



MURRAY & ROBERTS HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)

Registration number 1948/029826/06

JSE Share Code: MUR

ADR Code: MURZY

ISIN: ZAE000073441

(“Murray & Roberts” or the “Company”)

INDEPENDENT BOARD RECOMMENDATION AND POSTING OF RESPONSE CIRCULAR REGARDING THE CONDITIONAL OFFER BY ATON GMBH (“ATON”) (“ATON OFFER”)

* THE INDEPENDENT BOARD RECOMMENDS THAT MURRAY & ROBERTS’ SHAREHOLDERS REJECT THE ATON OFFER

* THE ATON OFFER WILL REMAIN OPEN FOR ACCEPTANCES FOR A MAXIMUM OF 45 BUSINESS DAYS, WHEREAFTER IT WILL LAPSE IN ACCORDANCE WITH ITS TERMS IF IT IS NOT DECLARED UNCONDITIONAL AS TO ACCEPTANCES ON THURSDAY, 14 JUNE 2018

* MURRAY & ROBERTS’ SHAREHOLDERS WHO HAVE NOT ACCEPTED THE ATON OFFER SHOULD CONTINUE TO TAKE NO ACTION IN RELATION TO THE OFFER CIRCULAR POSTED BY ATON DATED 9 APRIL 2018

* MURRAY & ROBERTS’ SHAREHOLDERS WHO HAVE SUBMITTED THE REQUISITE INSTRUCTION TO ACCEPT THE ATON OFFER ARE URGED TO CONSIDER RETRACTING THE INSTRUCTION AND TAKE NO FURTHER ACTION

* THE RESPONSE CIRCULAR SETTING OUT THE INDEPENDENT BOARD’S RECOMMENDATION AND OTHER IMPORTANT INFORMATION FOR MURRAY & ROBERTS’ SHAREHOLDERS WILL BE POSTED TODAY, FRIDAY, 20 APRIL 2018

* SHAREHOLDERS SHOULD REFER ANY QUESTIONS RELATING TO THE RESPONSE CIRCULAR TO THE MURRAY & ROBERTS’ CONTACT LISTED IN SECTION 3 OF THIS ANNOUNCEMENT

1. POSTING OF THE RESPONSE CIRCULAR

Murray & Roberts’ shareholders are hereby advised that the response circular setting out the Independent Board’s formal recommendation and views on the ATON Offer, together with the opinion of the appointed independent expert (“Response Circular”) will be posted to Murray & Roberts’ shareholders today, Friday, 20 April 2018 and be made available on the Company’s website (www.murrob.com) on that date.

2. INDEPENDENT BOARD’S RECOMMENDATION AND RELEVANT MATTERS

From the 26 March 2018, the Independent Board has sought to guide Murray & Roberts’ shareholders as to its views on the ATON Offer, ATON’s intentions, the potential outcomes

for ATON resulting from the structure of the ATON Offer and the attendant implications for both the Company and Murray & Roberts' shareholders as a consequence.

It was clear to the Independent Board upfront that ATON's approach was opportunistic and timed to coincide with unprecedented weakness in the Company's share price. The Independent Board, having taken the advice of the independent expert, communicated to shareholders its view that the ATON Offer materially undervalued the strategic platforms and business prospects of Murray & Roberts.

Significant work has been undertaken since the time of the initial announcements regarding the ATON Offer in late March, including several engagements with the Company's shareholders.

Suresh Kana, Chairman of the Independent Board of Murray & Roberts, said:

"The ATON Offer significantly undervalues the strategic platforms of Murray & Roberts and its future prospects. The Independent Board has taken its responsibilities to guide Murray & Roberts' shareholders in relation to the ATON Offer seriously. Accordingly, due consideration has been given in arriving at the Independent Board's recommendation that Murray & Roberts' shareholders reject the ATON Offer. The Independent Board together with the full board of directors of Murray & Roberts are confident in the strategy of Murray & Roberts and therefore the fair value of the Company based on its prospects."

The Independent Board's recommendation to reject the ATON Offer and its assessment of the terms and conditions (as set out in the circular posted by ATON on 9 April 2018 ("Offer Circular")) is set out in the Response Circular to be posted to Murray & Roberts' shareholders today, Friday, 20 April 2018.

The Independent Board wishes to specifically draw Murray & Roberts' shareholders attention to the following important considerations in relation to the ATON Offer:

1. Offer price

- The cash consideration offered by ATON to Murray & Roberts' shareholders of ZAR15.00 per Murray & Roberts' share is materially below the Independent Board's fair value range for control of the Company of ZAR20.00 to ZAR22.00 per Murray & Roberts' share. Furthermore, the cash consideration is subject to a number of potential adjustments. Accordingly, the final cash offer consideration is not known with any certainty and may be altered based on adjustments applied by ATON that are not objective in all instances.
- As previously guided, ZAR15.00 per share is the same price ATON paid to select Murray & Roberts' shareholders to accumulate the majority of its existing shareholding in the Company in February and March of 2017. ATON is seeking to pay the same price to now acquire outright control of the Company.
- In tabling its offer, ATON referenced a depressed Murray & Roberts' share price, with trading performance since November 2017 tied to declining valuations amongst Murray & Roberts' legacy peer group in the listed Construction sector and low trading liquidity. Shareholders should therefore not be misled by the premiums communicated by ATON, which are inflated as a consequence of the weak trading performance and not indicative of a fair offer price.
- Based on its assessment of the fair value of the Company, the Independent Board's view is that ATON is not offering a premium for control of Murray & Roberts. Murray & Roberts' shareholders representing a material percentage of the total issued share capital of the Company support this view.

2. Structure

- ATON Offer is structured with three potential outcomes in mind, namely i) full buy-out and delisting of the Company; ii) acquisition of sufficient shares to increase ATON's shareholding to 50% of the total issued share capital of the Company ("Total Shares") plus one share (the specified minimum level of acceptances for the ATON Offer to be declared unconditional as to acceptances); and iii) increasing its shareholding and accordingly negative control position in the Company up to a level below 50% (this right has been reserved in the event that the ATON Offer fails to be declared unconditional).
- The prospects of ATON reaching the requisite threshold of 90% of Total Shares, excluding the shares already owned by ATON, in order for ATON to exercise its rights as an offeror in terms of Section 124 of the Companies Act of 2008 ("Companies Act") to squeeze out the remaining shareholders and delist the Company on the current terms is virtually nil.
- As a consequence, ATON appears to have switched emphasis publically to acquire a minimum of 50% of the Total Shares plus one share and leaving Murray & Roberts listed. As ATON has now accumulated 39.6% of the Total Shares, the Independent Board notes that ATON requires an additional approximately 11% of the Total Shares to fulfil the minimum acceptance condition to the ATON Offer. The Independent Board accordingly highlights the importance that Murray & Roberts' shareholders that have not accepted the ATON Offer take no action and that Murray & Roberts' shareholders that have given instructions to accept the ATON Offer, immediately consider withdrawing such instructions.

3. Strategic rationale and future prospects for Murray & Roberts

- Based on ATON's stated strategic rationale for making the ATON Offer, it is the Independent Board's view that the acquisition of all the remaining shares and subsequent delisting of Murray & Roberts is key to achieving ATON's stated ambitions for Murray & Roberts.
- In addition, the Independent Board has outlined a number of material concerns regarding the strategic rationale noted by ATON, in the event that it does not achieve its stated ambition of delisting the Company.
- The Independent Board's assessment of the risks to Murray & Roberts' minority shareholders of ATON acquiring control of Murray & Roberts, but leaving the Company listed include, amongst others:
 - future management and governance misalignment, specifically in relation to the strategy of the Company and the nature and timing of unspecified non-core asset sales;
 - the impact of strategy changes and any such non-core asset sales on the employees of the Company, including potential job losses;
 - potential dilution of the Company's broad-based black economic empowerment credentials and the resultant impact on material contracts of the Company;
 - the cancellation, lapsing of, or adjustments to banking agreements and other material contracts of the Company, resulting from the change of control;
 - the loss of trading liquidity; and
 - the potential that the Company's shareholders are faced with ongoing attempts by ATON to ultimately acquire full control and delist the Company.
- The Independent Board notes with concern that ATON has not adequately addressed these risks.

4. Conditions to the ATON Offer

- The ATON Offer is subject to Conditions which in number of instances are subjective and / or the fulfilment of which is under the control of ATON, including among others, ATON's right to accept any conditions attaching to a merger clearance or approval in South Africa and other jurisdictions.
- Shareholders are advised that it is not possible to accurately predict the timeline for completion of the regulatory approval process, which may be protracted especially in the instance where any or all of the filings are contested. In addition, where an approval is granted with conditions, ATON has reserved the right to accept any conditions attached to such merger clearance or approval. If a condition is not acceptable to ATON (for any reason whatsoever), the approval process may be further delayed while ATON seeks an amendment to or a removal of an unsatisfactory condition. The implication of such lead times is that there may be a significant delay to the timetable as set out by ATON. During this time, ATON makes no provision for an escalation of the offer consideration.
- The Independent Board is of the view that the submission of filings with competition authorities in Australia, South Africa, the United States, Canada and Zambia is premature and not required at this time due to the uncertainty as to whether sufficient shareholders will accept the ATON Offer. Murray & Roberts will only consider merger control filings in relevant jurisdictions at the point at which a sufficient number of shareholders have accepted the ATON Offer.

5. Matters raised with the Takeover Regulation Panel

- The Independent Board has raised certain issues with the Takeover Regulation Panel ("TRP") in relation to the Offer Circular.
- The Offer Circular states that the Murray & Roberts' shares acquired by ATON from Allan Gray pursuant to the Forward Sale Agreement do not form part of the ATON Offer. The acquisition of Murray & Roberts' shares under the Forward Sale Agreement results in ATON and its affiliates exercising more than 35% of the issued voting securities of Murray & Roberts. The breach of the 35% threshold obliges ATON to make a mandatory offer to Murray & Roberts' shareholders, as contemplated in Section 123 of the Companies Act (as read with Companies Regulation 86). The ATON Offer (as construed) is a conditional offer and does not comply with the mandatory offer provisions.
- The price agreed between Allan Gray and ATON in respect of the Murray & Roberts' shares acquired under the Forward Sale Agreement is subject to an upwards adjustment. This price adjustment mechanism results in Allan Gray receiving a preferential benefit in the event of any increased offer consideration from ATON above ZAR15.00 per share in respect of Allan Gray's entire shareholding in Murray & Roberts (i.e. the Murray & Roberts' shares which Allan Gray currently holds and the Murray & Roberts' shares sold to ATON under the Forward Sale Agreement).
- The TRP is currently considering the issues outlined above. Shareholders will be informed of any developments in this regard.

3. GUIDANCE FOR SHAREHOLDERS

Shareholders seeking assistance or having any questions regarding the ATON Offer or the Response Circular should contact:

Ed Jardim
Group Investor and Media Executive

Telephone: +27 11 456 6379
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E-mail: eduard.jardim@murrob.com

4. RESPONSIBILITY STATEMENT

The Independent Board accepts responsibility for the information contained in this announcement and certifies that, to the best of its knowledge and belief, the information contained in this announcement is true and nothing has been omitted which is likely to affect the importance of the information.

Bedfordview
20 April 2018

Financial adviser and transaction sponsor
Deutsche Bank

Legal adviser
Webber Wentzel

Independent expert
BDO Corporate Finance Proprietary Limited

Sponsor
Deutsche Securities (SA) Proprietary Limited