

M E R G E N C E

17 August 2016

Proxy Voting Concerns

To Whom It May Concern:

We would like to inform you of Mergence Investment Managers decision to vote "against" ordinary resolution number 5, at the Adcorp AGM on 25 August 2016.

These votes are in accordance with Mergence's proxy voting guidelines¹ as highlighted below.

"**Against**" vote on ordinary resolution 5 is guided by the following:

The placement of authorised but unissued shares under the control of directors can lead to dilution of existing shareholders and can result in wealth destruction. Mergence opposes all requests to place unissued shares under the control of directors (even where such allocation is limited to a specified percentage of issued share capital). Instead Mergence requires that they be entitled to vote on a case-by-case basis on specific resolutions requesting the authority to allot of shares such that the motivation for the issue of shares can be thoroughly assessed.

We look forward to any engagement and discussion on the above matters and your co-operation in this regard is appreciated.

Please acknowledge receipt of the above record of our voting.

Kind Regards



Nolwandle Mthombeni
Equity Analyst

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

