dealer through whom the payments were made, for credit to such emigrants' capital accounts.
- Applicants resident outside the Common Monetary Area should note that, where shares are subsequently re-materialised and issued in certificated form, such share certificates will be endorsed "Non-Resident" in terms of the Exchange Control Regulations."
 - Authorised dealers should, however, ensure that nothing is stated in this Pre-Listing Statement that is contrary to the provisions of the Authorised Dealer Manual or a specific authority granted by the Financial Surveillance Department, prior to the granting of any authority in this regard.

30. LITIGATION

There are no legal or arbitration proceedings (including any such proceedings that are pending or threatened) of which the Company is aware, which may have, or have during the 12 months preceding the Last Practicable Date had, a material effect on the financial, position of the Group.

31. MATERIAL CONTRACTS

- 31.1 Save for the Escrow Agreement and the Management Agreement, no material contracts have been entered into by the Company or the Operating Entity, being restrictive funding arrangement and/or contracts entered into other than in the ordinary course of business and (i) within the two years prior

to the date of this Pre-listing Statement or, (ii) at any other time where such agreement contains an obligation or settlement that is material to the Company as at the date of this Pre-listing Statement.

31.2 The salient terms of the Management Agreement can be found in **Annexure 6**.

31.3 The salient terms of the Escrow Agreement can be found in paragraph 17.

31.4 While the Company is currently considering a number of acquisitions, no formal binding agreement/s have been entered into.

32. EXPERTS' CONSENTS

The Transaction Advisors, Company Secretary, Sponsor, Legal Advisor, Auditors and Independent Reporting Accountants, whose names appear in the "*Corporate Information*" section of this Pre-listing Statement, have given and have not, prior to the formal approval of this Pre-listing Statement by the JSE, withdrawn their written consents to the inclusion of their names, and acting in the capacities stated and, where applicable, to their reports, being included in this Pre-listing Statement.

33. RESPONSIBILITY STATEMENT

The Directors, whose names are set out in paragraph 6.1.1 of this Pre-listing Statement, collectively and individually accept full responsibility for the accuracy of the information contained in this Pre-listing Statement which relates to the Company and, in this regard, certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this Pre-listing Statement contains all information required by the JSE Listings Requirements.

34. KING CODE AND CORPORATE GOVERNANCE

Shareholders are referred to **Annexure 7** to this Pre-listing Statement, which concerns the application of the King Code and other corporate governance principles to the Company.

35. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents, or copies thereof, will be available for inspection at the registered office of the Company and at the Johannesburg offices of the Transaction Advisors at the addresses referred to in the "*Corporate Information*" section of this Pre-listing Statement, during normal office hours for a period of 14 days following the Listing Date:

- The MOI and the memorandum of incorporation of the Operating Entity;
- The Management Agreement;
- The Escrow Agreement;
- OMSFIN Facility Term Sheet;
- The report of historical financial information of the Company as reproduced in **Annexure 1** and **Annexure 2** to this Pre-listing Statement;
- The Independent Reporting Accountants' report on the historical financial information of the Company, as reproduced in **Annexure 3** to this Pre-listing Statement;
- The employment agreements of the executive Directors;
- Irrevocable and commitment letters;
- Written consent letters by experts and advisors, as referred to in paragraph 32 of this Pre-listing Statement above; and
- A copy of this Pre-listing Statement.

SIGNED AT JOHANNESBURG ON MONDAY, 3 JULY 2017 BY QUINTON ZUNGA ON BEHALF OF ALL THE DIRECTORS OF THE COMPANY, AS LISTED BELOW, IN TERMS OF POWERS OF ATTORNEY SIGNED BY SUCH DIRECTORS

REPORT OF HISTORICAL FINANCIAL INFORMATION OF THE COMPANY AND THE OPERATING ENTITY

A. REPORT OF HISTORICAL FINANCIAL INFORMATION OF THE COMPANY

The audited financial statements for the period ended 13 December 2016 (“historical financial statements of the Company”) are set out below.

Basis of preparation

The definitions and interpretations commencing on page 6 of this Pre-listing Statement have been used throughout this **Annexure 1** and **Annexure 2**.

The directors of RH Bophelo are responsible for the preparation of the historical financial statements of the Company set out in this **Annexure 1** and **Annexure 2**.

The independent reporting accountants’ report on the historical financial statements of the Company is included in **Annexure 3**. The historical financial information as set out in this Annexure has been prepared by KD Mhlaba (CA(SA)).

Statement of financial position

	At 13 December 2016
Assets	
Current assets	R0
Cash and cash equivalents (note 1.1)	R1
Total assets	R1
Capital and reserves	
Equity and liabilities	
Share capital (note 1.2)	R1
Total equity and liabilities	R1
Number of Shares in issue	1
Net asset value per Share	R1
Tangible asset value per Share	R1

Statement of changes in equity for the one-day period ended 13 December 2016:

	Note	Share capital	Share premium	Retained earnings	Total
As at 13 December 2016		R0	R0	R0	R0
Issue of Shares	1.2	R1	R0	R0	R1
At 13 December 2016		R1	R0	R0	R1

Statement of cash flows for one-day period ended 13 December 2016

Cash flows from financing activities

Issued share capital	R1
Cash generated by financing activities	R1
Net increase in cash and cash equivalents	R1
Cash and cash equivalents at 13 December 2016	R1

The Company has been dormant since incorporation and has no trading history, therefore, no statement of profit or loss and other comprehensive income has been presented.

Approved by the Board of Directors and signed by directors on 12 May 2017.

Notes to the report of historical financial information of the Company:

Significant accounting policies listed as part of **Annexure 2** to the Pre-listing Statement.

1. NOTES TO THE FINANCIAL STATEMENTS FOR THE ONE-DAY PERIOD ENDED 13 DECEMBER 2016

1.1 Cash and cash equivalents

Cash	R1
Total	R1

1.2 Issued share capital

Ordinary shares

Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognised as a deduction from equity.

Name	R
Stated Capital	
<i>Authorised</i>	
10 000 000 000 ordinary shares with no par value	–
<i>Issued</i>	
1 ordinary shares with no par value	R1
Total	R1

1.3 Taxation

No provision has been made for taxation as the Company has no taxable income during the one-day period ended 13 December 2016.

1.4 Employees

No remuneration was paid to the Directors or other members of key management personnel during the one-day period ended 13 December 2016.

1.5 Financial risk management and capital management

Overview

This note presents information about Company exposure to each of the below mentioned risks, Company's objectives, policies and processes for measuring and managing risk and Company's management of capital.

The board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the products offered.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is limited to the carrying amount of financial assets at the reporting date.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The Company has not yet started trading and is not exposed to market risk.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is not exposed to currency risk since all its financial assets and financial liabilities are denominated in ZAR.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Company has no interest-bearing financial instruments and hence is not exposed to such a risk.

Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Company consists of equity comprising of stated capital.

1.6 Financial instruments

Categories of financial instruments:

Financial assets

Cash	R1
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1.7 Fair Value

The fair value of the Company's financial assets approximate their carrying values due to the short-term nature of the balances involved.

1.8 Subsequent events

The Company amended its share capital and issued the B Share on 30 March 2017. Furthermore, the Company will be listed on the JSE on Wednesday, 12 July 2017. As this is a material transaction occurring post the year-end date, the occurrence of such is classified as a subsequent event for reporting purposes. The directors are not aware of any other material item that arose subsequent to 13 December 2016 that affect the financial statement as at 13 December 2016 that should either be adjusted or disclosed.

1.9 Contingent liabilities

The expenses of the intended listing (including expenses incurred in relation to the issue of new shares), are estimated to amount to R12.6 million. These expenses will be paid by the Company subsequent to the period ended 13 December 2016.

1.10 Comparative financial information

No comparative financial information has been presented as the Company was only incorporated on 13 December 2016.

B. REPORT OF HISTORICAL FINANCIAL INFORMATION OF THE OPERATING ENTITY

The audited financial statements for the period ended 13 December 2016 (“historical financial statements of the Operating Entity”) are set out below.

Basis of preparation

The definitions and interpretations commencing on page 6 of this Pre-listing Statement have been used throughout this **Annexure 1** and **Annexure 2**.

The directors of the Operating Entity are responsible for the preparation of the historical financial statements of the Operating Entity set out in this **Annexure 1** and **Annexure 2**.

The independent reporting accountants’ report on the historical financial statements of the Operating Entity is included in **Annexure 3**. The historical financial information as set out in this Annexure has been prepared by KD Mhlaba KD Mhlaba (CA(SA)).

Statement of financial position

	At 13 December 2016
Assets	
Current assets	R0
Cash and cash equivalents (note 1.1)	R1
Total assets	R1
Capital and reserves	
Equity and liabilities	
Share capital (note 1.2)	R1
Total equity and liabilities	R1
Number of Shares in issue	1
Net asset value per Share	R1
Tangible asset value per Share	R1

Statement of changes in equity for the one-day period ended 13 December 2016

	Note	Share capital	Share premium	Retained earnings	Total
As at 13 December 2016		R0	R0	R0	R0
Issue of Shares	1.2	R1	R0	R0	R1
At 13 December 2016		R1	R0	R0	R1

Statement of cash flows for one-day period ended 13 December 2016

Cash flows from financing activities

Issued share capital R1

Cash generated by financing activities **R1**

Net increase in cash and cash equivalents **R1**

Cash and cash equivalents at 13 December 2016 **R1**

The Operating Entity has been dormant since incorporation and has no trading history, therefore, no statement of profit or loss and other comprehensive income has been presented.

Approved by the Board of Directors and signed by directors on 12 May 2017.

Notes to the report of historical financial information of the Operating Entity:

Significant accounting policies listed as part of **Annexure 2** to the Pre-listing Statement.

2. NOTES TO THE FINANCIAL STATEMENTS FOR THE ONE-DAY PERIOD ENDED 13 DECEMBER 2016

2.1 Cash and cash equivalents

Cash	R1
Total	R1

Issued share capital

Ordinary shares

Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognised as a deduction from equity.

Name	R
Stated Capital	
<i>Authorised</i>	
10 000 ordinary shares with no par value	–
<i>Issued</i>	
1 ordinary shares with no par value	R1
Total	R1

2.2 Taxation

No provision has been made for taxation as the Operating Entity has no taxable income during the one-day period ended 13 December 2016.

2.3 Employees

No remuneration was paid to the directors of the Operating Entity or other members of key management personnel during the one-day period ended 13 December 2016.

2.4 Financial risk management and capital management

Overview

This note presents information about the Operating Entity's exposure to each of the below mentioned risks, the Operating Entity's objectives, policies and processes for measuring and managing risk and the Operating Entity's management of capital.

The board of directors of the Operating Entity has overall responsibility for the establishment and oversight of the Operating Entity's risk management framework. The Operating Entity's risk management policies are established to identify and analyse the risks faced by the Operating Entity, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the products offered.

Credit risk

Credit risk is the risk of financial loss to the Operating Entity if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Operating Entity's credit risk is limited to the carrying amount of financial assets at the reporting date.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Operating Entity's income or the value of its holdings of financial instruments. The Operating Entity has not yet started trading and is not exposed to market risk.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The Operating Entity is not exposed to currency risk since all its financial assets and financial liabilities are denominated in ZAR.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Operating Entity has no interest-bearing financial instruments and hence is not exposed to such a risk.

Capital risk management

The Operating Entity manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Operating Entity consists of equity comprising of stated capital.

2.5 Financial instruments

Categories of financial instruments:

Financial assets	
Cash	R1

2.6 Fair value

The fair value of the Operating Entity's financial assets approximate their carrying values due to the short term nature of the balances involved.

2.7 Subsequent events

The Operating Entity's parent company, RH Bophelo, will be listed on the JSE on Wednesday, 12 July 2017. As this is a material transaction occurring post the year-end date, the occurrence of such is classified as a subsequent event for reporting purposes. The directors are not aware of any other material item that arose subsequent to 13 December 2016 that affect the financial statement as at 13 December 2016 that should either be adjusted or disclosed.

2.8 Contingent liabilities

No expenses.

2.9 Comparative financial information

No comparative financial information has been presented as the Operating Entity was only incorporated on 13 December 2016.

ACCOUNTING POLICIES OF THE GROUP GOING FORWARD

1. LEGAL STATUS AND BUSINESS ACTIVITIES

RH Bophelo was registered and incorporated in South Africa as a private company on 13 December 2016 under the South African Companies Act. RH Bophelo was converted into a public company on 30 June 2017. The Operating Entity was registered and incorporated in South Africa as a private company on 13 December 2016 under the South African Companies Act.

RH Bophelo and the Operating Entity have not yet started operations at the reporting date.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

In the current period, RH Bophelo and the Operating Entity have applied all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (“IASB”) and the International Financial Reporting Interpretations Committee (“IFRIC”) of the IASB that are relevant to its operations and effective for accounting periods beginning on or after 1 July 2016.

New and revised IFRSs in issue but not yet effective

At the date of authorisation of these financial statements, the following relevant IFRSs were in issue but effective on annual periods beginning on or after the respective dates as indicated:

- | | |
|--------|---|
| IAS 1 | Presentation of Financial Statements – Amendments resulting from disclosure initiative (Annual periods beginning on or after 1 January 2016). |
| IAS 7 | Statement of Cash Flows – Amendments as result of the Disclosure initiative (effective 1 January 2017). |
| IAS 12 | Income Taxes – Amendments regarding the recognition of deferred tax assets for unrealised losses (effective 1 January 2017). |
| IAS 16 | Property, Plant and Equipment – Amendments regarding the clarification of acceptable methods of depreciation and amortisation (effective 1 January 2016) |
| IAS 16 | Property, Plant and Equipment – Amendments bringing bearer plants into the scope of IAS 16 (effective 1 January 2016) |
| IAS 19 | Employee Benefits – Amendments resulting from September 2014 Annual Improvements to IFRSs (effective 1 January 2016) |
| IAS 27 | Separate Financial Statements – Amendments reinstating the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity’s separate financial statements (effective 1 January 2016) |
| IAS 28 | Investments in Associates and Joint Ventures – Amendments regarding the application of the consolidation exception (effective 1 January 2016) |
| IAS 28 | Investments in Associates and Joint Ventures – Amendments resulting from Annual Improvements 2014–2016 Cycle (clarifying certain fair value measurements) (effective 1 January 2016) |
| IAS 38 | Intangible assets – Amendments regarding the clarification of acceptable methods of depreciation and amortisation (effective 1 January 2016) |
| IAS 40 | Investment Property – Amendments to clarify transfers of property to, or from, investment property (effective 1 January 2018) |
| IAS 39 | Financial Instruments: Recognition and Measurement – Amendments to permit an entity to elect to continue to apply the hedge accounting requirements in IAS 39 for a fair value hedge of the interest rate exposure of a portion of portfolio of financial assets or financial liabilities when IFRS 9 is applied and to extend the fair value option to certain contracts that meet the ‘own use’ scope exception (effective 1 January 2018). |

- IFRS 2 Share-based payment – Amendments to clarify the classification and measurement of share-based payment transactions (effective 1 January 2018)
- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations – Amendments resulting from September 2014 Annual Improvements to IFRSs (effective 1 January 2016)
- IFRS 7 Financial Instruments: Disclosures – Amendments resulting from September 2014 Annual Improvements to IFRSs (effective 1 January 2016).
- IFRS 7 Financial Instruments: Disclosures – Additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9 (effective 1 January 2018).
- IFRS 7 Financial Instruments: Disclosures – Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures (effective 1 January 2018).
- IFRS 9 Financial Instruments – Finalised version, incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition (effective 1 January 2018). The Directors anticipate that these amendments will be applied in the financial statements for the annual periods beginning on the respective dates as indicated above. The Directors have not yet assessed the potential impact of the application of these amendments.
- IFRS 10 Consolidated Financial Statements – Amendments regarding the application of the consolidation exception (Effective 1 January 2016)
- IFRS 11 Joint Arrangements – Amendments regarding the accounting for acquisitions of an interest in a joint operation (effective 1 January 2016)
- IFRS 12 Disclosure of Interests in Other Entities – Amendments regarding the application of the consolidation exception (effective 1 January 2016)
- IFRS 12 Disclosure of Interests in Other Entities – Amendments resulting from Annual Improvements 2014 – 2016 Cycle (clarifying scope) (effective 1 January 2016)
- IFRS 15 Revenue from contracts with customers – Original issue (effective 1 January 2018)
- IFRS 16 Leases – Original issue (effective 1 January 2019)

3. **SIGNIFICANT ACCOUNTING POLICIES**

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Reporting Pronouncements as issued by Financial Reporting Standards Council and in the manner required by the Companies Act of South Africa. These financial statements have been prepared on the historical cost basis, except where indicated otherwise.

Critical judgement and accounting estimates: Valuation of investments

In the process of applying the Company and Operating Entity’s accounting policies, management has made no judgements and estimates.

Functional and presentation currency

Items included in the financial statements of RH Bophelo and the Operating Entity are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The financial statements are presented in Rand, which is also considered by the directors to be RH Bophelo and the Operating Entity’s functional currency.

Related parties

Parties are considered to be related, if one party has the ability to control the other party, has control of the reporting entity, exercises significant influence over the party in making financial and operating decisions or is a member of the key management personnel of the reporting entity. An entity is related to a reporting entity if both of them are members of the same group or one of them is either an associate or joint venture of the other entity. Related party can also arise if the entity is a post-employment benefit plan for the employee of the reporting entity.

Financial instruments

Financial assets and financial liabilities are recognised on RH Bophelo and the Operating Entity's Statement of Financial Position when RH Bophelo and the Operating Entity become a party to the contractual provisions of the instruments.

Financial assets held for trading are acquired or incurred principally for the purpose of selling or repurchasing in the near future. All derivatives are also included in this category. RH Bophelo and the Operating Entity do not classify any derivatives as hedges in a hedging relationship.

Financial assets designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with RH Bophelo and the Operating Entity's investment strategy and information about these financial assets are evaluated by the directors of RH Bophelo and the Operating Entity on a fair value basis together with other relevant financial information.

Gains and losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are included in the profit or loss in the period in which they arise.

Accounts receivable

Accounts receivable are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts, which approximates fair value.

Financial liabilities

Financial liabilities are initially measured at fair value and subsequently measured at amortised cost.

Accounts payable

Accounts payable are stated at their nominal value, which approximates fair value.

Cash and cash equivalents

Cash is defined as cash on hand and cash in banks and investments in money market instruments with a maturity of three months or less.

Effective interest rate

The effective interest method is a method of calculating the amortised cost of the financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Impairment

The carrying amounts of the assets are assessed at each year-end date to determine whether there is any indication of impairment. If such indication exists, RH Bophelo and the Operating Entity estimates the recoverable amount of the asset, being higher of the asset's net selling price and its value in use.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by RH Bophelo and the Operating Entity are recognised at the proceeds received, net of direct issue costs.

Income tax

Income taxes currently payable are provided for in accordance with the existing legislation of the country in which RH Bophelo and the Operating Entity operates.

Deferred tax

Deferred tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred tax.

The principal temporary differences arise from tax losses carried forward. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Revenue recognition

Interest and investment income are recognised on the accrual basis. Realised and unrealised gains and losses on investments are recognised in profit or loss. Realised gains and losses on investments sold are determined on the basis of specific identification of the cost of investments sold. For purposes of the statement of cash flows investment activities are categorised as operating activities.

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF THE COMPANY AND THE OPERATING ENTITY

The Directors
RH Bophelo Limited
3rd Floor, 18 Melrose Boulevard
Melrose Arch, Melrose North
Johannesburg, 2076
South Africa

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF THE RH BOPHELO LIMITED

Introduction

We have audited the historical financial information of RH Bophelo Limited (the “**Company**” or “**RH Bophelo**”) in respect of the period 13 December 2016 set out in **Annexure 1** of the Pre-listing Statement, to be issued on or about Wednesday, 5 July 2017. The historical financial information comprises the statement of financial position as at the period-end date and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the historical financial information

The Company's Directors are responsible for the preparation and fair presentation of the historical financial information in accordance with the requirements of the JSE Listings Requirements, and for such internal control as the Directors determine is necessary to enable the preparation of historical financial information that is free from material misstatement, whether due to fraud or error.

The Listings Requirements require the historical financial information in respect of the annual period to be prepared in accordance with the conceptual framework, the measurement and recognition requirements of International Financial Reporting Standards, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and also, as a minimum, to be presented and contain the disclosures required by the JSE Listings Requirements.

Auditor's responsibility

Our responsibility is to express an opinion on the historical financial information based on our audit.

We conducted our audit of the historical financial information in accordance with International Standards on Auditing (ISAs). These standards require that we comply with ethical requirements.

We plan and perform the audit to obtain reasonable assurance about whether the historical financial information is free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the historical financial information, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the historical financial information in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the historical financial information.

We believe that the evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the historical financial information in respect of the period ended 13 December 2016 is prepared, in all material respects, in accordance with the requirements of the JSE Listings Requirements, as set out in note 3 to the historical financial information.

Other information in the Pre-listing Statement

As required by paragraph 8.53 of the Listings Requirements, we have read the Pre-listing Statement in which the historical financial information is contained, for the purpose of identifying whether there are material inconsistencies between the Pre-listing Statement and the historical financial information which has been subject to audit. The Pre-listing Statement is the responsibility of the Directors. Based on reading the Pre-listing Statement we have not identified material inconsistencies between this report and the historical financial information which has been subject to audit. However, we have not audited the Pre-listing Statement and accordingly do not express an opinion on it.

Consent

We consent to the inclusion of this report, which will form part of the Pre-listing Statement, in the form and context in which it appears.

Deloitte & Touche

Registered Auditor

Per: **Patrick Ndlovu**

Partner

3 July 2017

Deloitte & Touche

Deloitte Place

The Woodlands

20 Woodlands Drive

Woodmead

Sandton

2196

The Directors
RH Bophelo Operating Company Proprietary Limited
3rd Floor, 18 Melrose Boulevard
Melrose Arch, Melrose North
Johannesburg, 2076
South Africa

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF THE RH BOPHELO OPERATING COMPANY PROPRIETARY LIMITED

Introduction

We have audited the historical financial information of RH Bophelo Operating Company Proprietary Limited (the "**Company**" or "**Operating Entity**") in respect of the period 13 December 2016 as set out in **Annexure 1** of the Pre-listing Statement, to be issued on or about Wednesday, 5 July 2017. The historical financial information comprises the statement of financial position as at the period-end date and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the historical financial information

The Company's directors are responsible for the preparation and fair presentation of the historical financial information in accordance with the requirements of the JSE Listings Requirements, and for such internal control as the directors' of Operating Entity determine is necessary to enable the preparation of historical financial information that is free from material misstatement, whether due to fraud or error.

The Listings Requirements require the historical financial information in respect of the annual period to be prepared in accordance with the conceptual framework, the measurement and recognition requirements of International Financial Reporting Standards, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and also, as a minimum, to be presented and contain the disclosures required by the JSE Listings Requirements.

Auditor's responsibility

Our responsibility is to express an opinion on the historical financial information based on our audit.

We conducted our audit of the historical financial information in accordance with International Standards on Auditing (ISAs). These standards require that we comply with ethical requirements.

We plan and perform the audit to obtain reasonable assurance about whether the historical financial information is free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the historical financial information, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the historical financial information in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the historical financial information.

We believe that the evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the historical financial information in respect of the period ended 13 December 2016 is prepared, in all material respects, in accordance with the requirements of the JSE Listings Requirements, as set out in note 3 to the historical financial information.

Other information in the Pre-listing Statement

As required by paragraph 8.53 of the Listings Requirements, we have read the Pre-listing Statement in which the historical financial information is contained, for the purpose of identifying whether there are material inconsistencies between the Pre-listing Statement and the historical financial information which has been subject to audit. The Pre-listing Statement is the responsibility of the directors of Operating Entity. Based on reading the Pre-listing Statement we have not identified material inconsistencies between this report and the historical financial information which has been subject to audit. However, we have not audited the Pre-listing Statement and accordingly do not express an opinion on it.

Consent

We consent to the inclusion of this report, which will form part of the Pre-listing Statement, in the form and context in which it appears.

Deloitte & Touche

Registered Auditor

Per: **Patrick Ndlovu**

Partner

3 July 2017

Deloitte & Touche

Deloitte Place

The Woodlands

20 Woodlands Drive

Woodmead

Sandton

2196

OTHER DIRECTORSHIPS

The names of all companies and partnerships of which each Director referred to in paragraph 6.1.1 of this Pre-Listing Statement has been a director or partner at any time in the five years prior to the Last Practicable Date (indicating whether or not the Director is still a director or partner and excluding subsidiaries of any such company of which he is also a director) are set out below.

Company	Type	Status
Q Zunga		
ACP GENERAL	Director	Active
AFRIK INTERNATIONAL NETWORKS	Director	Active
ANSABEX	Director	Active
ANSACEPT	Director	Active
ANSAMARK	Director	Active
ARTURO CALLE CLOTHING SOUTH AFRICA	Director	Active
AZTOPRO	Director	Active
AZTOSAT	Director	Active
AZTOSCORE	Director	Active
AZTOSEC	Director	Active
AZTOSERVE	Director	Active
AZTOSMART	Director	Active
AZTOSPACE	Director	Active
AZTOSPAN	Director	Active
BETANOSET	Director	Active
BUSAMED	Director	Active
CLINIVA	Director	Active
DAZOSPEX	Director	Active
DINNING BOOKS AND LEISURE	Director	Active
ERISPEX	Director	Active
FEZINET	Director	Active
HEALTHMED	Director	Active
JOY INTERNATIONAL CHURCH	Director	Active
K2015398124 (SOUTH AFRICA)	Director	Active
K2015398239 (SOUTH AFRICA)	Director	Active
K2015398262 (SOUTH AFRICA)	Director	Active
K2015398326 (SOUTH AFRICA)	Director	Active
KDP HOSPITAL COMPANY (RF)	Director	Active
KDPH PROPERTY COMPANY (RF)	Director	Active
LADOCUBE	Director	Active
LADOREX	Director	Active
LADOSIGN	Director	Active
MCEBO CAPITAL PARTNERS	Director	Active
MEDICAL HOSPITAL OF LEBOWAKGOMO	Director	Active
NALDOMAX	Director	Active
NALDONITE	Director	Active
NGIVULELE TRADING ENTERPRISE	Director	Active
PELOKGALE INVESTMENTS	Director	Active
PEOPLES ENERGY GROUP	Director	Active
PRANACARE	Director	Active
QR CORPORATE RENTAL	Director	Active
RAZOBRAVO RAZOCUBE	Director	Active

Company	Type	Status
RAZOHOLDING	Director	Active
RAZONEGING	Director	Active
RAZORITE HEALTHCARE	Director	Active
RAZOSPITAL	Director	Active
RH BOPHELO LIMITED	Director	Active
RH BOPHELO OPERATING COMPANY	Director	Active
RH BOPHELO MANAGEMENT COMPANY	Director	Active
RH MANAGERS	Director	Active
ROQUEMED MELVILLE	Director	Active
ROQUEMED VITAL	Director	Active
RQ CAPITAL PARTNERS	Director	Active
SAF MANAGERS	Director	Active
TANASIGN	Director	Active
XAXAZELE PROPERTIES	Director	Active
ZOLIFLASH	Director	Active
ZOLIPRO	Director	Active
ARKEIN CAPITAL PARTNERS	Director	Resigned
ARKEIN INDUSTRIAL HOLDINGS	Director	Resigned
ARKEIN TRADING	Director	Resigned
DZIVIRI POTASH	Director	Resigned
MERRILL LYNCH SOUTH AFRICA (2011)	Director	Resigned
NYANZA LIGHT METALS	Director	Resigned
RNSA HOLDINGS	Director	Resigned
ROQUEMED	Director	Resigned
ROQUEMED FOURWAYS	Director	Resigned
ROQUEMED HOLDINGS	Director	Resigned
ROQUEMED OLIVEDALE	Director	Resigned
RUSKONEX	Director	Resigned
SHUNGWA FERROUS METALS	Director	Resigned
KD Mhlaba		
MBERHE C-TAM LEARNING ACADEMY	Director	Resigned
SAM MHLABA FOUNDATION	Director	Active
BUDDY FOR CHANGE	Director	Resigned
BILLSA	Director	Resigned
BRILLIANT ENGINEERING	Director	Resigned
EMHLABENI YA TEMBA	Director	Resigned
MBERHE PROJECTS AND INFRASTRUCTURE	Director	Resigned
MBERHE PROTECTION SERVICES	Director	Resigned
LIQUEE FOOD	Director	Active
RH BOPHELO LIMITED	Director	Active
RH BOPHELO OPERATING COMPANY	Director	Active
RH BOPHELO MANAGEMENT COMPANY	Director	Active
SCM ADVISORS	Director	Resigned
SCM ASSET AND VENTURE CAPITAL	Director	Resigned
MBERHE CONSULTING	Director	Active
EMHLABENI BUSINESS ADVISORS	Director	De-registered
PFUKANI ENTERTAINMENT	Director	De-registered
MAHLORI HOTEL AND INVESTMENTS	Director	De-registered
TAKE NOTE TRADING 527	Director	De-registered

Company	Type	Status
VP Nomvalo		
BUSAMED	Alternate director	Resigned
HILLCREST PRIVATE HOSPITAL	Director	Active
KDP HOSPITAL COMPANY	Director	Active
KDPH PROPERTY COMPANY	Director	Active
MCEBO CAPITAL PARTNERS	Director	Active
MLIBO GROWTH	Director	Active
RH BOPHELO LIMITED	Director	Active
RH BOPHELO OPERATING COMPANY	Director	Active
TSVP INVESTMENTS	Director	Active
MP Mehlape		
AMERICAN CHAMBER OF COMMERCE IN SOUTH AFRICA	Director	Active
GO GIRL MEDIA INITIATIVE (SOUTH AFRICA)	Director	Active
ANSABEX	Director	Active
ANSACEPT	Director	Active
BECTON DICKINSON	Director	Resigned
BEULA PHARMACEUTICALS	Director	Resigned
BLACK PHAMACEUTICAL FORUM	Director	Active
CAREFUSION S A 319	Director	Resigned
INDIGENOUS AFRICA TRADING	Director	Active
INDIGENOUS HEALTHCARE	Director	Active
PULA NALA DISTRIBUTORS	Member	Active
RH BOPHELO LIMITED	Director	Active
RH BOPHELO OPERATING COMPANY	Director	Active
THE SOUTH AFRICAN MEDICAL DEVICE INDUSTRY ASSOCIATION	Director	Active
VUNGUZA 345 SERVICE PROVIDERS AND SUPPLIERS	Director	Active
Dr SG Motuba		
ALEXANDRA OFFAL WHOLESAL	Member	Active
INNOVATIVE ENERGY SUPPLIES	Member	Active
RH BOPHELO LIMITED	Director	Active
RH BOPHELO OPERATING COMPANY	Director	Active
WORKERS LIFE ASSURANCE COMPANY	Director	Active
WORKERS LIFE INSURANCE	Non-Executive Director	Active
Dr KR Ntshwana		
KGALAKA PTY LTD	Director	Active
RH BOPHELO LIMITED	Director	Active
RH BOPHELO OPERATING COMPANY	Director	Active
KHOMOTSO HOSPITAL GROUP	Director	Active

Company	Type	Status
JO Oliphant		
AGISA ENERGY CAPITAL	Director	Active
ALL WEATHER CAPITAL	Director	Active
BATSETA COUNCIL OF RETIREMENT FUNDS FOR SOUTH AFRICA	Director	Resigned
BOXWOOD ASSET MANAGEMENT	Director	Active
BUSINESS VENTURE INVESTMENTS NO 3000 (RF)	Director	Active
GAIA FINANCE	Director	Resigned
GAIA FINANCIAL SERVICES	Director	Resigned
GAIA FUND MANAGERS	Director	Resigned
GAIA INFRASTRUCTURE CAPITAL	Director	Resigned
GAIA INFRASTRUCTURE GP 1	Director	Resigned
GAIA INFRASTRUCTURE PARTNERS	Director	Resigned
LAMONT PROPERTIES	Director	Active
MINKIVAX	Director	Resigned
NEWSHELF 1373	Director	Active
NEWSHELF 1374	Director	Active
NEWSHELF 1375	Director	Active
RH BOPHELO LIMITED	Director	Active
RH BOPHELO OPERATING COMPANY	Director	Active
RH BOPHELO MANAGEMENT COMPANY	Director	Active
SOUTH POINT MANAGEMENT SERVICES	Director	Active
THIRD WAY ADVISORS	Director	Active
THIRD WAY HEALTH	Director	Active
THIRD WAY INVESTMENT GROUP	Director	Active
THIRD WAY INVESTMENT PARTNERS	Director	Active
THIRD WAY INVESTMENT PARTNERS GP 1	Director	Active
THIRD WAY LEISURE AND TRAVEL	Director	Active
TW SPV 1	Director	Active
UMAVISION	Director	Active
V AND A WATERFRONT DEVELOPMENTS	Director	Resigned
V AND A WATERFRONT HOLDINGS	Director	Resigned
V AND A WATERFRONT MARINA	Director	Resigned
V AND A WATERFRONT PROPERTIES	Director	Resigned
VICTORIA AND ALFRED WATERFRONT	Director	Resigned

Company	Type	Status
Dr PD Sekete		
ACSION	Director	Active
BUHLE WASTE	Director	Active
BUHLE WASTE	Director	Active
BUHLE WASTE EASTERN CAPE	Director	Active
BUHLE WASTE GROUP HOLDINGS	Director	Active
BUHLE WASTE NORTH WEST	Director	Active
ETROLINX	Director	Active
KARABO YA SE TSHABA INVESTMENTS	Director	Active
LISEKO LIFESCIENCE INVESTMENTS	Director	Active
SEKETE INVESTMENT CORPORATION	Director	Active
SEROBENG HEALTH	Director	Active
SPORTS GROUND ACADEMY	Director	Active
TSHUMISANO WASTE MANAGEMENT	Director	Active
BIO MED DISPOSAL SERVICES (2001)	Director	Resigned
BLUE LOUNGE TRADING 52 (2000)	Director	Resigned
BRADFORD CORNER (2001)	Director	Resigned
DARTPROPS 49 (1998)	Director	Resigned
FLASHING STAR TRADING 109 (2001)	Director	Resigned
MEDITECH SA	Director	Active
HERBCURE (2007)	Director	Resigned
RH BOPHELO LIMITED	Director	Active
RH BOPHELO OPERATING COMPANY	Director	Active
KARABO YA SE TSHABA INVESTMENTS (2001)	Director	Resigned
LISEKO LIFESCIENCE INVESTMENTS (2005)	Director	Resigned
MAXIMA GLOBAL ENGINEERING (2004)	Director	Resigned
NABUVAX	Director	Resigned
PROC CORP 160 2011	Director	Resigned
SA PAYMENT FACILITATORS (2207)	Director	Resigned
TOP ENVIRO AFRICA (2006)	Director	Resigned
TSHUMISANO WASTE MANAGEMENT (2005)	Director	Resigned
WAVELENGTHS 298 (2004)	Director	Resigned

RELEVANT PROVISIONS FROM THE MEMORANDUM OF INCORPORATION OF THE COMPANY AND THE OPERATING ENTITY

This **Annexure 5** contains extracts of various provisions from the Memorandum of Incorporation of the Company and the memorandum of incorporation of the Operating Entity, as required pursuant to the JSE Listings Requirements. In each case, the numbering and wording below matches that of the Memorandum of Incorporation of the Company and the memorandum of incorporation of the Operating Entity, respectively.

THE COMPANY'S MEMORANDUM OF INCORPORATION

For a full appreciation of the provisions of the Memorandum of Incorporation, Shareholders are referred to the full text of the Memorandum of Incorporation, which is available for inspection, as provided for in paragraph 35 of the Pre-listing Statement.

6. LISTING OF SECURITIES ON THE JSE

- 6.1 *The JSE Listings Requirements, including the provisions of the JSE Listings Requirements in respect of SPACs, if applicable, apply to the Company for as long as the Securities of the Company are listed on the JSE and insofar as the JSE Listings Requirements are applicable. Notwithstanding anything else to the contrary contained in this Memorandum of Incorporation, all references to the JSE Listings Requirements in this Memorandum of Incorporation and compliance with the JSE Listings Requirements shall only apply for as long as any Securities of the Company are listed on the JSE.*
- 6.2 *Furthermore, the application of, and compliance with, the JSE Listings Requirements is subject to any exemptions that may be granted by the JSE. Any exemption granted will apply equally to this Memorandum of Incorporation.*

7. ISSUE OF SHARES AND VARIATION OF RIGHTS

- 7.1 *The Company is authorised to issue:*
- 7.1.1 *10 000 000 000 (ten billion) ordinary Shares, of the same class, each of such securities which ranks pari passu in respect of all rights and entitles the holder to:*
- 7.1.1.1 *vote on any matter to be decided by the Shareholders of the Company and to 1 (one) vote in the case of a vote by means of a poll;*
- 7.1.1.2 *participate proportionally in any distribution made by the Company to the holders of its ordinary Shares; and*
- 7.1.1.3 *receive proportionally the net assets of the Company upon its liquidation; and*
- 7.1.2 *such number of each of such further classes of Shares, if any, as are set out in **Annexure A** hereto subject to the preferences, rights, limitations and other terms associated with each such class set out therein.*
- 7.2 *The Board shall not have the power to:*
- 7.2.1 *increase or decrease the number of authorised Shares of any class of the Company's Shares;*
- 7.2.2 *consolidate and reduce the number of the Company's issued and authorised Shares of any class;*
- 7.2.3 *subdivide its Shares of any class by increasing the number of its issued and authorised Shares of that class without an increase of its capital;*
- 7.2.4 *reclassify any classified Shares that have been authorised but not issued;*
- 7.2.5 *classify any unclassified Shares that have been authorised but not issued; or*

- 7.2.6 determine the preferences, rights, limitations or other terms of any Shares, and such powers shall only be capable of being exercised by the Shareholders by way of a special resolution of the Shareholders.
- 7.4 Subject to the provisions of this Memorandum of Incorporation (including, for the avoidance of doubt, **Annexure A** hereto), the Act and, for as long as the Securities of the Company are listed on the JSE, the JSE Listings Requirements, to the extent applicable, the Company may, from time to time, in any manner as may be prescribed or permitted by law, reduce its issued share capital, stated capital, any share premium account and any capital redemption reserve fund and, in particular, without derogating from the generality of the power hereby conferred, may cancel any paid-up share capital which has been lost or is not represented by available assets or may pay off any paid-up share capital which is in excess of the requirements of the Company.
- 7.5 In addition, and without prejudice to, the provisions of clause 7.2, the number of authorised Shares of each class, and the preferences, rights, limitations and other terms associated with each class of Shares as set out in this Memorandum of Incorporation may be changed only by an amendment of this Memorandum of Incorporation by special resolution of the Shareholders and in accordance with the JSE Listings Requirements, and such amendments shall not be implemented without a special resolution adopted by the holders of Shares of that class at a separate meeting. The provisions of this Memorandum of Incorporation relating to Shareholders' Meetings shall, *mutatis mutandis*, apply to any such separate meeting except that.
- 7.5.1 the necessary quorum to commence the meeting and consider the matter shall be sufficient Shareholder present and entitled to vote Securities of that class holding in aggregate at least 25% (twenty-five per cent) of all the voting rights that are entitled to be exercised on the matter, provided that the meeting may not begin unless, in addition, if there are more than 3 (three) Shareholders of that class, at least 3 (three) Shareholders entitled to vote;
- 7.5.2 for so long as the Securities of the Company are listed on the JSE, once a quorum has been established, all the Shareholders of that class constituting a quorum must be present to hear the matter; and
- 7.5.3 if a quorum is not present, the meeting shall be adjourned for 1 (one) week to the same day in the next week, or if that day is a public holiday, to the next succeeding day which is not a public holiday and if, at any such adjourned meeting of such Shareholders, the required quorum contemplated in clause 7.5.1 is not present, those entitled to vote who are present shall be the requisite quorum.
- 7.6 For so long as Securities of the Company are listed on the JSE, no Shares may be authorised in respect of which the preferences, rights, limitations or any other terms of any class of Shares may be varied in response to any objectively ascertainable external fact or facts as provided for in sections 37(6) and 37(7).
- 7.7 The Company may only issue Shares which are fully paid up and freely transferable (other than the B Shares which are transferable) only in the limited circumstances specifically contemplated in **Annexure A** hereto) and only within the classes and to the extent that those Shares have been authorised by or in terms of this Memorandum of Incorporation.
- 7.9 The Board may, subject to clause 7.12 and the further provisions of this clause 7.8, resolve to issue Shares of the Company at any time, but only:
- 7.9.1 within the classes and to the extent that those Shares have been authorised by or in terms of this Memorandum of Incorporation; and
- 7.9.2 to the extent that such issue has been approved by the Shareholders in general meeting, either by way of a general authority (which may be either conditional or unconditional) to issue Shares in its discretion or a specific authority in respect of any particular issue of Shares, provided that, if such approval is in the form of a general authority to the Directors, it shall be valid only until the next annual general meeting of the Company and it may be varied or revoked by any general meeting of the Shareholders prior to such annual general meeting.

7.12 Notwithstanding the provisions of clauses 7.2, 7.11 and 7.13, any issue of Shares, Securities convertible into Shares, or rights exercisable for Shares in a transaction, or a series of integrated transactions shall, in accordance with the provisions of section 41(3), require the approval of the Shareholders by way of a special resolution if the voting power of the class of Shares that are issued or are issuable as a result of the transaction or series of integrated transactions will be equal to or exceed 30% (thirty percent) of the voting power of all the Shares of that class held by Shareholders immediately before that transaction or series of integrated transactions.

7.13 Notwithstanding the provisions of clause 7.11, the Shareholders may at a general meeting authorise the Directors to issue Shares of the Company at any time and/or grant options to subscribe for Shares as the Directors in their discretion think fit, provided that such transaction(s) has/have been approved by Shareholders and that, to the extent required in terms of applicable law, the documentation supporting the transaction(s) have been approved by the JSE, and comply with the JSE Listings Requirements.

15. DEBT INSTRUMENTS

The Board may authorise the Company to issue secured or unsecured debt instruments as set out in section 43(2), but no special privileges associated with any such debt instruments as contemplated in section 43(3) may be granted, and the authority of the Board in such regard is accordingly limited by this Memorandum of Incorporation.

16. CAPITALISATION SHARES

16.1 Save to the extent authorised by the Shareholders by means of ordinary resolution, and unless such transaction(s) has/have been approved by Shareholders and that, to the extent required in terms of applicable law, the documentation supporting the transaction(s) have been approved by the JSE and comply with the JSE Listings Requirement, the Board shall not have the power or authority to:

16.1.1 approve the issuing of any authorised Shares as capitalisation Shares;

16.1.2 to issue Shares of one class as capitalisation Shares in respect of Shares of another class; or

16.1.3 to resolve to permit Shareholders to elect to receive a cash payment in lieu of a capitalisation Share.

16.2 The Board may not resolve to offer a cash payment in lieu of awarding a capitalisation share, as contemplated in clause 16.1.3, unless the Board:

16.2.1 has considered the Solvency and Liquidity Test as required by section 46, on the assumption that every such Shareholder would elect to receive cash; and

16.2.2 is satisfied that the Company would satisfy the Solvency and Liquidity Test immediately upon the completion of the distribution.

16.3 The Company at a Shareholders' meeting on recommendation of the Directors, or the Directors, may, without limitation to its powers, at any time and from time to time, subject to the fulfilment of the requirements in section 47 and the JSE Listings Requirements, pass a resolution to capitalise any amounts or funds including:

16.3.1 any sum forming part of the undivided profits standing to the credit of the Company's reserve fund;

16.3.2 any sum in the hands of the Company and available for distribution as a dividend and not required for payment or provision of dividends on preference Shares;

16.3.3 any sum carried to reserve as a result of a sale or revaluation of the assets of the Company or part thereof; or

16.3.4 any sum received by way of premium on the issue of any shares or debentures of the Company,

provided that the Board shall require Shareholder approval by ordinary resolution for any capitalisation issue where Shareholders are not entitled to participate in the capitalisation in proportion to their shareholding in the Company.

18. **FINANCIAL ASSISTANCE**

The Board may authorise the Company to provide financial assistance by way of loan, guarantee, the provision of security or otherwise to any person for the purpose of, or in connection with, the subscription of any option, or any Securities, issued or to be issued by the Company or a related or inter-related company, or for the purchase of any such Securities, as set out in section 44, and the authority of the Board in this regard is not limited or restricted by this Memorandum of Incorporation.

21. **VIABLE ASSETS**

Any proposed acquisition of Viable Assets must be approved by the Shareholders by way of an ordinary resolution in accordance with the relevant provisions of the Listing Requirements.

29. **COMPOSITION AND POWERS OF THE BOARD OF DIRECTORS**

29.1 Number of Directors

29.1.1 In addition to the minimum number of Directors, if any, that the Company must have to satisfy any requirement in terms of the Act to appoint an audit committee and a social and ethics committee, the Board must comprise at least 4 (four) Directors and the Shareholders shall be entitled, by ordinary resolution, to determine such maximum number of Directors as they from time to time shall consider appropriate.

29.1.2 All Directors shall be elected by an ordinary resolution of the Shareholders at a general or annual general meeting of the Company and no appointment of a Director in accordance with a resolution passed in terms of section 60 shall be competent.

29.1.3 Every person holding office as a Director, prescribed officer, company secretary or auditor of the Company immediately before the effective date of the Act will, as contemplated in item 7(1) of schedule 5 to the Act, continue to hold that office.

29.2 Election of Directors

29.2.1 The appointment of all Directors shall be subject to shareholder approval at any general/ annual general meeting.

29.2.2 In any election of Directors:

29.2.2.1 any Shareholder has the right to nominate Directors;

29.2.2.2 the election is to be conducted as a series of votes, each of which is on the candidacy of a single individual to fill a single vacancy, with the series of votes continuing until all vacancies on the Board have been filled; and

29.2.2.3 in each vote to fill a vacancy:

29.2.2.3.1 each vote entitled to be exercised may be exercised once; and

29.2.2.3.2 the vacancy is filled only if a majority of the votes exercised support the candidate.

29.2.3 *The Company shall only have elected Directors and there shall be no appointed ex officio Directors as contemplated in section 66(4).*

29.3 Eligibility, Resignation and Rotation of Directors

29.3.1 Apart from satisfying the qualification and eligibility requirements set out in section 69, a person need not satisfy any eligibility requirements or qualifications to become or remain a Director or a prescribed officer of the Company.

29.3.2 No Director shall be appointed for life or for an indefinite period and the Directors shall rotate in accordance with the following provisions of this clause 29.3.2:

29.3.2.1 at each annual general meeting referred to in clause 23.2.1, 1/3 (one third) of the Directors for the time being, or if their number is not 3 (three) or a multiple of 3 (three), the number nearest to 1/3 (one third), but not less than 1/3rd (one third), shall retire from office, provided that if any Director is appointed as managing

Director or as an employee of the Company in any other capacity, he shall not, while he continues to hold that position or office, be subject to retirement by rotation and he or she shall not, in such case, be taken into account in determining the rotation or retirement of Directors;

29.3.2.2 the Directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who were elected as Directors on the same day, those to retire shall, unless they otherwise agree among themselves, be determined by lot;

29.3.2.3 a retiring Director shall be eligible for re-election;

29.3.2.4 the Company, at the general meeting at which a Director retires in the above manner, or at any other general meeting, may fill the vacancy by electing a person thereto, provided that the Company shall not be entitled to fill the vacancy by means of a resolution passed in accordance with clause 28; and

29.3.2.5 if at any meeting at which an election of Directors ought to take place the offices of the retiring Directors are not filled, unless it is expressly resolved not to fill such vacancies, the meeting shall stand adjourned and the further provisions of this Memorandum of Incorporation, including clauses 23.4.2 to 23.4.5 (both inclusive) will apply, mutatis mutandis, to such adjournment, and if at such adjourned meeting the vacancies are not filled, the retiring Directors, or such of them as have not had their offices filled, shall be deemed to have been re-elected at such adjourned meeting.

29.3.3 The Board shall, through its nomination committee if such committee has been constituted in terms of clause 35, provide the Shareholders with a recommendation in the notice of the meeting at which the re-election of a retiring Director is proposed, as to which retiring Directors are eligible for re-election, taking into account that Director's past performance and contributions made.

29.4 Powers of the Directors

29.4.1 The Board has the power to:

29.4.1.1 fill any vacancy on the Board on a temporary basis, as set out in section 68(3), provided that such appointment must be confirmed by the Shareholders, in accordance with clause 29.1.2, at the next annual general meeting of the Company, as required in terms of section 70(3)(b)(i); and

29.4.1.2 exercise all of the powers and perform any of the functions of the Company, as set out in section 66(1),

and the powers of the Board in this regard are only limited and restricted as contemplated in this clause 29.

29.4.2 The Directors may at any time and from time to time by power of attorney appoint any person or persons to be the attorney or attorneys and agent(s) of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors in terms of this Memorandum of Incorporation) and for such period and subject to such conditions as the Directors may from time to time think fit. Any such appointment may, if the Directors think fit, be made in favour of any company, the shareholders, directors, nominees or managers of any company or firm, or otherwise in favour of any fluctuating body of persons, whether nominated directly or indirectly by the Directors. Any such power of attorney may contain such provisions for the protection or convenience of persons dealing with such attorneys and agents as the Directors think fit. Any such attorneys or agents as aforesaid may be authorised by the Directors to sub-delegate all or any of the powers, authorities and discretions for the time being vested in them.

29.4.3 Save as otherwise expressly provided herein, all cheques, promissory notes, bills of exchange and other negotiable or transferable instruments, and all documents to be executed by the Company, shall be signed, drawn, accepted, endorsed or executed, as the case may be, in such manner as the Directors shall from time to time determine.

29.4.4 All acts performed by the Directors or by a committee of Directors or by any person acting as a Director or a member of a committee shall, notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of the Directors or persons acting as aforesaid, or that any of them were disqualified from or had vacated office, be as valid as if every such person had been duly appointed and was qualified and had continued to be a Director or member of such committee.

29.4.5 If the number of Directors falls below the minimum number fixed in accordance with this Memorandum of Incorporation, the remaining Directors must as soon as possible and in any event not later than 3 (three) months from the date that the number falls below such minimum, fill the vacancy/ies in accordance with clause 29.4.1.1 or convene a general meeting for the purpose of filling the vacancies, and the failure by the Company to have the minimum number of Directors during the said 3 (three) month period does not limit or negate the authority of the board of Directors or invalidate anything done by the board of Directors while their number is below the minimum number fixed in accordance with this Memorandum of Incorporation.

29.4.6 The Directors in office may act notwithstanding any vacancy in their body, but if after the expiry of the 3 (three) month period contemplated in clause 29.4.5, their number remains below the minimum number fixed in accordance with this Memorandum of Incorporation, they may, for as long as their number is reduced below such minimum, act only for the purpose of filling vacancies in their body in terms of section 68(3) or of summoning general meetings of the Company, but not for any other purpose.

31. DIRECTORS' COMPENSATION AND FINANCIAL ASSISTANCE

31.1 The Company may pay remuneration to the Directors for their services as Directors in accordance with a special resolution approved by the Shareholders within the previous 2 (two) years, as set out in section 66(8) and (9), and the power of the Company in this regard is not limited or restricted by this Memorandum of Incorporation.

31.2 Any Director who:

31.2.1 serves on any executive or other committee;

31.2.2 devotes special attention to the business of the Company;

31.2.3 goes or resides outside South Africa for the purpose of the Company; and/or

31.2.4 otherwise performs or binds himself to perform services which, in the opinion of the Directors, are outside the scope of the ordinary duties of a Director,

may be paid such extra remuneration or allowances in addition to or in substitution of the remuneration to which he may be entitled as a Director, as a disinterested quorum of the Directors may from time to time determine.

31.3 The Directors may also be paid all their travelling and other expenses properly and necessarily incurred by them in connection with:

31.3.1 the business of the Company; and

31.3.2 attending meetings of the Directors or of committees of the Directors of the Company.

31.4 The Board may, as contemplated in and subject to the requirements of section 45, authorise the Company to provide financial assistance to a Director, prescribed officer or other person referred to in section 45(2), and the power of the Board in this regard is not limited or restricted by this Memorandum of Incorporation.

32. MANAGING DIRECTOR

32.1 *The Board must appoint a chief executive officer and an executive financial Director (as such offices are contemplated in the JSE Listings Requirements, if applicable). The Directors may from time to time appoint 1 (one) or more of their body to the office of managing Director for such term and at such remuneration as they may think fit (subject only to the requirements of section 66(8) and (9), and may revoke such appointment subject to the terms of any agreement entered into in any particular case, provided that the period of office of a managing Director appointed in terms of an agreement shall be for a maximum period of 5 (five) years at any one time. A Director so appointed shall be subject to retirement in the same manner as the other Directors except during the period of his agreement, and his appointment shall terminate if he ceases for any reason to be a Director.*

38. DISTRIBUTIONS

38.1 *Subject to the provisions of the Act, in particular section 46, the JSE Listings Requirements and **Annexure A** hereto, the Company may make a proposed distribution if such distribution:*

38.1.1 *is pursuant to an existing legal obligation of the Company, or a court order; or*

38.1.2 *is authorised by resolution of the Board, provided, however, that the Board shall be obliged to declare a distribution to the B Shareholders in such maximum amount as may be available for distribution in the manner and within the timeframes contemplated in **Annexure A** hereto.*

38.4 *In the event that the Company has not completed an acquisition of Viable Assets within the Initial Period, it must declare and pay a distribution to all ordinary Shareholders pro rata to their shareholding in the Company. Such distribution shall be an amount equal to the aggregate amount then in escrow (net of any applicable taxes and expenses related to the distribution and voluntary liquidation) plus the interest earned, divided by the aggregate number of securities.*

38.7 *No distribution of capital shall be made on the basis that such capital may be called up again by the Company.*

38.10 *Unclaimed distributions must be held by the Company in trust indefinitely but subject to the laws of prescription. Following this period, the unclaimed distributions may be invested or otherwise be made use of by the Directors for the benefit of the Company. Any unclaimed monies in respect of which the claims of the relevant Securities holders have prescribed shall be forfeited by resolution of the Directors for the benefit of the Company and may be dealt with by the Directors or their assigns as they deem fit.*

38.11 *Any distribution, interest or other sum payable in cash to the holder of a Share may be paid by cheque or warrant sent by post and addressed to:*

38.11.1 *the holder at his registered address;*

38.11.2 *in the case of joint holders, the holder whose name appears first in the Securities Register in respect of the share, at his registered address; or*

38.11.3 *such person and at such address as the holder or joint holders may in writing direct.*

38.17 *Without detracting from the ability of the Company to issue capitalisation Shares, any distribution may be paid wholly or in part:*

38.17.1 *by the distribution of specific assets;*

38.17.2 *by the issue of Shares, debentures or securities of the Company or of any other company;*

38.17.3 *in cash; or*

38.17.4 *in any other way which the Directors or the Company in general meeting may at the time of declaring the distribution determine.*

42. AMENDMENT OF MEMORANDUM OF INCORPORATION

- 42.1 *Save for correcting errors substantiated as such from objective evidence or which are self-evident errors (including, but without limitation ejusdem generis, spelling, punctuation, reference, grammar or similar defects) in the MOI, which the Board is empowered to do in terms of section 17(1) and subject to the provisions of the Listings Requirements, all other amendments of the MOI shall be effected in accordance with section 16(1) and section 16(4) and the Listings Requirements. All such other amendments shall be approved by a special resolution passed by the Shareholders, but subject to clause 7.4.*
- 42.2 *Notice of any corrections made in terms of clause 42.1 must be given to Shareholders which may be done by way of notification on the Company's website, if any.*
- 42.3 *For the avoidance of doubt, amendments to the Memorandum of Incorporation shall include, without limitation:*
- 42.3.1 *the creation of any class of Shares;*
 - 42.3.2 *the variation of any preferences, rights, limitations and other terms attaching to any class of Shares;*
 - 42.3.3 *the conversion of one class of Shares into one or more other classes;*
 - 42.3.4 *an increase in the number of authorised Securities of a class;*
 - 42.3.5 *a consolidation of Securities;*
 - 42.3.6 *a sub-division of Securities; and/or*
 - 42.3.7 *the change of name of the Company.*

Annexure A – ADDITIONAL CLASSES OF SHARES

1. *In addition to the Shares contemplated in clause 7.1.1 of the Memorandum of Incorporation to which this annexure is **Annexure A**, the Company is authorised to issue no more than 1 (one) no par value share, designated as a B Share, with the preferences, rights, limitations and other terms set out hereunder.*
2. **PREFERENCES, RIGHTS, LIMITATIONS AND OTHER TERMS ATTACHING TO THE B SHARES**
 - (a) *Save for such rights as are unalterable under applicable laws and regulations or as otherwise envisaged in this Memorandum of Incorporation, the B Share shall not have any rights, including voting rights, other than as outlined below. The B Share shall be issued to the holder strictly as compensation for the performance of services under the Management Agreement and accords to the holder:*
 - 2.2.1 *the right to be entered in the Securities Register of the Company as the registered holder of that B Share;*
 - 2.2.2 *the right to attend, participate in, and speak at any meeting of B Shareholders which, for the avoidance of doubt, shall not entitle the B Shareholder (other than as envisaged in paragraph 2.2.4 of this **Annexure A** below) to vote at any meeting of the ordinary Shareholders;*
 - 2.2.3 *the right on a poll to exercise one vote per B Share held by that B Shareholder on any matter to be decided upon by the ordinary Shareholders (but only as envisaged in paragraph 2.2.4 below);*
 - 2.2.4 *the right to receive notice of all Shareholder Meetings (including, for the avoidance of doubt, meetings of B Shareholders) and to attend and take part, but not vote at meetings of ordinary Shareholders, unless:*
 - 2.2.4.1 *a B Dividend (as defined below) remains in arrears and unpaid for more than three months after the due date for payment thereof, provided that the right to vote conferred on the B Shareholder in terms of this paragraph 2.2.4.1 of this **Annexure A** shall cease if and when a B Dividend is thereafter declared and paid;*
 - 2.2.4.2 *a B Dividend is not declared and paid when such B Dividend is due, within three months after such B Dividend is due, provided that the right to vote conferred on the B Shareholder in terms of this paragraph 2.2.4.1 of this **Annexure A** shall cease if and when a B Dividend is thereafter declared and paid; and*
 - 2.2.4.3 *subject to paragraph 2.4 of this **Annexure A** below, a resolution of the Company (including, for the avoidance of doubt, a resolution to amend the Memorandum of Incorporation of the Company) is proposed which affects the rights, preferences, privileges or benefits attaching to the B Share or the rights of the B Shareholder that arise from the subscription for and/or holding of the B Share, including a resolution:*
 - 2.2.4.3.1 *to wind-up, liquidate or dissolve the Company, or to have it placed under business rescue proceedings, or to pursue a moratorium or a composition, compromise or similar arrangement with any of its creditors;*
 - 2.2.4.3.2 *to repurchase, cancel or expropriate the B Share (or any rights attaching thereto);*
 - 2.2.4.3.3 *to authorise and/or issue any Securities in the Company which rank in priority to or pari passu with the B Share in respect of rights to dividends or a return of capital,*
 - 2.2.5 *if, at any time, the B Shareholder would be entitled to vote its B Share under paragraph 2.2.4 of this **Annexure A** at a Shareholder Meeting of the Company, if one were to be held, the B Shareholder may, by notice to the Company, require the Company to call a Shareholder Meeting to consider any of those matters on which the B Shareholder is entitled to vote, including a resolution to declare a B Share dividend when required under, or as envisaged*

by, this Memorandum of Incorporation or otherwise requiring the Company to comply with its obligations to the B Shareholder. Notwithstanding any other provisions of this Memorandum of Incorporation, a resolution adopted at such meeting will be binding on and must be given effect to by the Company and the Directors;

2.2.6 the right to receive out of the profits of the Company which are available for Distribution, in priority to and before any repayment of any capital or interest on any Shareholder loans by the Company or any provision for, declaration or payment of any dividend or return of capital or other Distribution on another class of Securities (including ordinary Shares) in the capital of the Company, dividends declared on the B Share ("**B Dividends**") for each Accounting Period in an aggregate amount (for all the B Shares) calculated at the end of each Accounting Period in accordance with Formula 1, Formula 2, Formula 3 and Formula 4 below:

Formula 1:

Used to calculate the annual B Dividend which is subject to a claw-back mechanism.

Annual B Dividend formulas:

$$X = (B/C) - 1$$

If X is **greater than or equal to** 10% then the following formula applies:

$$A = (B - C) \times ((X - 10\%)/X) \times 15\%$$

If X is **less than** 10% then $A = 0$

Formula 2:

Used to calculate the claw-back B Dividend.

Claw-back B Dividend formulas:

$$Y = (B/E) \wedge (1/W) - 1$$

If Y is **greater than or equal to** 10% then the following formula applies:

$$D = (B - E) \times ((Y - 10\%)/Y) \times 15\%$$

If Y is **less than** 10% then $D = 0$

Formula 3:

Used to calculate the adjustment factor to be applied to the actual B Dividend to be paid to B Shareholders.

Dividend adjustment formula:

$$F = D - (Z + A)$$

Formula 4:

Actual B Dividend to be paid in an Accounting Period.

B Dividend payable:

$$G = A + F, \text{ however, if } G \text{ is } \textbf{less than } 0 \text{ then } G = 0$$

Where:

A = the annual B Dividend calculated for each Accounting Period, which is subject to the claw-back as calculated in Formula 2, Formula 3 and Formula 4;

B = the Invested NAV as at the last day of the Accounting Period, after subtracting any equity capital raised from shareholders in the listed market and after adding back the management fee paid and accrued to RH Bohphelo Management Company (Pty) Ltd (Registration No. 2016/533552/07) under the Management Agreement during the Accounting Period;

- C = the Invested NAV as at the first day of the Accounting Period. For the purposes of the calculation of the 1st B Dividend payable, "C" will be based on the initial Invested NAV, being R500 000 000 (five hundred million rand), which is the NAV as at the date the Company is listed on the Main Board of the JSE;
- D = the claw-back B Dividend calculated for each Accounting Period, which is subject to Formula 3 and Formula 4;
- E = R500 000 000 (five hundred million rand), being the NAV on the date that the Company is listed on the Main Board of the JSE;
- F = the adjustment to be applied to the B Dividend as a result of the claw-back, Annual B Dividend and previous B Dividends paid;
- G = the B Dividend payable to the B Shareholders for each Accounting Period;
- W = the number of full accounting periods, expressed in year(s) from the date the Company is listed on the Main Board of the JSE to the last day of the Accounting Period. As an example, if the Company were to calculate the B Dividend payable for the 5th year following the listing of the Company on the Main Board of the JSE, then "W" = 5;
- X = the growth in NAV, calculated as a percentage, measured from the first day of the Accounting Period to the last day of the Accounting Period;
- Y = the growth in NAV, calculated as a percentage, measured from the date that the Company is listed on the Main Board of the JSE, with an initial NAV of R500 000 000 (five hundred million rand) to the last day of the Accounting Period; and
- Z = the sum of all previous B Dividends paid (and accrued) to Manco, as calculated in terms of "G" above (not "A" above), from date that the Company is listed on the Main Board of the JSE to the first day of the Accounting Period (i.e. all B Dividends previously paid but excluding any B Dividend which may be payable during the current Accounting Period).

2.2.7 *a B Dividend shall be declared and paid in full within 30 (thirty) days after each Accounting Period. In the event that a B Dividend is not declared and paid within 30 (thirty) days after an Accounting Period (or that such B Dividend is declared, but not paid in full), for any reason whatsoever, then the B Dividend (and/or the unpaid portion thereof) shall be accumulated and accrue interest at the Prime Rate plus 2% (two percent)) from the date on which such B Dividend (and/or the unpaid portion thereof) should have been paid until the date of actual payment thereof; and*

2.2.8 *any other rights attaching to the B Share in terms of the Act, any other provisions of this Memorandum of Incorporation or any other applicable law,*

in each case in accordance with and subject to the further provisions of the Memorandum of Incorporation applicable to such B Share. Each B Share ranks pari passu in all respects with every other B Share.

- (b) *For the avoidance of doubt, it is recorded and agreed that, save in respect of the repurchase of the B Share in the manner contemplated in this **Annexure A**, no dividend or return of capital or other Distribution whatsoever (including a distribution in the form of the B Dividend) shall accrue or be payable to the B Shareholder under any circumstances whatsoever after the date of termination of the Management Agreement;*
- (c) *The B Share will not be admitted to listing and trading on any stock exchange, including the securities exchange operated by the JSE.*
- (d) *The Company shall, only after (but not prior to) the termination of the Management Agreement, be obliged to repurchase the B Share in the manner set out in Schedule 2 to this **Annexure A**.*
- (e) *Subject to paragraph 2.5 of this **Annexure A**, the transferability of the B Share is hereby restricted and the B Share may not, once issued, be transferred in any way by the B Shareholder.*

Schedule 2 – OBLIGATION TO REPURCHASE THE B SHARE: TERMS AND CONDITIONS

1. *The Company shall be irrevocably obliged to repurchase, in the manner contemplated in (and subject to the provisions of) section 48 of the Act, the B Share from the B Shareholder (and the B Shareholder shall similarly be irrevocably and unconditionally obliged to sell the B Share to the Company), on written notice to the B Shareholder by no later than the 5th (fifth) Business Day after the “Repurchase Date”. For the purposes of the foregoing, “Repurchase Date” means the date on which the Management Agreement is terminated*
2. *Upon the exercise of the repurchase by the Company (as contemplated in paragraph 1 above), a sale or repurchase of the B Share shall be deemed to have been concluded between the Company and the B Shareholder on the following terms and conditions:*
 - 2.1 *the repurchase shall be subject to the provision of section 48 of the Act (or other applicable legislation, if any);*
 - 2.2 *the B Share shall be acquired with effect from the date on which the notice referred to in paragraph 1 of this Schedule 2 to **Annexure A** was delivered by the Company to the B Shareholder;*
 - 2.3 *the purchase price for the B Share shall be an amount equal to the sum of the following amounts (sounding in South African Rand and determined as at the time of the repurchase):*
 - 2.4.1 *the future value of the subscription price for the B Share, as determined by an Independent Auditor/Expert;*
 - 2.4.2 *all and any accrued unpaid and accumulated B Dividends; and*
 - 2.4.3 *if (and only if) the Management Agreement was terminated by any of the Parties thereto for convenience and not for cause, the greater amount between:*
 - 2.4.3.1 *the present value of the Management Fees (as defined in the Management Agreement), as determined by an Independent Auditor/Expert using appropriate valuation methodology as would be considered reasonable by the Independent Auditor/Expert and would include, as a minimum, a detailed discounted free cash-flow calculation; and*
 - 2.4.3.2 *5% (five percent) of the Average Market Capitalisation (as defined in the Management Agreement), calculated in accordance with Annexure A to the Management Agreement;*
 - 2.4 *the purchase price shall be payable in cash by way of direct electronic funds transfer in immediately available funds into a South African bank account nominated by the B shareholder in writing to the Company immediately against delivery of the relevant documents of title for the B Share (including, without limitation, all necessary share certificated and transfer forms), which the B shareholder shall be obliged to deliver to the Company within 2 (two) Business Days after the aforesaid repurchase becomes unconditional;*
 - 2.5 *the B share shall be repurchased voetstoots (i.e. on an “as is” basis) and without any warranties or representations of any nature whatsoever, save that the B Shareholder shall be deemed to warrant that:*
 - 2.5.1 *he is the beneficial as well as the registered owner of the B Share and that the B Share is un-encumbered; and*
 - 2.5.2 *no person has any right of whatsoever nature to acquire the B Share;*
 - 2.5.3 *the securities transfer tax payable in respect of the registration of the transfer of the Shares comprising the B Share in question shall be borne by the Company.*

OPERATING ENTITY MEMORANDUM OF INCORPORATION

The Operating Entity's memorandum of incorporation is in compliance with Schedule 10 of the JSE Listings Requirements. For a full appreciation of the provisions of the memorandum of incorporation of the Operating Entity, shareholders are referred to the full text of the memorandum of incorporation, which is available for inspection, as provided for in paragraph 35 of the Pre-listing Statement and will also be on the Company's website (www.rhbophelo.co.za) and clicking on the “Investment” link.

Schedule 1 – Alternate example

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	R million	R million	R million	R million	R million	R million	R million	R million	R million	R million	R million
Invested NAV (R'm) "B and C"	500	510	620	700	890	890	990	1 190	1 290	1 490	1 690
Capital raise from listed equity shareholders		10	0	10	100	0	10	40	50	50	50
Annual growth in Invested NAV (R'm)		0	110	70	90	0	90	160	50	150	150
Annual growth in Invested NAV (%) "X"		0.0%	21.6%	11.3%	12.9%	0.0%	10.1%	16.2%	4.2%	11.6%	10.1%
Annual B dividend (R'm) "A"		0.0	8.9	1.2	3.0	0.0	0.2	9.1	0.0	3.2	0.1
Cumulative growth in Invested NAV (R'm)			110	180	270	270	360	520	570	720	870
Cumulative growth in Invested NAV (%) "Y"		2.0%	10.5%	10.8%	11.4%	9.0%	9.5%	10.7%	10.0%	10.4%	10.6%
Claw-back B dividend (R'm) "D"		0.0	0.7	2.0	5.0	0.0	0.0	5.3	0.0	4.3	7.4
Adjustment (R'm) "F"			(8.1)	0.1	(0.0)	(5.0)	(5.1)	(8.9)	(5.3)	(4.1)	2.0
Annual B dividend payable (R'm) "G"		0.0	0.7	1.3	3.0	0.0	0.0	0.3	0.0	0.0	2.2

RELEVANT PROVISIONS OF THE MANAGEMENT AGREEMENT

The salient terms of the Management Agreement are set out below. A copy of the Management Agreement which includes full details of all the terms, is available for inspection, as provided for in paragraph 35 of the Pre-listing Statement.

Definitions:

“**HoldCo**” means RH Bophelo Proprietary Limited (Registration number 2016/533398/07) a limited liability private company incorporated in accordance with the laws of South Africa, which shall be converted to a public company and, it is intended, will be renamed RH Bophelo Limited;

“**Manco**” means RH Bophelo Management Company Proprietary Limited (Registration number 2016/533552/07) a limited liability, private company incorporated in accordance with the laws of South Africa; and

“**OpCo**” means RH Bophelo Operating Company Proprietary Limited (Registration number 2016/533529/07), a limited liability, private company incorporated in accordance with the laws of South Africa.

“**Total Subscription Value**” means the aggregate amount received by HoldCo from Shareholders in respect of the subscription price for HoldCo Shares (excluding fees to enable such subscription), on listing of such HoldCo Shares from time to time;

“**In Force Period**” means the period commencing on the day immediately following the last day of the Interim Period and terminating on the Termination Date;

5. APPOINTMENT AND RELATIONSHIP

- 5.1 *OpCo hereby appoints Manco to provide the Services to it and (where applicable) to the Group in accordance with the provisions of this Agreement and Manco hereby accepts such appointment.*
- 5.2 *The appointment contemplated in clause 5.1 shall be sole and exclusive in that Manco shall, during the term of this Agreement, render the Services to OpCo and, where applicable, the Group to the exclusion of any third parties or any member of the Group and as such OpCo shall not during the term of this Agreement, appoint any third party to render (nor itself render) services similar to or which compete with the Services.*
- 5.3 *The relationship between the Parties shall be one of an independent contractor and client and shall not be construed as a partnership and no relationship of partners shall be created by virtue of the conclusion of this Agreement.*

6. DURATION

The duration of this Agreement shall commence on the commencement Date and shall endure and remain in full force and effect indefinitely until such time as it is terminated:

- 6.1 *by agreement in writing between the Parties, but subject always to the provisions of clauses 15.2;*
- 6.2 *by reason of the occurrence of a vis major or force majeure or casus fortuitous; or*
- 6.3 *by the unilateral cancellation or termination of this Agreement by either Manco or OpCo in accordance with the provisions of clause 15.*

7. SERVICES

*Manco shall provide the Services to OpCo and/or the Group on a continuous and ongoing basis throughout the terms of this Agreement in accordance with the provisions of **Annexure B** hereto and all other relevant provisions of this Agreement.*

10. SUB-CONTRACTING

Manco shall be entitled to sub-contract all or any of its obligations in terms of this Agreement to any third party without the prior written consent of HoldCo and/or OpCo's, provided that Manco shall at all times remain liable for the due and proper performance of Manco's obligations in terms of this Agreement, and shall be responsible for any fees charged by any such third party.

11. FEES AND PAYMENT

*11.1 In consideration for the Services to be rendered by Manco to the Group as contemplated in this Agreement: (a) OpCo shall pay and Manco shall be entitled to receive the fees (and within the time frames) detailed in the Fee Schedule; and (b) HoldCo grants to Manco the right to subscribe from and be issued by HoldCo, at a subscription price equal to R1 (one rand) and in a manner (and within the time frames) contemplated in **Annexure C** hereto, one unlisted no par value share in the share capital of HoldCo and bearing the terms and conditions set out in **Annexure A** of the HoldCo MOI (the "**B-Share**").*

11.2 All fees and/or other amounts payable by OpCo or HoldCo to Manco in terms of this Agreement shall be paid in cash by way of direct electronic funds transfer (without set-off, withholding or deduction) into the bank account nominated by Manco on written notice to OpCo.

11.3 In the event of termination of this Agreement, Manco shall be entitled to receive, in addition to any other entitlement to fees contemplated in the HoldCo MOI, the fees detailed in the Fee Schedule, which have accrued (but not yet been paid) to Manco as at such date of termination.

15. TERMINATION

15.1 Termination by Manco or OpCo for Cause

15.1.1 Without derogating from any other rights that Manco or OpCo has under this Agreement the innocent Party between Manco or OpCo shall be entitled, by written notice to the other of them (with a copy to HoldCo), to terminate this Agreement in its entirety, as of the date specified in the aforesaid notice of termination, in the event that the other of them (being the defaulting Party):

15.1.1.1 commits a non-remediable breach of any material provision of this Agreement;

15.1.1.2 fails to remedy a breach of any material provision or term of this Agreement within 10 (ten) Business Days of receipt of written notice from the innocent Party requiring it to do so;

15.1.1.3 or any of its senior personnel commits any theft, fraud or other dishonest behaviour (including, without limitation, acting recklessly or in bad faith or is wilfully maleficent in the discharge of its obligations under this Agreement;

15.1.1.4 becomes subject to any judgement, consent, decree or interdict of a court of competent jurisdiction precluding it from discharging its obligations under this Agreement for a period in excess of 3 (three) months; or

15.1.1.5 HoldCo is subject to any of the following events or circumstances:

15.1.1.5.1 a final order or declaration is made or a resolution is passed for the administration, custodianship, curatorship, bankruptcy, liquidation, winding up or dissolution (and whether provisional or final) of such Party;

15.1.1.5.2 such Party is unable (or admits inability) to pay its debts generally as they fall due or is (or admits to being) otherwise insolvent or stops payment of all or a material part of its debts or proposes or seeks to make or makes a general assignment or any arrangement or composition with or for the benefit of its creditors of a moratorium is agreed or declared in respect of or affecting all of a material part of its indebtedness;

15.1.1.5.3 such Party takes any proceedings or other step with a view to the general readjustment, rescheduling or deferral of its indebtedness (or any part thereof which it would otherwise be unable to pay when due);

- 15.1.1.5.4 *any receiver, administrative receiver, judicial receiver, administrator, compulsory manager, judicial custodian, curator, trustee in bankruptcy, liquidator or the like is appointed in respect of such Party or any material part of its assets or such Party requests any such appointment;*
- 15.1.1.5.5 *as contemplated in Chapter 6 of the Companies Act: (i) the board of directors of such Party resolves that such Party voluntarily begin business rescue proceedings and place such Party under supervision; (ii) a court grant an order placing such Party under supervision and commence business rescue proceedings; or (iii) the board of directors of such Party proposes an arrangement or a compromise of its financial obligations to the creditors of such Party, or to all of the members of any class of its creditors; or*
- 15.1.1.5.6 *any act which, if such act was committed by an individual, would be an act of insolvency within the meaning of section 8 of the Insolvency Act No. 24 of 1936 or any equivalent legislation in any jurisdiction to which such Party may be subject.*

15.2 Termination by Manco or OpCo for Convenience.

- 15.2.1 *Without derogating from any other rights that Manco and OpCo may have under this Agreement (but subject to clause 15.2.2.), Manco or OpCo may each at any time and by giving notice to the other of them (with a copy to HoldCo) terminate this Agreement forthwith on and as from the date specified in such notice of termination (which date, it is agreed, shall not be earlier than a period of 12 (twelve) calendar months from the date of delivery of such notice), for convenience and without cause. For the avoidance of doubt, after such termination and for the duration of the notice period, each Party shall continue to fully and diligently discharge their obligations under this Agreement.*
- 15.2.2 *Notwithstanding clause 15.2.1. above, neither Manco nor OpCo shall be entitled (under any circumstances whatsoever) to terminate this Agreement for convenience and without cause:*
 - 15.2.2.1 *prior to the 5th (fifth) anniversary of the Commencement Date; and*
 - 15.2.2.2 *unless they have first procured (and delivered to the other of them) a Special Resolution from their shareholders approving such termination.*

Annexure A – FEE SCHEDULE

In consideration for the Services to be rendered by Manco to the Group as contemplated in this Agreement, Manco shall be entitled to receive Management Fees, as detailed in this Fee Schedule.

1. Manco shall be entitled to receive, for each Accounting Period, an annual fee payable in arrears in 4 quarterly instalments in Rand ("**Management Fee**"). The Management Fee shall constitute an expense of HoldCo.
2. For each Interim Period Quarter, the Management Fee shall be calculated in accordance with the following formula:

$$MF = TSV \times R \times \frac{n}{365}$$

Where:

MF = Management Fee;

TSV = Total Subscription Value;

R = a nominal annual rate of 0.7%; and

n = the number of days in each Interim Period Quarter

3. During the In Force Period, the Management Fee shall be calculated in accordance with the following formula:

$$MF = EV \times R \times \frac{n}{365}$$

where:

MF = Management Fee;

EV = the Enterprise Value for the relevant Quarter determined in accordance with clause 4 below;

R = a nominal annual rate of 1%; and

n = the number of days in each Quarter.

4. The Enterprise Value shall be calculated in accordance with the following formula:

$$EV = AMC + D - C$$

where:

EV = the weighted Enterprise Value of HoldCo for the relevant Quarter

AMC = is the Average Market Capitalisation for the relevant Quarter determined in accordance with clause 5;

D = Debt Balance; and

C = Cash Balance.

5. The Average Market Capitalisation shall be calculated in accordance with the following formula:

$$AMC = \frac{DMC}{n}$$

where:

AMC = the Average Market Capitalisation of HoldCo for the relevant Quarter;

DMC = aggregate of the Daily Market Capitalisations for each Trading Day in the relevant Quarter determined in accordance with clause 6; and

n = the number of Trading Days in the relevant Quarter.

6. The Daily Market Capitalisation shall be calculated in accordance with the following formula:

$$DMC = \frac{X}{Y} \times Z$$

where:

DMC = Daily Market Capitalisation for each Trading Day in the Quarter;

X = the total aggregate Rand value of all on-market trades of HoldCo Shares on the JSE on the relevant Trading Day;

Y = the total number of HoldCo Shares traded on-market on the JSE on the relevant Trading Day; and

Z = the number of HoldCo Shares in issue at the end of the relevant Trading Day.

Please refer to Schedule 1 hereto for a worked example for the Management Fee.

7. Manco shall calculate the Management Fee for each Quarter or Interim Period Quarter (as the case may be) and shall deliver an invoice for the Management Fee, together with a copy of such calculation to OpCo within 10 business days of the end of the relevant Quarter or Interim Period Quarter. OpCo shall accept or dispute the calculation in writing within five business days of receipt thereof.
8. Any dispute regarding Manco's calculation and/or the Management Fee shall be resolved in accordance with the provisions of clauses 12.2 to 12.7, mutatis mutandis.
9. HoldCo shall pay the Management Fee within 10 business days of the date of receipt of the invoice or the date upon which any dispute regarding calculation of the Management Fee is resolved, whichever is later.

Annexure B – SERVICES

The corporate finance services to be rendered by Manco to the Group in terms of this Agreement are:

1. identifying, screening and investigating (including the conduct of due diligence investigations) Investment opportunities (including the products, services, markets, management, financial situation and competitive position of prospective Portfolio Companies) and possible exit strategies in respect of Investments, and objectively presenting the outcome of such investigation to the boards of OpCo and/or HoldCo for their review;
2. structuring the Investments and Disposals and reporting to the board of OpCo and/or HoldCo in relation to same
3. assuming responsibility for managing and conducting due diligence investigations in respect of proposed Investments, including the appointment, management of, and overseeing of, reputable financial, legal and/or technical advisors appointed to assist with the completion of such due diligence investigations;
4. reporting to the boards of OpCo and HoldCo on the outcome of all due diligence investigations undertaken;
5. supervising the negotiation, preparation and review of all documents required to be executed by OpCo or HoldCo in connection with any Investment or Disposal and reporting to the Group in this regard without providing any recommendation in relation to the Investment or Disposal;
6. monitoring Investments, reinvestments and divestments and reporting to the Group regarding same without providing any recommendation in relation to any Investment or Disposal;
7. investigating and considering potential realisation opportunities, including the identification of potential acquirers and the evaluation of offers made by potential acquirers, and reporting to the Group in respect thereof, without providing any recommendation in relation to the Investment or Disposal;
8. obtaining valuations of any of the Investments as the Group may from time to time require;
9. preparing factual material and analyses of information for inclusion in annual or other reports of the Group, whenever the Group may reasonably require;
10. reporting on Investments which OpCo has made (and advising on operational interventions) and, where appropriate, providing general business management advice to the board of directors of Portfolio Companies for the duration of OpCo's investment in such Portfolio Companies, provided that such general business management does not amount to any recommendation, guidance, proposal or advice;

Worked example of the management fees

1. Interim period quarter – management fee calculation

For each interim period quarter, the management fee shall be calculated in accordance with the following formula:

$$MF = TSV \times R \times (n/365)$$

MF = management fee (per quarter)

R747 945

TSV = total subscription value

R500 000 000

R = a nominal annual rate of 0.7%

0.7%

n = the number of days in each interim period quarter

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2. In force period – management fee calculation

During the in-force period, the management fee shall be calculated in accordance with the following formula:

$$MF = EV \times R \times (n/365)$$

MF = management fee (per quarter)

R1 620 548

EV = the enterprise value for the relevant quarter

R650 000 000

R = a nominal annual rate of 1.0%

1.00%

n = the number of days in each quarter

91

3. Enterprise value

The enterprise value shall be calculated in accordance with the following formula:

$$EV = AMC + D - C$$

EV = the weighted average enterprise value of HoldCo for quarter

R650 000 000

AMC = the average market capitalisation for quarter

R500 000 000

D = debt balance due for quarter

R250 000 000

C = cash balance for quarter

R100 000 000

4. Average market capitalisation

The average market capitalisation shall be calculated in accordance with the following formula:

$$AMC = (DMC/n)$$

AMC = the average market capitalisation of HoldCo for the quarter

R500 000 000

DMC = aggregate of the daily market capitalisations for each trading day in the relevant quarter

R45 500 000 000

n = the number of trading days in each quarter

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5. Daily market capitalisation

The daily market capitalisation shall be calculated in accordance with the following formula:

$$DMC = (X/Y) \times Z$$

DMC = daily market capitalisations for HoldCo for each trading day in the quarter

R500 000 000

X = the total aggregate Rand value of all on-market trades of Shares on the JSE on the relevant trading day

R91 000 000

Y = the total number of Shares traded on-market on the JSE on the relevant trading day

R9 100 000

Z = the number of Shares in issue at the end of the relevant trading day

50 000 000

11. *appoint, on behalf of the Group, any professional consultants required in order to render professional services required by the Group from time to time, if and when requested to do so by the Group;*
12. *from time to time, and as may be reasonably required by HoldCo's board, report to HoldCo's board in relation to the business of OpCo and the status and performance of its Portfolio Companies;*
13. *calculate an appropriate subscription price payable by any person wishing to subscribe for shares in HoldCo and submit such calculations to the board of HoldCo; and*
14. *consult with and assist the Auditors in accounting matters affecting the Group.*

Annexure C – Subscription Provisions for the B Share

1. Subscription for the B Share

- 1.1 *Notwithstanding the Commencement Date, Manco hereby subscribes, with effect on and as from the Signature Date, for the B Share at a subscription price equal to R1.00 (one Rand) (and subject to the terms and conditions set out in this **Annexure C**), against the allotment and issue by HoldCo of the B Share to them.*
- 1.2 *HoldCo hereby agrees to, on the Signature Date and against receipt of the subscription price for the B Share contemplated in paragraph 1.1. of this **Annexure C**, to allot and issue to Manco the B Share, credited as fully paid up. Accordingly, ownership, risk and benefit in and to the B Share shall pass to Manco with effect on and as from the Signature Date against the full and final discharge by Manco of its obligation to pay the aforesaid subscription price for the B Share to HoldCo.*
- 1.3 *Manco shall pay the subscription price for the B Share to HoldCo directly in cash, without any set-off, withholding or deduction.*
- 1.4 *Manco agrees that the B Share shall be issued to them by HoldCo voetstoots (i.e. on an "as is" basis) and without any warranties or representations of any nature whatsoever attaching thereto.*

2. Delivery of the B Share

- 2.1 *On the Signature Date, HoldCo shall deliver the following documents to Manco, in such a manner as they may agree to be convenient (including, for example, by meeting at such place and at such time as they may agree), against receipt by HoldCo of the subscription price for the B Share:*
 - 2.1.1 *duly executed share certificate(s) in respect of the B Share, reflecting Manco as the holder thereof;*
 - 2.1.2 *a copy of the resolution(s), in the form of Schedule 1 to this **Annexure C**, passed by the board of directors of HoldCo:*
 - 2.1.2.1 *approving the allotment and issue of the B Share to Manco and confirming that the consideration for the B Share (i.e. the subscription price payable by Manco for the B Share) is adequate consideration (as required in terms of section 40 of the Companies Act);*
 - 2.1.2.2 *directing HoldCo's company secretary or any one director of HoldCo to issue new share certificates in respect of the B Share in the name of Manco and update HoldCo's securities register to reflect Manco as the registered holder of the B Share; and*
 - 2.1.2.3 *all such other documents as are necessary in or order to enable Manco to procure the registration of the B Share into their name.*

KING CODE AND CORPORATE GOVERNANCE

1. THE BOARD

The name and capacity of each Director are set out below:

Name	Capacity
Q Zunga	Chief executive officer
KD Mhlaba	Chief financial officer
VP Nomvalo	Executive Director
MP Mehlaphe	Chief operating officer
Dr SG Motuba	Lead independent Non-executive Director
Dr KR Ntshwana	Independent Non-executive Director
JR Oliphant	Non-executive chairman
Dr PD Sekete	Non-executive Director

The balance and composition of the Board has been thoroughly considered taking into account the needs of the Company. The Board as a whole believes that the current balance of knowledge, skill and experience meets the requirements to lead the Company effectively.

The Board is committed to ensuring that the Company is governed appropriately. The Board recognises the responsibility of the Company to conduct its affairs with prudence, transparency and accountability in a responsible manner as a good corporate citizen. The Company complies with the provisions of the Companies Act, the JSE Listings Requirements and the principles of the Code of Corporate Governance Principles and Practices as recommended in the King Code. The Company complies with the relevant provisions of the Companies Act, Listings Requirements and King Code insofar as same is applicable. The Company and the Directors will comply and adhere to the revised provisions of King IV.

The Board has eight Directors, comprising four Non-executive Directors and four executive Directors. Of the four Non-executive Directors, two are independent including the chairman. No individual Director has unfettered powers of decision-making.

Any new appointment of a Director will be considered by the Board as a whole. Currently, the appointment of a separate Nominations Committee is not warranted. The appointment process will involve considering the existing balance of skills and experience, and a continual process of assessing the needs of the Company.

Responsibility for running the Board and executive responsibility for conducting the business of the Company are differentiated. JR Oliphant, a Non-executive Director, is the chairperson of the Board and Q Zunga, an executive Director, is the chief executive officer. The roles of the chairman and chief executive officer are thus separate and clearly defined. The chairman is responsible for leading the Board, ensuring its effectiveness and setting its agenda.

The chief executive officer leads the executive team in running the business of the Company. KD Mhlaba is the executive chief financial officer of the Company. Annually, the audit and risk committee will evaluate the expertise and experience of the executive chief financial officer. The audit and risk committee has currently satisfied itself of KD Mhlaba expertise and experience as financial director.

The Board's policy on the promotion of gender diversity at Board level is to ensure that as soon as practically possible, there are an equal number of females to males that serve on the Board. The Company will continually confirm this by reporting to Shareholders in its annual report on how the Board has considered and applied the policy of gender diversity in the nomination and appointment of Directors.

2. BOARD COMMITTEES

The audit and risk committee consists of two independent Non-executive Directors. This committee will meet at least twice a year and shall be responsible for performing the functions required of it in terms of section 94(7) of the Companies Act and the other functions in terms of its mandate. These functions include:

- nominating and appointing the Company's auditors and ensuring that such auditors are independent of the Company;
- determining the auditors' fees and term of engagement;
- ensuring that the appointment of the auditors complies with the provisions of the Companies Act and any other relevant legislation;
- determining, from time to time, the nature and extent of non-audit services to be provided by the Company's auditors and to pre-approve any agreement in respect of such services;
- preparing a report to be included in the annual report of the Company, in compliance with the Companies Act;
- dealing with any complaints (whether from within or outside the Company) relating to accounting practices, internal audits of the Company or the content of the Company's financial statements and related matters;
- making submissions to the Board on any matter concerning the Company's accounting policies and financial control;
- evaluating the expertise and experience of the executive financial Director on an annual basis; and
- overseeing the Company's integrated reporting process.

The remuneration committee consists of two independent Non-executive Directors. This committee will meet at least twice a year and shall be responsible for performing the functions required of it in terms of section 94(7) of the Companies Act and the other functions in terms of its mandate. These functions include:

- determining and agreeing with the Board the Company's remuneration philosophy and the principles of its remuneration policy, ensuring that these are in line with the business strategy, objectives, values and long-term interests of the Company and comply with all regulatory requirements;
- reviewing the Company's remuneration practices in relation to the Board's risk appetite statements ensuring that remuneration does not encourage excessive risk-taking, is determined within the Company's risk management and internal control framework and takes account of the Company's values and the long-term interests of shareholders, fund investors and other stakeholders;
- determining the principles for the calculation of and to approve management proposals for the quantum of the variable compensation spend each year to be recommended by the committee for subsequent approval by the Board;
- reviewing the performance evaluations of the Executive Directors and recommend to the Board for approval, within the broad remuneration policy and in consultation with the Chairman and Chief Executive Officer as appropriate, the total annual compensation for individual Executive Directors (including salary, bonus deferred awards and pension). No director shall be present during or participate in the discussion or approval of his or her own compensation;
- having oversight of the performance evaluations for and to review and approve, within the broad remuneration policy, the total annual compensation package for Directors (including salary, bonus and deferred awards);
- reviewing and recommending to the Board for approval the annual objectives for Executive Directors against which their performance for compensation purposes will be evaluated. No director will participate in the discussion or approval of his or her annual objectives;
- approving compensation guarantees above a level delegated to management as agreed by the committee from time to time;
- approving the design of and determine the performance and vesting criteria attaching to share incentive plans to align these with the interests of shareholders prior to recommendation to the Board and submission to shareholders for approval;
- reviewing the vesting criteria of share incentive plans against the Company's results each year and determine the extent to which these have been achieved;

- determine the contractual termination terms for Executive Directors and approve any severance payments or arrangements;
- recommending to the Board for approval the total compensation for the Chairman of the Board. The remuneration of the Non-executive Directors shall be a matter for the Chairman and the Executive Directors of the Board. The Chairman, if he is a member of the committee, shall not be present during or participate in the discussion or approval of his own compensation;
- selecting, appointing and setting the terms of reference for any remuneration consultants used by the committee and obtain information on remuneration policy and practice in other comparable companies;
- reviewing, prior to approval by the Board, the Directors' Remuneration Policy and the Directors' Remuneration Report published in the Annual Report each year in line with applicable statutory and regulatory disclosure requirements;
- reviewing or making decisions on any other matters referred to the committee by the Board; and
- reporting to the Board on the proceedings of the committee after each meeting and make available to Board members the minutes of committee meetings where appropriate.

The Company's executive committee meets monthly and acts as a consolidating oversight committee for the Group. The composition of this committee is reflected in paragraph 5.6 of the Pre-listing Statement.

The Company intends to adhere to the relevant principles contained in the King Code relating to the abovementioned committees once these committees have been established.

3. **COMPANY SECRETARY**

Corporate Vision Consulting Proprietary Limited is the Company Secretary (represented by Ragni Naicker (CIS Professional Qualification in Governance and Administration, Associate, CIBM)), duly appointed by the Board in accordance with the Companies Act. The Board considered and is satisfied that the individuals who perform the Company Secretary role, and the members of Corporate Vision Consulting Proprietary Limited are properly qualified and experienced to competently carry out the duties and responsibilities of Company Secretary and that there is an arm's length relationship between itself and the Company Secretary on the basis that the Company Secretary will provide independent advice and will conduct all of its roles and responsibilities in an independent manner. The Company Secretary is not a Director.

The Company Secretary ensures the Board remains cognisant of its duties and that all Directors have full and timely information that may be relevant in the proper discharge of their duties, collectively and individually, with detailed guidance on their duties, responsibilities and powers. It is also a central source of information and advises the Board and the Company on matters of ethics and good corporate governance. The Company Secretary ensures that, in accordance with pertinent laws, the proceedings and affairs of the Board and its members, the Company itself and, where appropriate, the owners of securities in the Company are properly administered. It also assists and ensures that the Board, individual Directors and Board committees are evaluated annually. The Company Secretary ensures compliance with the Listings Requirements and other statutory requirements applicable to the Company.

The Board will evaluate the Company Secretary on an annual basis wherein the Board will satisfy itself as to the competence, qualifications and experience of the Company Secretary.

4. **LEGAL AND COMPLIANCE**

The Board recognises its responsibility to ensure that the Company complies with all applicable laws and considers adherence to all relevant industry charters, codes and standards. Board members are familiar with the industry and aware of the potential impact of legislative changes. The combined risk and internal audit function manages the process of compliance according to a framework that has been approved and is being monitored by the audit and risk committee.

During the past financial year, no instances of material non-compliance were noted and no judgements, damages, penalties or fines were recorded or levied against the Company, its Directors or employees for non-compliance with any legislation.

5. APPLICATION OF THE KING CODE

The Company, and the Board, is committed to effective corporate governance, and the need to conduct the business of the Company in a manner which upholds the principles of responsibility, accountability, fairness and transparency advocated by the King Code. The Company and the Directors will comply and adhere to the revised provisions of King IV.

The table below, to the best of the knowledge and belief of the Board, sets out the extent of the Company's current application of the principles of the King Code and explains the non-application of certain of its principles where principles are not fully applied.

Key – Level of compliance:

Applied: ✓

Partially applied: *

Not applicable: ✕

Principle	Status	Comments
1. ETHICAL LEADERSHIP AND CORPORATE CITIZENSHIP		
1.1 The Board should provide effective leadership based on an ethical foundation	✓	Ethics form an integral part of the values of the Company and the Board. In conducting the affairs of the Company, the Board endorses the principles of fairness, responsibility, transparency and accountability advocated by the King Code.
1.2 The Board should ensure that the Company is, and is seen to be, a responsible corporate citizen	✓	The Board is responsible for ensuring that the Company protects, enhances and invests in the well-being of the economy, society and the environment.
1.3 The Board should ensure that the Company's ethics are managed effectively	✓	Ethical principles are always applied during decision-making. A social and ethics committee has been established which has social and ethics matters as a standing agenda point and will meet at least twice a year.
2. BOARD AND DIRECTORS		
2.1 The Board should act as the focal point for, and custodian of, corporate governance.	✓	The Directors are aware of their fiduciary duties. The Board considers sound corporate governance practices to be critical and recognises that it is the ultimate custodian of corporate governance.

Principle	Status	Comments
2.2 The Board should appreciate that strategy, risk, performance and sustainability are inseparable.	✓	The Directors of the Company subscribe to the principle that they have accountability to Shareholders and an obligation to all stakeholders (including Shareholders), to ensure that the Company's resources are utilised to ensure its continuing viability. The Board appreciates that strategy, risk, performance and sustainability are inseparable.
2.3 The Board should provide effective leadership based on an ethical foundation.	✓	Ethics form an integral part of the values of the Company and the Board. In conducting the affairs of the Company, the Board endorses the principles of fairness, responsibility, transparency and accountability advocated by the King Code.
2.4 The Board should ensure that the Company is and is seen to be a responsible corporate citizen.	✓	The Board is responsible for ensuring that the Company protects, enhances and invests in the well-being of the economy, society and the environment.
2.5 The Board should ensure that the Company's ethics are managed effectively.	✓	Ethical principles are always applied during decision-making. A social and ethics committee has been established which has social and ethics matters as a standing agenda point and will meet at least twice a year.
2.6 The Board should ensure that the Company has an effective and independent audit committee.	✓	The audit and risk committee has been established, and consists of two independent Non-executive Directors. The members of the audit and risk committee have the necessary experience and skills.
2.7 The Board should be responsible for the governance of risk.	✓	The Board is responsible for the governance of risk and ensures that the Company has an effective risk management system.
2.8 The Board should be responsible to information technology (IT) governance.	✓	The Board bears ultimate responsibility for IT governance.
2.9 The Board should ensure that the Company complies with applicable laws and considers adherence to non-binding rules, codes and standards.	✓	The Board is responsible for ensuring that the Company complies with applicable laws and considers adhering to non-binding rules, codes and standards.

Principle	Status	Comments
2.10 The Board should ensure that there is an effective risk-based internal audit.	*	As the Company was recently incorporated as a public company, it has not yet appointed an internal auditor and the Company has not performed an internal audit. Once an internal auditor has been appointed, the Board will ensure that an effective risk-based internal audit is performed.
2.11 The Board should appreciate that stakeholders' perceptions affect the Company's reputation.	✓	The Board believes that stakeholders perceptions are of critical importance and to this end the Board will ensure transparent and effective communication with stakeholders and treat Shareholders equitably.
2.12 The Board should ensure the integrity of the Company's integrated report.	*	As the Company was recently incorporated as a public company, it has not yet issued an integrated report but the Board will consider and approve the Company's integrated reports when issued, on the recommendation of the audit and risk committee.
2.13 The Board should report on the effectiveness of the Company's system of internal controls.	*	Once operations have commenced, the Board will report on the effectiveness of the Company's system of internal control. The Company's audit and risk committee will provide the Board with assurance on the effectiveness of the internal control framework.
2.14 The Board and its Directors should act in the best interests of the Company.	✓	Please refer to principle 2.1 above. The Board individually and collectively understand their fiduciary responsibility to act in the best interests of the Company and disclosures of interest and Director's dealings are reported on in accordance with a policy adopted by the Board in this regard.
2.15 The Board should consider business rescue proceedings or other turnaround mechanisms as soon as the Company is financially distressed as defined in the Companies Act.	✓	The Board is aware of the requirements of the Companies Act regarding business rescue.

Principle	Status	Comments
2.16 The Board should elect a chairman of the Board who is an independent Non-executive Director. The CEO of the Company should also not fulfil the role of chairman of the Board.	*	The Company has appointed a separate chairman and this role is not fulfilled by the chief executive officer. The Board has appointed a lead independent Director as the chairman is not regarded as independent.
2.17 The Board should appoint the chief executive officer and establish a framework for the delegation of authority.	✓	Board has appointed a chief executive officer and a framework for the delegation of authority has been established.
2.18 The Board should comprise a balance of power, with a majority of Non-executive Directors. The majority of Non-executive Directors should be independent.	*	There is a balance between executive and Non-executive Directors with an equal number of independent Non-executive Directors including the chairman.
2.19 Directors should be appointed through a formal process.	✓	All Directors are appointed through a formal process. Appointment of Directors is a matter for the Board as a whole. The Board is of the view that the size of the Company does not justify a separate nominations committee. This approach is in line with the JSE Listings Requirements which does not require that listed companies appoint a nominations committee where it is not appropriate to the business of the Company.
2.20 The induction of and ongoing training and development of Directors should be conducted through formal processes.	✓	Training of Board members is arranged at the Company's expense as and when required.
2.21 The Board should be assisted by a competent, suitably qualified and experienced Company Secretary.	✓	The Board is assisted by a suitably qualified Company Secretary, who has adequate experience, who is not a Director of the Company and who has been empowered to fulfil her duties. The Board will review the Company Secretary at least annually and the Board will ensure that it is satisfied that the Company Secretary maintains an arm's length relationship with the Board and is sufficiently qualified and experienced to execute the required duties.
2.22 The evaluation of the Board, its committees and the individual Directors should be performed every year.	*	As the Company is recently incorporated as a public company, the evaluation of the Board, its committees and Directors is yet to be performed. The Board will ensure that such evaluations are performed on an annual basis.

Principle	Status	Comments
2.23 The Board should delegate certain functions to well-structured committees but without abdicating its own responsibilities.	✓	The Board has delegated certain specific responsibilities to the audit and risk committee, the social and ethics committee and remuneration committee without abdicating its own responsibilities. These committees will operate in accordance with written terms of reference approved by the Board and reviewed annually.
2.24 A governance framework should be agreed between the Group and its subsidiary boards.	*	The Board and the board of directors of its subsidiaries have only recently been appointed and at the Last Practicable Date no governance framework has been agreed yet. The Board will, however, agree a governance framework for the Company and its subsidiaries within the first financial year of the Company following the Listing.
2.25 Companies should remunerate Directors and executives fairly and responsibly.	✓	The Board is of the view that executive Directors are remunerated fairly and reasonably. Non-executive Directors' fees are compatible with what is deemed appropriate for the size and nature of the Company.
2.26 Companies should disclose the remuneration of each individual Director and certain senior executives.	*	The Company will disclose Directors' remuneration in the integrated report. As the Company is recently incorporated as a public Company, it has not yet published an integrated report.

Principle	Status	Comments
2.27 Shareholders should approve the Company's remuneration policy.	*	The remuneration policy is still being finalised and the Company has not had an annual general meeting yet. The remuneration policy will be compiled by the remuneration committee for approval by the Board and Shareholders at an annual general meeting once the Company has acquired Viable Assets.

3. **AUDIT COMMITTEE**

3.1 The Board should ensure that the Company has an effective and independent audit committee.	✓	An audit and risk committee has been established. The terms of reference of the audit and risk committee have been approved by the Board.
3.2 Audit committee members should be suitably skilled and experienced independent Non-executive Directors.	✓	The audit and risk committee comprises two independent Non-executive Directors, who are suitably skilled and experienced as well. The Chairperson of the Board is not a member of the audit and risk committee.
3.3 The audit committee should be chaired by an independent Non-executive Director.	✓	The audit and risk committee is chaired by an independent Non-executive Director.
3.4 The audit committee should oversee integrated reporting.	✓	In accordance with its terms of reference, the audit and risk committee is responsible for overseeing the Company's integrated reporting process.
3.5 The audit committee should ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities.	✓	The audit and risk committee obtains combined assurance from the external auditors, Deloitte and management and ensures that the combined assurance received is appropriate to address all significant risks facing the Company.
3.6 The audit committee should satisfy itself of the expertise, resources and experience of the Company's finance function.	✓	The audit committee has satisfied itself in this regard.
3.7 The audit committee should be responsible for overseeing of internal audit.	*	The audit and risk committee formulates and monitors the Company's risk management policies, monitors the Company's governance compliance and oversees the scope and performance of internal audit.
3.8 The audit committee should be an integral component of the risk management process.	✓	Forms part of the role and responsibility of the audit and risk committee.

Principle	Status	Comments
3.9 The audit committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process.	✓	The audit and risk committee is responsible for overseeing the external audit process, fees and terms of engagement of the external auditors and to recommend the same for approval to the Board. The committee is responsible for determining the nature and extent of non-audit services provided by the auditors to the Company.
3.10 The audit committee should report to the Board and shareholders on how it has discharged its duties.	✓	The chairperson of the audit and risk committee will report to the Board after each meeting of the committee. The audit and risk committee compiles a written report on how it has discharged its duties annually. This report will be included in the integrated report of the Company.
4. THE GOVERNANCE OF RISK		
4.1 The Board should be responsible for the governance of risk.	✓	Governed by the Board as a whole.
4.2 The Board should determine the levels of risk tolerance.	✓	Risk levels are discussed at Board level.
4.3 The risk committee or audit committee should assist the Board in carrying out its risk responsibilities.	✓	The audit and risk committee will assist the Board in carrying out its risk responsibility.
4.4 The Board should delegate to management the responsibility to design, implement and monitor the risk management plan.	✓	The Board has delegated the responsibility to management.
4.5 The Board should ensure that risk assessments are performed on a continual basis.	✓	The Board performs risk assessment on a continual basis.
4.6 The Board should ensure that frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks.	✓	All risk factors within the current business model are continually monitored.
4.7 The Board should ensure that management considers and implements appropriate risk responses.	✓	Responses are monitored and preventative measures implemented to the extent possible.
4.8 The Board should ensure continual risk monitoring by management.	✓	Risk-monitoring forms part of planning and decision-making.
4.9 The Board should receive assurance regarding the effectiveness of the risk management process.	✓	This occurs at Board level.
4.10 The Board should ensure that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders.	✓	Risks will be disclosed in the integrated report and further disclosures will be assessed when needed.

Principle	Status	Comments
5. THE GOVERNANCE OF INFORMATION TECHNOLOGY		
5.1 The Board should be responsible for IT governance.	✓	The Board takes overall responsibility for IT Governance.
5.2 IT should be aligned with the performance and sustainability objectives of the Company	✓	IT is fully integrated into the strategic planning process ensuring strategic, tactical and operational alignment in the achievement of business objectives.
5.3 The Board should delegate to management the responsibility for the implementation of an IT governance framework	✓	As the Company was recently incorporated as a public company, the IT governance framework has not yet been finalised. Management will be responsible for the implementation of the IT governance framework, once this framework has been finalised by the Board. Once a Viable Asset has been acquired, the appropriate IT governance function will be appointed.
5.4 The Board should monitor and evaluate significant IT investments and expenditure	✓	IT investments and expenditure forms part of the normal budgeting process, and therefore has to be approved by the Board.
5.5 IT should form an integral part of the Company's risk management	✓	IT is considered an integral part of risk management.
5.6 The Board should ensure that information assets are managed effectively	✓	The audit and risk committee is responsible for ensuring that systems are in place for the management of information which includes security, information management and privacy.
5.7 A risk committee and audit committee should assist the Board in carrying out its IT responsibilities	✓	The Board has appointed the audit and risk committee which will assist it to carry out its IT responsibilities.
6. COMPLIANCE WITH LAWS, CODES, RULES AND STANDARDS		
6.1 The Board should ensure that the Company complies with applicable laws and considers adherence to nonbinding rules, codes and standards	✓	The Board is responsible for ensuring that the Company complies with applicable laws and considers adhering to non-binding rules, codes and standards.
6.2 The Board and each individual director should have a working understanding of the effect of the applicable laws, rules, codes and standards on the Company and its business	✓	Training will be provided to the Board and each individual Director from time to time as required.
6.3 Compliance risk should form an integral part of the Company's risk management process	✓	Compliance is an integral part of the Company's risk management process.
6.4 The Board should delegate to management the implementation of an effective compliance framework and processes	✓	This is performed by the executive team.

Principle	Status	Comments
7. INTERNAL AUDIT		
7.1 The Board should ensure that there is an effective risk-based internal audit	*	Please refer to Principle 2.10 above.
7.2 Internal audit should follow a risk-based approach to its plan	*	Please refer to Principle 2.10 above.
7.3 Internal audit should provide a written assessment of the effectiveness of the Company's system of internal control and risk management	*	Please refer to Principle 2.10 above.
7.4 The audit committee should be responsible for overseeing internal audit	*	Please refer to Principle 2.10 above.
7.5 Internal audit should be strategically positioned to achieve its objectives	*	Please refer to Principle 2.10 above.
8. GOVERNING STAKEHOLDER RELATIONSHIPS		
8.1 The Board should appreciate that stakeholders' perceptions affect a Company's reputation	✓	Please refer to Principle 2.11 above.
8.2 The Board should delegate to management to proactively deal with stakeholder relationships	✓	Stakeholder relationships are critical for the Company and management is responsible for dealing proactively with stakeholder relationships. Financial results, trading updates and announcements will be published in accordance with the JSE Listings Requirements and results announcements, the integrated report will also published on the Company's website.
8.3 The board should strive to achieve the appropriate balance between its various stakeholder groupings, in the best interests of the Company	✓	The Board strives to maintain a balance between the various stakeholders while acting in the best interests of the Company.
8.4 Companies should ensure the equitable treatment of shareholders	✓	The Company provides timely and equitable disclosure of information to the market and all Shareholders are treated equally in this regard. Information is posted on the Company's website as well as in the integrated annual report.
8.5 Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence	✓	Please refer to Principle 8.4 above.
8.6 The Board should ensure that disputes are resolved as effectively, efficiently and expeditiously as possible	✓	Open and transparent dialogue is encouraged and maintained on an ongoing basis in an effort to prevent disputes and if needs be to resolve disputes effectively and efficiently.
9. INTEGRATED REPORTING AND DISCLOSURE		

Principle	Status	Comments
9.1 The Board should ensure the integrity of the Company's integrated report	*	The Company intends to adhere to the relevant principles contained in the King Code relating to integrated reporting and disclosure.
9.2 Sustainability reporting and disclosure should be integrated with the Company's financial reporting	*	The Company intends to adhere to the relevant principles contained in the King Code relating to integrated reporting and disclosure.
9.3 Sustainability reporting and disclosure should be independently assured	*	The Company intends to adhere to the relevant principles contained in the King Code relating to integrated reporting and disclosure.

SALIENT DETAILS OF THE OMSFIN FACILITY TERM SHEET

The OMSFIN Facility Term Sheet below, is the exact term sheet signed between the Company and OMSFIN and as a result, the definitions may differ to the definitions contained in this Pre-listing Statement.

Facility	Facility amount	Term	Repayment terms
Mezzanine Facility A	R200 million	5 Years	<ul style="list-style-type: none"> The Facility will have roll-up flexibility in the first 18 months subject to a total roll-up cap not exceeding R225 million. Thereafter, interest will be serviced semi-annually with capital repaid at maturity. <p>Note: based on the cash flow profile of the Borrower.</p>
Mezzanine Facility B	R50 million	five years	<ul style="list-style-type: none"> The Facility will have roll-up flexibility in the first 18 months subject to a total roll-up cap not exceeding R55 million. Thereafter, interest will be serviced semi-annually with capital repaid at maturity. <p>Note: based on the cash flow profile of the Borrower.</p> <ul style="list-style-type: none"> This Facility is subject to the total asset value being greater than R1 billion
Fulfilment Date	<ul style="list-style-type: none"> The date on which all the Conditions Precedent to the utilisation of the Facility have been fulfilled or waived to the satisfaction of the Lender. 		
Availability Period	<ul style="list-style-type: none"> 24 months from the Signature Date 		

Utilisation

Utilisation 1

The Borrower may only request the first utilisation of R100 million from Facility A after R300 million of Viable Assets have been purchased.

Conditions Precedent to the 1st-Utilisation:

- Investment and Management Committee (Credit Intervention) approval from the Lender on the Viable Assets purchased;
- No Event of Default or Potential Event of Default (including no Material Adverse Effect or breach of representations and warranties) having occurred;
- If required by the Lender, amendments are made to the Finance Documents including certain additional representations, warranties, indemnities and undertakings to be provided by the Borrower

Utilisation 2

The Borrower may only request the second utilisation of R100 million from Facility A after R550 million of Viable Assets have been purchased.

Conditions Precedent to the 2nd-Utilisation

- Investment and Management Committee (Credit Intervention) approval from the Lender on the Viable Assets purchased;
- No Event of Default or Potential Event of Default (including no Material Adverse Effect or breach of representations and warranties) having occurred;
- If required by the Lender, amendments are made to the Finance Documents including certain additional representations, warranties, indemnities and undertakings to be provided by the Borrower.

Utilisation 3

The Borrower may only request the third utilisation of R50 million from Facility B after R1 billion of Viable Assets have been purchased.

Conditions Precedent to the 3rd-Utilisation

- Investment and Management Committee (Credit Intervention) approval from the Lender on the Viable Assets purchased;
- No Event of Default or Potential Event of Default (including no Material Adverse Effect or breach of representations and warranties) having occurred;
- If required by the Lender, amendments are made to the Finance Documents including certain additional representations, warranties, indemnities and undertakings to be provided by the Borrower.

Final Maturity Date

- Five years from Fulfilment Date.

Purpose

- The funding will be used by the Borrower to purchase Healthcare assets in South Africa in terms of the agreed investment mandate.

Interest Rate

- Interest Rates on the Facility will be the aggregate of the Base Rate and the Applicable Margin.

Base Rate

- Three-month JIBAR.

Applicable Margin

- 4% to 5%. The Applicable Margin will only be fixed on the date of the first utilisation.

Interest Payment Dates

- Facility A – roll-up flexibility in the first 18 months subject to a total roll-up cap not exceeding R225 million.
- Facility B – roll-up flexibility in the first 18 months subject to a total roll-up cap not exceeding R55 million.
- Interest serviced semi-annually with capital repaid at maturity. First Interest Payment Date will take place 18 months from Fulfilment Date.

Structuring Fee	<ul style="list-style-type: none"> • 150bps of the Facility amount. Amount will be due on Signature Date and be payable on earlier of (i) the Advance Date and ii) last day of the Availability Period • or the Borrower can elect for this amount to be capitalised to the Facility Amount 								
Commitment Fee	<ul style="list-style-type: none"> • 50bps per annum of the undrawn Commitment. Lender will only be committed to provide the Facility after approval provided for the utilisation to take place. • Commitment Fee – Accrue daily and paid quarterly. 								
Default Interest Rate	<ul style="list-style-type: none"> • If non-payment or any other Default has occurred and is continuing, Applicable Margin will be increased by 2.00%. • Adjustment will be effective retrospectively from the date of such Default 								
Repayment	<ul style="list-style-type: none"> • Repaid on the Final Maturity Date. 								
Voluntary Prepayments	<ul style="list-style-type: none"> • Voluntary prepayments – out of internally generated cash flows or <i>bona fide</i> cash equity injections after 18 months from the Fulfilment Date. • Voluntary prepayments made out of externally generated cash flows, subject to the payment of the following prepayment penalties: <table border="0" style="margin-left: 20px;"> <thead> <tr> <th style="text-align: left;">Years</th> <th style="text-align: left;">Penalty</th> </tr> </thead> <tbody> <tr> <td>0 – 3</td> <td>2.5%</td> </tr> <tr> <td>3 – 4</td> <td>1%</td> </tr> <tr> <td>4 – 5</td> <td>0%</td> </tr> </tbody> </table> • Voluntary prepayments made in relation to the Facility, once made, may not be redrawn. Voluntary prepayments will also be subject to Break Costs. 	Years	Penalty	0 – 3	2.5%	3 – 4	1%	4 – 5	0%
Years	Penalty								
0 – 3	2.5%								
3 – 4	1%								
4 – 5	0%								
Refinancing	<ul style="list-style-type: none"> • The Lender will have a right to match any funding raised to refinance the Facility. • The Lender will waive the prepayment penalty attributable to that portion of the Facility refinanced by the Lender. 								
Full Mandatory Prepayments	<p>The Lender will be entitled to demand prepayment of the Facility in full if the following occurs:</p> <ul style="list-style-type: none"> • a sale of any assets; or • any transaction is proposed which will result in a delisting of the Borrower from the JSE or the suspension of the Borrower shares listed on the JSE unless agreed to in writing by the Lender; or • Breach of Financial Covenants; or • Other Mandatory Prepayment events for a facility of this nature and to be agreed in the long form term sheet 								
Transfers by Lender	<ul style="list-style-type: none"> • The Lender may cede their rights and/or delegate their obligations in whole or in part, (a transfer) without the consent of the Borrower. To include a permitted transferee list. 								
Transfers by Borrower	<ul style="list-style-type: none"> • The Borrower may not cede their rights and/or delegate their obligations under the Finance Documents without the consent of the Lender. 								
Provision of information	<ul style="list-style-type: none"> • To be agreed once a Due Diligence of the Borrower, Asset Manager and pipeline assets to be purchased is completed. 								

Financial Covenants

- Look through gearing of the assets to be purchased cannot be greater than 60%, alternatively an agreed Net Debt:EBITDA ratio can be agreed on operating assets which have reached the required profitability
- Valuation Cover Ratio: Total Assets/Total Debt:
 - Discussion Covenant: 3.25x
 - Default Covenant: 3.0x
 - Lenders will have a right to call for an independent valuation at any time if it disagrees with the Borrower's valuation. The costs of the independent valuation will be borne by the Borrower
- Total Secured Assets are all assets that are secured to the Lender.
- Share Price Covenant:
 - Discussion Covenant: If the listed Share Price drops below 75% of the listed price
 - Default Covenant: If the listed Share Price drops below 65% of the listed price

Representations and Warranties

Borrower and asset manager warrants that:

- it is a company duly incorporated and validly existing under the company laws of the Republic of South Africa and it has the power and authority to enter into the Finance Documents;
- obligations set out in the Finance Documents to which it is a party are legal, valid, binding and enforceable;
- non-conflict with its constitutional documents, any agreements to which it is a party and applicable laws and regulations
- there is an absence of material litigation, arbitration or administrative proceedings against it;
- it has not commenced material legal proceedings against any entity other than in the ordinary course of business;
- it has good and undisputed title to its assets;
- it shall ensure disclosure of all relevant information to the Lender and the accuracy and completeness of such information;
- its assets exceed its liabilities, no insolvency event has occurred and it is not in financial distress;
- not in default;
- compliant with anti-corruption laws and sanctions;
- no financial indebtedness other than disclosed;
- compliance with all Applicable Laws;

Positive Undertakings

Borrower and Asset Manager shall give to the Lender, *inter alia*, the following undertakings subject to materiality levels to be agreed, namely:

- it is authorised and shall maintain all authorisations to enter into and perform in terms of the respective agreements forming part of the transaction;
- compliance with laws, including anti-corruption laws, regulatory provisions, sanctions provisions and all tax laws;
- it shall provide the Lender with reasonable access to their books and records;
- shall maintain good title to all of its assets;
- shall notify the Lenders of the occurrence of an Event of Default;
- shall notify the Lenders of any material litigation or administrative proceedings commenced against the Borrower and Asset Manager;
- shall maintain its corporate existence in full force and effect;
- all information supplied to the Lender by it is accurate and complete in all respects
- all Facility Amounts shall be utilised by the Borrower to acquire Viable Assets (as defined in paragraph 4.33 of the JSE Listings Requirements)

Negative Undertakings	<p>The Borrower and Asset Manager, until such time as their obligations under the Facility have been met, shall not, <i>inter alia</i>, do any of the following:</p> <ul style="list-style-type: none"> • no change in auditors unless the replacement auditor is any one of KPMG, PricewaterhouseCoopers, Deloitte or E&Y (or their successors in title); • amend or vary its constitutional documents, which changes are reasonably likely to result in a Material Adverse Event; • incur any additional indebtedness which will lead to a breach of the Financial Covenants; • change or threaten to change and/or suspend or threaten to suspend a substantial part of its business operations; • no disposal of any assets without prior written consent from Lenders; • enter into any transaction or merger or consolidation or amalgamation or take any steps with a view to effect a voluntary or compulsory winding up (either provisionally or finally) or dissolution.
Indemnities and Tax Gross-Up	<p>Indemnities standard in accordance with the provisions contained in the standard form South African facility agreement recommended by the Loan Market Association.</p>
Events of Default	<p>Standard for a transaction of this nature and subject to materiality levels and remedy periods to be agreed, and shall include, <i>inter alia</i>:</p> <ul style="list-style-type: none"> • any Material Adverse Event; • a breach of any term of the Finance Documents; • a breach of the Financial Covenants; and • non-payment. <p>Consequence of an Event of Default:</p> <ul style="list-style-type: none"> • Lender will be able to demand a mandatory prepayment of the Facility.
Material Adverse Event	<p>Any event, circumstance or matter or combination of events, circumstances or matters which in the reasonable opinion of the Lender has or is likely to have a material adverse effect on:</p> <ul style="list-style-type: none"> • the business, operations, property, condition (financial or otherwise), performance or prospects of the Borrower and/or Material Investments (Assets greater than R100 million); or • the ability of the relevant Borrower and/or Material Investments to perform its obligations (financial or otherwise) under the Finance Documents to which it is party; or • the legality, validity or enforceability of the Finance Documents and/or the rights and/or remedies of the Lender thereunder.
Security	<ul style="list-style-type: none"> • The Lender will take a cession over all bank accounts excluding the escrow account. • If default or potential default takes place, then a cession hold will be placed on all bank accounts. • All assets held by Borrower. • This will include but not limited to shareholder loans, ordinary shares, preference shares or any other instrument held by the Borrower. • Will be limited to the greater of R1 250 million (based on an independent valuation) or 5x Valuation Cover Ratio. • All investments made thereafter will not be subject to any specific security arrangements. • Any other debt raised on balance sheet must rank junior to this Facility and must be unsecured.

Conditions Precedent Conditions Precedent to Fulfilment Date will be those usual for a transaction and a business of this nature, in form and substance satisfactory to the Lender, including but not limited to:

- the Lender's satisfactory review of a confirmatory financial, tax, legal and commercial due diligence over the Borrower, Asset Manager; Investment Mandate of the Borrower;
- Lender's internal tax and legal sign off of the Finance Documents and transaction structure;
- Investment and Management Committee approval from the Lender;
- the execution and unconditionality of the Finance Documents;
- the Lender's satisfaction with the final transaction structure;
- a confirmation from the Borrower that all required insurances are in place;
- all required regulatory and statutory approvals (if any);
- all shareholder and Board resolutions providing the necessary corporate authorisations and financial assistance approvals where required;
- satisfactory legal opinions from Lender counsel in respect of the validity and enforceability of the Finance Documents and transaction security;
- satisfactory legal opinion from the Borrowers counsel in respect of the authority and capacity of the Borrower to enter into and perform in terms of the Finance Documents;
- delivery of all documentation required for Know Your Client ("KYC") procedures of the Lender;
- the Lender and its counsel shall, to their satisfaction, consider all necessary constitutive documentation and shareholder agreements in respect of the Borrower, and the respective and ultimate shareholders, as the case may be;
- No Event of Default or Potential Event of Default (including no Material Adverse Effect or breach of representations and warranties) having occurred.
- the Borrower is listed on the Main Board of the JSE as a SPAC (as defined in paragraph 4.33 of the JSE Listings Requirements);
- approval by the Lender of the escrow agent and escrow arrangements required in terms of paragraph 4.36 of the JSE Listings Requirements;
- proof that the escrow arrangement is in place in accordance with paragraph 4.36 of the JSE Listings Requirements;
- Confirmation from the Lender that it is satisfied with the Pre-listing Statement or prospectus in respect of the listing of the SPAC.

2. I/We wish to receive my/our allocated Private Placement Shares in dematerialised form and will deliver this Application Form to the Transaction Advisors and will provide appropriate instructions to my/our CSDP or Broker, as the case may be, with regard to the application herein and the payment thereof, as stipulated in the agreement governing my/our relationship with my/our CSDP or Broker, as the case may be. I/We accept that payment in respect of this application will be, in terms of the custody agreement entered into between me/us and my/our CSDP or Broker, as the case may be, on a delivery-versus-payment basis.
3. I/We understand that the Listing and Private Placement are subject to the terms and conditions precedent detailed in the Pre-listing Statement and in this Application Form and that, should any of the conditions precedent fail, the Private Placement and any acceptance thereof shall not be of any force or effect and that I/we will not have any claim whatsoever against the Company or any other person as a result of the failure of any conditions.
4. I/We warrant and undertake that I/we are persons who fall within the categories envisaged in section 96(1)(a) of the Companies Act, No 71 of 2008 ("**Companies Act**") or that my/our subscription consideration in respect of the Private Placement Shares when converted to South African Rand will be above the amount prescribed in terms of section 96(1)(b) of the Companies Act, and that I/we are therefore entitled to participate in the Private Placement.

Dated: 2017 **Telephone number:** ()

Signature _____ **Mobile number:** _____

Assisted by (where applicable) _____

Surname of individual or name of corporate body:	Mr
	Mrs
	Miss
	Other titled
Full names (if individual):	
Postal address (preferably PO Box address):	Postal code:
Telephone number:	()
Mobile phone number:	
Email address:	
Rand value of Private Placement Shares applied for	R (Enter figures only – not words)

Required information must be completed by CSDP or Broker* with their stamp and signature affixed hereto:

CSDP name:	
CSDP contact person:	
CSDP contact telephone number:	
SCA or bank CSD account number:	
Scrip account number:	
Settlement bank account number:	
Stamp and signature of CSDP or Broker:	

This application will constitute a legal contract between the Company and the applicant. Application Forms will not be accepted unless the above information has been furnished.

Instructions:

1. Applications are irrevocable and may not be withdrawn once submitted.
2. CSDPs and Brokers will be required to retain a copy of this Application Form for presentation to the Directors if required.
3. Please refer to the terms and conditions of the Private Placement set out in paragraph 10 of the Pre-listing Statement. Applicants should consult their Broker or other professional advisor in case of doubt as to the correct completion of this Application Form.
4. Applicants need to have appointed a CSDP or Broker and must advise their CSDP or Broker in terms of the custody agreement entered into between them and their CSDP or Broker. Payment will be made on a delivery-versus-payment basis.
5. No payment should be submitted with this Application Form to the Company or the Transaction Advisors.
6. If payment is dishonoured, or not made for any reason, the Company may, in its sole discretion, regard the relevant application as invalid or take such other steps in regard thereto as it may deem fit.
7. No receipts will be issued for Application Forms, application monies or any supporting documentation.
8. All alterations on this Application Form must be authenticated by full signature of the applicant and his CSDP or Broker.
9. As allocated Private Placement Shares are being transferred to successful applicants on a delivery-versus-payment basis, no payment will be required to be made if the Private Placement or the Listing is not successful

* If an applicant has more than one account, please attach a separate schedule with all relevant details.