

ALARIS HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)

(Registration number: 1997/011142/06)

Share code: ALH

ISIN: ZAE000201554

("Alaris" or "the Company")



FIRM INTENTION ANNOUNCEMENT TO MAKE AN OFFER TO ALARIS SHAREHOLDERS AND THE DELISTING OF ALARIS FROM THE JSE

1 INTRODUCTION

- 1.1 Shareholders of Alaris are hereby advised that Tadvest Limited, CRH Investments Proprietary Limited, Conexus Capital Growth Fund Trust, Brazen Force Investments Proprietary Limited acting as trustees for the Brazen Force Investment Trust, Nguni Investments Proprietary Limited and Chauke Investments Proprietary Limited (collectively, the "**Consortium**" or "**Offerors**") and Alaris have entered into an offer and implementation agreement ("**Offer and Implementation Agreement**") pursuant to which, *inter alia*, the Consortium has delivered notice to Alaris of its firm intention for the Offerors to make an offer ("**Offer**") to acquire the entire issued share capital of Alaris (excluding treasury Shares) not already held by the Offerors, by way of the Scheme (as contemplated in paragraph 2.1.1) or, if the Scheme fails, the Standby Offer (as contemplated in paragraph 2.1.2) ("**Transaction**").
- 1.2 The Offer will be made at a cash consideration of ZAR4.20 (four Rand twenty cents) ("**Offer Consideration**") per Alaris issued ordinary share ("**Alaris Shares**") (subject to certain potential deductions as contemplated in paragraph 2.2.2), however, as part of the Scheme, registered holders of Alaris Shares ("**Alaris Shareholders**") are entitled to elect to retain all or part of their Alaris Shares (as contemplated in paragraph 2.2.2 below). Both the Scheme and the Standby Offer are subject to the aggregate amount payable by the Consortium, under the Offer and Comparable Offer (as defined in 2.3 below), not exceeding the aggregate cash amount of ZAR 161,000,000 (one hundred and sixty one million Rand) ("**Maximum Offer Consideration**").
- 1.3 The Offer Consideration represents a premium of 22.4% to the 30-day volume weighted average traded price of Alaris Shares traded on the JSE and a premium of 30.4% to the closing price of Alaris Shares on the JSE of ZAR 3.22 (three rand and twenty two cents), as at 8 October 2021, being the last trading date prior to the signature date of the Offer and Implementation Agreement.
- 1.4 The independent board of Alaris, established by Alaris in relation to the Offer, comprises Coenraad Bester, Carel van der Merwe and Peter Anania ("**Independent Board**").
- 1.5 Alaris Shareholders collectively holding 40.2% of the aggregate of the issued Alaris Shares (excluding treasury shares), who in turn hold 56.3% of the Alaris Shares eligible to vote on the Scheme Resolution and 57.8% of the Alaris Shares eligible to vote on the Delisting Resolution, have furnished irrevocable undertakings in respect of the Transaction (please refer to paragraph 10 below for relevant details in this regard).

2 THE OFFER AND CONSIDERATION

- 2.1 The Offer will be implemented by way of:
- 2.1.1 a scheme of arrangement ("**Scheme**") in terms of section 114 of the Companies Act, No. 71 of 2008 ("**Companies Act**"), to be proposed by the Alaris board of directors ("**Alaris Board**") between Alaris and the Alaris Shareholders, at the Offer Consideration and upon the terms and subject to the conditions set out in the circular to be distributed to Alaris Shareholders in due course ("**Circular**"); and

- 2.1.2 if the Scheme is not proposed or after the Scheme is proposed it fails for any reason ("**Standby Offer Trigger Event**"), the Consortium shall make a general standby offer to Alaris Shareholders ("**Standby Offer**") at the Offer Consideration and upon the terms and subject to the conditions set out in the Circular. The Standby Offer will be made concurrently with the Scheme but will only become effective if a Standby Offer Trigger Event occurs and will be a continuation of the affected transaction as defined in section 117 of the Companies Act.
- 2.2 Under the terms of the Offer, if the Scheme is implemented, the Alaris Shareholders will be afforded an election to –
- 2.2.1 sell all or part of their Alaris Shares to the Offerors, on the operative date of the Scheme ("**Scheme Implementation Date**"), at the Offer Consideration ("**Exit Election**"); or
- 2.2.2 retain all or part of their Alaris Shares ("**Continuation Election**"),
- with the default position being that if Alaris Shareholders do not make valid elections, they will be deemed to have made Exit Elections in respect of all their Alaris Shares. The Offer Consideration has been calculated on the assumption that Alaris will not conduct any capital reduction, make any distributions, dividends or similar payments to or for the benefit of Alaris Shareholders ("**Distribution**") between 11 October 2021 and the settlement date of the Offer Consideration. In the event that Alaris makes any such Distribution, the Offer Consideration will be adjusted downwards by an amount equal to the pre-tax quantum of such Distribution on a per share basis.
- 2.3 Separate but concurrent to the Scheme or Standby Offer and to the extent that the Comparable Offer is not waived by all participants, as the case may be, a comparable offer ("**Comparable Offer**") to the Scheme or Standby Offer, as the case may be, in terms of section 125 of the Companies Act and regulation 87 of the Companies Regulations, 2011 shall be made by the Consortium to all participants ("**Participants**") of the Alaris Nil-Cost Share-Based Long-Term Incentive Plan ("**Nil-Cost LTIP**") and the old share incentive scheme governed by the Alaris Share Incentive Trust ("**Old Scheme**").
- 2.4 The implementation of the Scheme will be subject to the fulfilment or waiver (as the case may be) of the suspensive conditions set out in paragraph 5 below ("**Scheme Conditions**"). In the event that the Scheme becomes operative, the listing of the Alaris Shares on the Alternative Exchange of the JSE will be terminated following the approval of the Delisting Resolution (as referred to in paragraph 5.1.3 below), unless the Delisting Resolution is not approved by the requisite majority of Alaris Shareholders and the Offerors and Alaris waive the Scheme Condition relating to such approval being obtained.
- 2.5 If a Standby Offer Trigger Event occurs, the Standby Offer to Alaris Shareholders shall be made, which Standby Offer will be subject to the suspensive conditions contemplated in paragraph 15 below. To the extent that the Standby Offer is made and implemented, the listing of the Alaris Shares on the JSE will be terminated following the approval of the Delisting Resolution (as referred to in paragraph 15.1.1 below), unless the Delisting Resolution is not approved by the requisite majority of Alaris Shareholders and the Offerors waive the suspensive condition relating to such approval being obtained. Only Alaris Shareholders who have accepted the Standby Offer will sell their Alaris Shares to the Offerors for the Offer Consideration. Those Alaris Shareholders who do not accept the Standby Offer will remain shareholders in Alaris.
- 2.6 Subject to the Scheme becoming operative, or the Standby Offer being implemented, as the case may be, and the Delisting taking place, certain amendments to the Nil-Cost LTIP and trust deed regulating the Old Scheme will be proposed, further details of which are set out in paragraph 17.
- 2.7 The proportions in which the Consortium shall acquire the Alaris Shares in terms of the Scheme or, if applicable, the Standby Offer, shall be specified in the Circular.

3 RATIONALE AND BENEFITS OF THE TRANSACTION

- 3.1 The Consortium and Alaris believe that there is limited benefit for Alaris being listed on the JSE, having not garnered sufficient institutional shareholder support to justify the limitations imposed by the regulatory processes and the compliance costs and other costs associated with and incidental to being listed on the JSE.
- 3.2 Moreover, the Consortium and Alaris considers the lack of liquidity of Alaris Shares to impede its ability to raise capital in the market, a disincentive for institutional investors, and a hindrance on existing shareholders' ability to realise their investment in Alaris in the market.
- 3.3 Accordingly, from a Consortium perspective, the costs associated with Alaris being listed on the JSE outweigh the benefit of being able to publicly trade in Alaris Shares.
- 3.4 The Consortium believes that the Transaction and proposed delisting of Alaris from the JSE ("**Delisting**") will place Alaris' management in a position to be better aligned with a tighter shareholder base which should enable Alaris to reposition the business to focus on further global expansion.
- 3.5 To the extent that the Delisting is implemented:
- 3.5.1 it is the intention of the Consortium to reposition the business of Alaris for further global expansion and at the appropriate time , depending on the financial performance of the Company and the prevailing market conditions, seek a listing on an international exchange; and
- 3.5.2 Shareholders who have elected the Continuation Election or who have not accepted the Standby Offer, as the case may be, may approach the Chairman of the Board or the Company Secretary should they wish to trade their Shares after the Delisting. The Alaris Board will however be under no obligation to facilitate such trades, and makes no representation or warranty that any trades after Delisting will be facilitated or be successfully executed.

4 **OVERVIEW AND EFFECTS OF THE SCHEME**

- 4.1 The Scheme will constitute an "affected transaction" as defined in section 117(1)(c) of the Companies Act. It will be implemented in accordance with the Companies Act and the Companies Regulations, 2011 ("**Companies Regulations**") and will be regulated by the Takeover Regulation Panel ("**TRP**").
- 4.2 In terms of the Scheme, the Offerors will acquire the relevant Alaris Shares from those Alaris Shareholders who made (or are deemed to have made) the Exit Election, in exchange for the Offer Consideration. The listing of Alaris' Shares on the Alternative Exchange of the JSE will be terminated following the approval of the Delisting Resolution (as referred to in paragraph 5.1.3 below).
- 4.3 Subject to the Scheme becoming unconditional:
- 4.3.1 Alaris Shareholders who have exercised the Exit Election (or are deemed to have exercised the Exit Election) will be deemed to have disposed of all or part (as applicable) of their Alaris Shares (including all rights, interests and benefits attaching thereto), free of encumbrances, to the Offerors on the Scheme Implementation Date in exchange for the Offer Consideration, and the Offerors will be deemed to have acquired legal and beneficial ownership, free of encumbrances, of all such Alaris Shares as of the Scheme Implementation Date;
- 4.3.2 the disposal and transfer by any Alaris Shareholder of all or part of their Alaris Shares (as applicable) held by such Alaris Shareholder to the Offerors and the acquisition of ownership of such Alaris Shares by the Offerors pursuant to the provisions of the Scheme, shall be effected on the Scheme Implementation Date;
- 4.3.3 each Alaris Shareholder who has exercised the Exit Election (or is deemed to have exercised the Exit Election) will be deemed to have transferred to the Offerors, on the

Scheme Implementation Date, all or part of the Alaris Shares (as applicable) held by such Alaris Shareholder, without any further act or instrument being required, and such Alaris Shareholders will be entitled to receive the Offer Consideration; and

4.3.4 Alaris Shareholders who have exercised the Continuation Election in respect of their Alaris Shares, shall retain the relevant Alaris Shares and will not be entitled to receive any consideration for those Alaris Shares in respect of which the Continuation Election was made.

4.4 The Scheme shall terminate and cease with immediate effect only as follows:

4.4.1 if any Scheme Condition which may be waived becomes incapable of fulfilment and the Offerors do not waive that Scheme Condition (if entitled to do so); or

4.4.2 if any one or more Scheme Conditions have not been fulfilled or waived on or by the date specified for fulfilment thereof.

5 THE SCHEME CONDITIONS

5.1 The implementation of the Scheme is subject to the fulfilment or, if appropriate, waiver (in whole or in part), of the following suspensive conditions by no later than 31 January 2022 (or such other date stipulated below):

5.1.1 as at 17h00 on the fifth Business Day prior to the date on which the last of all Scheme Conditions are waived or fulfilled, as the case may be, other than this Scheme Condition and the Scheme Condition in paragraph 5.1.18, the Company is not required to publish a trading statement in accordance with paragraph 3.4(b) of the JSE Listings Requirements pursuant to the Company being satisfied that a reasonable degree of certainty exists that its headline earnings per share for the period to be reported upon next will be at least 30% less than either: (i) the headline earnings per share for the previous corresponding period; or (ii) any profit forecast of headline earnings per share previously provided to the market in relation to such period;

5.1.2 the approval of the special resolution, as contemplated in section 115(2) of the Companies Act, in terms of which the requisite majority of Alaris Shareholders approve the Scheme ("**Scheme Resolution**") at the meeting of Alaris Shareholders to be convened in connection with the Offer ("**Meeting**");

5.1.3 the approval at the Meeting of the ordinary resolution, as contemplated in paragraph 1.15(a) and 1.16 of the JSE Listings Requirements, in terms of which the Alaris Shareholders approved the Delisting ("**Delisting Resolution**"), and the JSE has approved the Delisting in terms of paragraph 1.14 to 1.16 of the JSE Listings Requirements;

5.1.4 the Amended Scheme Rules (as defined in paragraph 17) have been approved by the JSE (if required) and the requisite majority of Alaris Shareholders;

5.1.5 if the Alaris remuneration committee approves the award of options under the Nil-Cost LTIP to be issued on or about September 2021 ("**Fourth Tranche Options**"), the issue of the Fourth Tranche Options is approved by the TRP, and the approval of the ordinary resolution to approve the issue of the Fourth Tranche Options at the Meeting by the requisite majority of Alaris Shareholders is obtained in terms of section 126 of the Companies Act;

5.1.6 any consents that may be required for the implementation of the Scheme from counterparties to contracts who the Consortium and Alaris consider to be material, having been obtained;

5.1.7 an Independent Expert has been appointed and has advised the Independent Board in its Independent Expert's Report that the Offer is fair, in accordance with paragraph 1.15(d) of the JSE Listings Requirements;

- 5.1.8 either the Scheme Resolution is (i) not opposed by at least 15% of the voting rights that were exercised in respect of the Scheme Resolution, or (ii) opposed by at least 15% of the voting rights that were exercised in respect of the Scheme Resolution and no Shareholder who voted against the Scheme Resolution requires the Company, within five business days after the vote, to seek approval from the applicable High Court of South Africa having jurisdiction in respect of the matter ("**Court**") pursuant to section 115(3)(a) of the Companies Act;
- 5.1.9 the Consortium waives the Scheme Condition in paragraph 5.1.8, and the Company has not elected to treat the Scheme Resolution as a nullity, pursuant to section 115(5)(b) of the Companies Act and a Court has granted its approval pursuant to section 115(3)(a) of the Companies Act;
- 5.1.10 no Shareholder who voted against the Scheme Resolution applies to Court within 10 business days after the vote for leave to apply for a review of the Scheme in accordance with the requirements of section 115(3)(b) of the Companies Act and section 115(6) of the Companies Act;
- 5.1.11 the Consortium waives the Scheme Condition in paragraph 5.1.10 and the Court does not grant leave to any Shareholder to apply to Court for a review of the Scheme, as contemplated in sections 115(3)(b), 115(6) and 115(7) of the Companies Act;
- 5.1.12 the Consortium waives the Scheme Condition Precedent in paragraph 5.1.11 and the Court approves the Scheme Resolution pursuant to section 115(7) of the Companies Act;
- 5.1.13 as at 12h00 on the Business Day immediately following the last day on which a valid demand may be made by an Alaris Shareholder in respect of the Scheme in terms of section 164(7) of the Companies Act, Alaris has not received valid demands from Alaris Shareholder/s holding in aggregate more than 3% of all the Alaris Shares in issue;
- 5.1.14 as at 17h00 on the Business Day prior to the date on which the last of all Scheme Conditions are waived or fulfilled, as the case may be, other than this Scheme Condition and the Scheme Condition in paragraph 5.1.18, either (i) Continuation Elections have been made or (ii) irrevocable written instruction to make the Continuation Elections have been provided by Alaris Shareholders eligible to participate in the Scheme ("**Scheme Participants**") to their relevant broker or CSDP, by a sufficient number of Scheme Participants so that, assuming all other Scheme Participants made, or are deemed to have made the Exit Election, the aggregate amount payable by the Consortium under the Scheme and the Comparable Offer will not exceed the Maximum Offer Consideration;
- 5.1.15 all Option Holders waive their rights to the Comparable Offer in terms of section 119(6) of the Companies Act;
- 5.1.16 the Consortium waives the Scheme Condition in paragraph 5.1.15 and the Comparable Offer has not been accepted by any of the holders of options granted by Alaris under the Nil-Cost LTIP and Old Scheme;
- 5.1.17 all regulatory approvals legally necessary for the implementation of the Scheme, including approval from the JSE, the South African Reserve Bank and any competition authorities in terms of the Competition Act, No. 89 of 1998 and other applicable laws ("**Competition Authorities**") (if required) have been obtained on an unconditional basis or, to the extent that any such regulatory approvals are conditional, such conditions being acceptable to Alaris and the Offerors, provided however that in considering whether to accept any such condition, the parties shall act in good faith; and
- 5.1.18 the TRP has issued a compliance certificate in relation to the Scheme in terms of section 119(4)(b) of the Companies Act.
- 5.1.19 The Scheme Conditions in –

- 5.1.19.1 paragraphs 5.1.1, 5.1.3, 5.1.7 (subject to the condition in clause 5.1.3 also being waived), 5.1.8, 5.1.10, 5.1.11, 5.1.13, 5.1.14, 5.1.15 and 5.1.16 above have been inserted for the benefit the Offerors, who will be entitled, in their sole discretion, to waive fulfilment of such Scheme Conditions, in whole or in part, on written notice to Alaris subject to the Consortium obtaining the prior approval of the TRP (where required);
- 5.1.19.2 paragraphs 5.1.4,5.1.5 and 5.1.6, above have been inserted for the benefit the Offerors and Alaris, who will be entitled to waive fulfilment of such Scheme Conditions, in whole or in part, on written agreement between the Offerors and Alaris, subject to the Consortium obtaining the prior approval of the TRP (where required); and
- 5.1.19.3 the remainder of the Scheme Conditions cannot be waived.
- 5.2 Unless all the Scheme Conditions have been fulfilled or, where possible, waived by not later than the relevant dates for fulfilment thereof set out in paragraph 5.1 (or such later date or dates to which the fulfilment date/s may have been extended by the Offerors and Alaris in writing (subject to such regulatory approval as may be required) (each a "**Fulfilment Date**"), the Scheme shall terminate automatically on the Fulfilment Date of the first Scheme Condition that was not timeously fulfilled or, where possible, waived.

6 CASH CONFIRMATION

In accordance with Regulation 111(4) and Regulation 111(5) of the Companies Regulations, the Offerors have provided irrevocable bank guarantees to the TRP which confirms that, in aggregate, the Offerors have sufficient cash resources in terms of Regulation 111 to satisfy payment of the Maximum Offer Consideration.

7 MATERIAL PROVISIONS OF THE OFFER AND IMPLEMENTATION AGREEMENT

7.1 Non-solicitation by Alaris

In terms of the Offer and Implementation Agreement, Alaris has provided certain non-solicitation undertakings to the Consortium that are appropriate for a transaction of the nature of the Transaction.

7.2 Other interim period undertakings

In terms of the Offer and Implementation Agreement, Alaris has provided certain interim period undertakings to the Consortium that are appropriate for a transaction of the nature of the Transaction.

7.3 Transaction assistance

In terms of the Offer and Implementation Agreement:

7.3.1 each of Alaris and the Consortium has provided undertakings to the other to do all such things as may be reasonably required to assist in preparing and executing the Transaction documentation; and

7.3.2 Alaris has provided *inter alia* an undertaking to propose the Scheme to the Alaris Shareholders.

8 DELISTING OF ALARIS SHARES

Should the Scheme be implemented, or if a Standby Offer Trigger Event occurs, and the Standby Offer to Alaris Shareholders is implemented, the listing of the Alaris Shares on the JSE will be terminated following the approval of the Delisting Resolution, unless the Delisting Resolution is not approved by the requisite majority of Alaris Shareholders and the Offerors waive the Scheme Condition or Standby Offer Condition, as may be the case, relating to such approval being obtained.

9 INTERESTS OF THE OFFERORS IN ALARIS SHARES

- 9.1 As at the date of this firm intention announcement, the Consortium has disclosed the following beneficial interests in Alaris held by the Consortium:

Shareholder	Number of Alaris Shares held	Alaris Shares held as a % of all the Alaris Shares in issue (excluding treasury shares)
Tadvest Limited	35,487,631	28.6%
Conexus Capital Growth Fund	Nil	Nil
CRH Investments Proprietary Limited	Nil	Nil
Brazen Force Investments Proprietary Limited	Nil	Nil
Nguni Investments Proprietary Limited	Nil	Nil
Chauke Investments Proprietary Limited	Nil	Nil
Total	35,487,631	28.6%

- 9.2 There are no persons who act in concert with the Consortium.
- 9.3 The members of the Consortium have not had any dealings in Alaris Shares during the six-month period prior to the date of signature of the Offer and Implementation Agreement.

10 IRREVOCABLE UNDERTAKINGS

Irrevocable undertakings have been given to vote in favour of the Scheme and the Delisting Resolution, by the following Alaris Shareholders, who collectively hold 40.2% of the Alaris Shares (excluding treasury shares) as at the date of this announcement:

Shareholder	Number of Alaris Shares held	Alaris Shares held as a % of all the Alaris Shares in issue*	% of Alaris Shares entitled to vote on the Scheme Resolution**	% of Alaris Shares entitled to vote on the Delisting Resolution***
Andre Fourie	18,389,879	14.8%	20.7%	21.3%
MAS Trust	12,000,000	9.7%	13.5%	14.0%
Juergen Dresel	9,934,132	8.0%	11.2%	11.6%
Derek Nitch	9,628,796	7.8%	10.9%	11.1%
Total	49 952 807	40.2%	56.3%	57.8%

*excluding treasury shares

**excluding treasury shares and Alaris Shares held by Tadvest

***excluding treasury shares and Alaris Shares held by Tadvest and the Share Incentive Trust

11 REPORT OF THE INDEPENDENT EXPERT

- 11.1 The Independent Board has appointed Questco Proprietary Limited as the independent expert, as required in terms of section 114(2) of the Companies Act and the Takeover Regulations and paragraph 1.15(d) of the JSE Listings Requirements read with Schedule 5 thereto ("**Independent Expert**"), to issue an opinion dealing with the matters set out in sections 114(2) and 114(3) of the Companies Act, regulations 90, 110(1) and 113(1)(a) of the Companies Regulations and paragraph 1.15(d) read with Schedule 5 of the JSE Listings Requirements, to express an opinion on whether the Offer Consideration is fair and reasonable to Alaris Shareholders ("**Independent Expert Report**").

11.2 The Independent Expert Report will be provided in the Circular.

12 INDEPENDENT BOARD RESPONSIBILITY STATEMENT

The Independent Board accepts responsibility for the information contained in this announcement which relates to Alaris and confirms that, to the best of its knowledge and belief, such information which relates to Alaris is true and this announcement does not omit anything likely to affect the importance of such information.

13 OFFERORS BOARD RESPONSIBILITY STATEMENT

The board of directors or trustees, as the case may be, of each of the members of the Consortium accept responsibility for the information contained in this announcement which relates to them and confirms that, to the best of their knowledge and belief, such information which relates to them is true and this announcement does not omit anything likely to affect the importance of such information.

14 STANDBY OFFER

14.1 If the Standby Offer Trigger Event occurs, then the Scheme will not become effective and an offer to holders of Alaris Shares to acquire all or part of their Alaris Shares by way of a Standby Offer in terms of the Companies Act for the Offer Consideration will commence.

14.2 The implementation of the Standby Offer will be subject to the fulfilment or waiver (as the case may be) of the suspensive conditions set out in paragraph 15 below ("**Standby Offer Conditions**").

14.3 The Standby Offer will be a continuation of the affected transaction as defined in section 117 of the Companies Act. The Standby Offer will be implemented in accordance with the Companies Act and the Companies Regulations and will be regulated by the TRP.

14.4 To the extent that the Standby Offer is implemented, only Alaris Shareholders who have accepted the Standby Offer will sell their Alaris Shares to the Offerors for the Offer Consideration. Those Alaris Shareholders who do not accept, or who reject, the Standby Offer will remain shareholders in Alaris, which will, following the required approval by the requisite majority of Alaris Shareholders at the Meeting of the Delisting Resolution, become an unlisted company.

14.5 If a Standby Offer Trigger Event occurs, the salient dates and times relating to the Standby Offer will be published on SENS and in the press (if required).

15 STANDBY OFFER CONDITIONS

15.1 The implementation of the Standby Offer is subject to the fulfilment or, if appropriate, waiver (in whole or in part), of the following suspensive conditions by no later than 31 January 2022 (or such other date stipulated below):

15.1.1 the approval at the Meeting of the Delisting Resolution, and the JSE has approved the Delisting in terms of paragraph 1.14 to 1.16 of the JSE Listings Requirements;

15.1.2 an Independent Expert has been appointed and has advised the Independent Board in its Independent Expert's Report that the Offer is fair, in accordance with paragraph 1.15(d) of the JSE Listings Requirements;

15.1.3 the Amended Scheme Rules (as defined in paragraph 17) have been approved by the JSE (if required) and the requisite majority of Alaris Shareholders;

15.1.4 if the Alaris remuneration committee approves the award of the Fourth Tranche Options, the issue of the Fourth Tranche Options is approved by the TRP, and the approval of the ordinary resolution to approve the issue of the Fourth Tranche Options at the Meeting by the requisite majority of Alaris Shareholders is obtained in terms of section 126 of the Companies Act;

- 15.1.5 all Option Holders waive their rights to the Comparable Offer in terms of the Companies Regulations;
- 15.1.6 the Consortium waives the Standby Offer Condition in paragraph 15.1.5 and the Comparable Offer has not been accepted by any of the holders of options granted by Alaris under the Nil-Cost LTIP and Old Scheme;
- 15.1.7 as at 17h00 on the Business Day prior to the date on which the last of the Standby Offer Conditions is waived or fulfilled, as the case may be, other than this Standby Offer Condition and the Standby Offer Condition in paragraph 15.1.9, a sufficient number of Alaris Shareholders have (i) elected to reject the Standby Offer or (ii) provided their broker or CSDP with an irrevocable written instruction to reject the Standby Offer, so, assuming all other Alaris Shareholders accept the Standby Offer, the aggregate amount payable by the Consortium under the Standby Offer and the Comparable Offer will not exceed the Maximum Cash Consideration;
- 15.1.8 all regulatory approvals legally necessary for the implementation of the Standby Offer, including approval from the JSE, the South African Reserve Bank and the Competition Authorities (if required) have been obtained on an unconditional basis or, to the extent that any such regulatory approvals are conditional, such conditions being acceptable to Alaris and the Offerors, provided however that in considering whether to accept any such condition, each party shall act in good faith; and
- 15.1.9 the TRP issued a compliance certificate in relation to the Standby Offer in terms of section 119(4)(b) of the Companies Act.
- 15.2 The Consortium and Alaris shall use their reasonable endeavours to procure the fulfilment of the Standby Offer Conditions as soon as reasonably practicable.
- 15.3 The Standby Offer Conditions in –
- 15.3.1 paragraphs 15.1.1, 15.1.2 (subject to the condition in clause 15.1.1 also being waived), 15.1.5, 15.1.6 and 15.1.7 have been inserted for the benefit of the Offerors, who will be entitled, in their sole discretion, to waive fulfilment of such Standby Offer Conditions, in whole or in part, on written notice to Alaris subject to the Consortium obtaining the prior approval of the TRP (where required); and
- 15.3.2 paragraphs 15.1.3 and 15.1.4 above have been inserted for the benefit the Offerors and Alaris, who will be entitled to waive fulfilment of such Standby Offer Conditions, in whole or in part, on written agreement between the Offerors and Alaris, subject to the Consortium obtaining the prior approval of the TRP (where required); and
- 15.3.3 the remainder of the Standby Offer Conditions cannot be waived.
- 15.4 Unless all the Standby Offer Conditions have been fulfilled or, where possible, waived by not later than the relevant dates for fulfilment thereof set out in paragraph 15.1 (or such later date or dates to which the fulfilment date/s may have been extended by the Offerors and Alaris in writing (subject to such regulatory approval as may be required) (each a "**Fulfilment Date**"), the Standby Offer shall terminate automatically on the Fulfilment Date of the first Standby Offer Condition that was not timeously fulfilled or, where possible, waived.

16 COMPARABLE OFFER

- 16.1 By reason of the Consortium making the Offer, to the extent that the Comparable Offer is not waived by all Option Holders, the Consortium will be obliged in terms of section 125(2) of the Companies Act read with regulation 87(2) of the Companies Regulations, to make the Comparable Offer to the holders of options under the Nil-Cost LTIP and Old Scheme.
- 16.2 The consideration payable for each option held under the Nil-Cost LTIP and Old Scheme, in discharge of the Consortium's obligation to make the Comparable Offer, is in respect of –




- 16.2.1 the Nil-Cost LTIP, a consideration equal to the Offer Consideration multiplied by the number of Nil-Cost LTIP options held by a Participant that will vest on the date of the implementation of the Delisting, in accordance with the Amended Scheme Rules (as defined in paragraph 17.1 below); and
- 16.2.2 the Old Scheme, the Offer Consideration less the strike price per Old Scheme option.
- 16.3 Irrevocable undertakings to waive their right to a Comparable Offer or if made, not accept the Comparable Offer have been obtained from:
 - 16.3.1 Participants under the Nil-Cost LTIP, who collectively hold 73.4% of all the options provided under the Nil-Cost LTIP; and
 - 16.3.2 Participants under the Old Scheme, who collectively hold 86.8% of all the options provided under the Old Scheme.

17 AMENDED SCHEME RULES

- 17.1 Pursuant to the Scheme becoming operative, or the Standby Offer being implemented, as the case may be, and the Delisting taking place, amendments to the rules of the Nil-Cost LTIP and the Old Scheme shall be proposed to the Shareholders at the Meeting, in order to *inter alia* ("**Amended Scheme Rules**"):
 - 17.1.1 provide for the acceleration of vesting of options under the Old Scheme pursuant to the Delisting;
 - 17.1.2 provide for the acceleration of vesting pursuant to the Delisting of a certain number of options calculated, on a time weighted basis, based on (i) such accelerated vesting date, (ii) the financial performance of Alaris up to the date of the implementation of the Delisting, and (iii) the financial performance targets applicable to such options and that the remaining options which do not vest under the Nil-Cost LTIP on the date of the implementation of the Delisting, to continue subject to the same criteria as are currently in place;
 - 17.1.3 record the terms upon which the Consortium will acquire any options in respect of which the Comparable Offer has been accepted; and
 - 17.1.4 ensure that the Nil-Cost LTIP and Old Scheme remain operative in the unlisted environment.
- 17.2 Further details of the Amended Scheme Rules will be included in the Circular.

18 POSTING OF THE CIRCULAR

- 18.1 Further details of the Transaction will be included in the Circular, which will contain *inter alia* the Independent Expert's Report and the recommendation of the Independent Board, the terms of the Scheme, Standby Offer, Comparable Offer and Amended Scheme Rules, pertinent dates relating to the Scheme and Standby Offer, a notice of the Meeting, a form of proxy and a form of election, surrender and transfer in respect of the Scheme.
- 18.2 The salient dates in relation to the Transaction will be published on SENS and in the press at the time of posting of the Circular. Shareholders are advised to refer to the Circular for the full terms of and conditions, including related salient dates and times, of the Scheme and the Standby Offer.

<p>Transaction Advisor and Designated Advisor to Alaris</p> <p>PSG Capital</p>	<p>Legal Advisor to the Consortium</p> <p>Cliffe Dekker Hofmeyr</p>	<p>Independent Expert</p> <p>Questco Proprietary Limited</p>
 <p>PSG CAPITAL</p>	 <p>CLIFFE DEKKER HOFMEYR</p>	 <p>questco CORPORATE ADVISORY</p>