

FINAL



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”)

DETAILED CAUTIONARY ANNOUNCEMENT REGARDING THE POTENTIAL COMBINATION OF MURRAY & ROBERTS AND AVENG LIMITED (“AVENG”)

SALIENT FEATURES

- * The boards of directors of Murray & Roberts and Aveng have reached in principle agreement regarding the proposed terms of a potential combination of Murray & Roberts and Aveng (“Potential Transaction”)
- * The combination of Murray & Roberts’ Oil & Gas and Underground Mining platforms with Aveng’s McConnell Dowell and Moolmans businesses is compelling and will establish a large multinational engineering and construction group
- * The board of directors of Murray & Roberts believes that the Potential Transaction, if implemented, is a highly attractive proposition with the capability to create significant value for the shareholders of both companies
- * Murray & Roberts proposes to make an all share offer for the entire issued and to be issued share capital of Aveng on the proposed terms as set out in this detailed cautionary announcement. In conjunction with the all share offer, Murray & Roberts proposes to accelerate the redemption of Aveng’s outstanding R2.0 billion convertible bonds, maturing in 2019, at par value
- * Shareholders are advised that no formal offer has been made yet by Murray & Roberts. The making of a formal offer by Murray & Roberts is subject to fulfilment and/or waiver of certain pre-conditions as set out in paragraph 4 below
- * The process of engaging with the shareholders of Murray & Roberts and Aveng regarding the Potential Transaction has commenced. The board of directors of Murray & Roberts will be engaging with ATON GmbH (“ATON”), as a significant shareholder in Murray & Roberts, regarding the merits of the Potential Transaction in order to procure its support

1. STRATEGIC RATIONALE

Murray & Roberts is a multinational engineering and construction group with a focus on the natural resources market, specifically the mining, oil & gas and power & water sectors primarily in the Southern Africa, North America and Australasia regions.

Aveng's Australian based business, McConnell Dowell, is a major engineering, construction, and maintenance contractor, focused on the building, infrastructure and Oil & Gas sectors in Australia, New Zealand and Pacific Islands, Southeast Asia and the Middle East. Aveng's Mining business, Moolmans, is one of the largest surface mining contractors in Africa, involved in all aspects across the mining value chain.

In this context, the board of Murray & Roberts ("Murray & Roberts Board") is of the view that the combination of Murray & Roberts and Aveng is compelling for the shareholders of both companies and would give rise to the following benefits, amongst others:

- value creation in combining and integrating Aveng's McConnell Dowell and Moolmans businesses with Murray & Roberts' Oil & Gas and Underground Mining platforms;
- the creation of a large multinational engineering and construction business, with the accompanying benefits of additional scale in Murray & Roberts' key markets;
- enhanced credit profile for the combined business, assisting Aveng to shore up liquidity in the near term; and
- allow time for the systematic sale of Aveng's non-core assets (which include all the businesses in Aveng other than Moolmans and McConnell Dowell) over time in order to maximise value for shareholders.

2. PROPOSED TERMS AND STRUCTURE

2.1. Potential share offer

Subject to the fulfilment or waiver of the pre-conditions set out in paragraph 4 below ("Pre-conditions"), Murray & Roberts proposes to make an all share offer ("Potential Share Offer") to acquire the entire issued and to be issued share capital of Aveng ("Potential Offer Shares").

If a formal offer is made, the proposed aggregate value that will be attributable to the Potential Offer Shares at that time will be R1.0 billion ("Proposed Transaction Value"), assuming that Aveng raises at least R300 million in new capital ("Minimum Rights Offer Proceeds") through its proposed rights offer ("Proposed Rights Offer" - shareholders are referred to the announcement released by Aveng today on SENS regarding the Proposed Rights Offer for further detail). The Proposed Transaction Value will be reduced on a rand for rand basis by any shortfall in the Minimum Rights Offer Proceeds. The final Proposed Transaction Value and therefore final implied offer price per Aveng share will be communicated at the time of making a formal offer (if made) post completion of the Proposed Rights Offer and fulfilment of the Pre-conditions. The Murray & Roberts Board is supportive of Aveng proceeding to implement the Proposed Rights Offer, irrespective of whether the Potential Transaction proceeds or not.

The final Proposed Transaction Value will be settled by way of an issue of new Murray & Roberts ordinary shares at an issue price based on the prevailing 30 day volume weighted

average price of Murray & Roberts ordinary shares calculated on the last practicable date prior to the implementation date of the Potential Share Offer.

2.2. Early redemption of convertible bonds

In addition to the Potential Share Offer, Murray & Roberts proposes to early redeem Aveng's outstanding convertible bonds maturing in 2019 ("2019 Bonds") by amending the terms and conditions of the 2019 Bonds ("Early Bond Redemption"). If implemented, settlement of the 2019 Bonds in terms of the Early Bond Redemption will be at par value of R2.0 billion plus accrued interest, calculated up to and including the date of settlement of the Early Bond Redemption, being the implementation date of the Potential Transaction.

The Early Bond Redemption will be funded by Murray & Roberts from a combination of new financing facilities of R1.8 billion ("New Facilities") and available cash resources. Murray & Roberts has procured a credit approved term sheet from two funding banks for the New Facilities, which are subject to typical terms and conditions including executing final financing agreements.

2.3. Mechanism

The Potential Share Offer and the Early Bond Redemption will be inter-conditional and subject to the fulfilment or waiver of the Pre-conditions.

It is intended that the Potential Share Offer, if made, will be implemented by way of a scheme of arrangement in terms of section 114 of the Companies Act, 71 of 2008 ("Companies Act") ("Scheme"). If the Scheme is implemented, Murray & Roberts intends to delist Aveng.

The Potential Transaction is expected to constitute a Category 1 transaction for Murray & Roberts in terms of the JSE Listings Requirements. In addition, an authority will be required to place the requisite number of shares for the Potential Share Offer under the control of the directors of the Company. Prior to the Scheme, Murray & Roberts will therefore require the approval of its shareholders in general meeting.

The amendment of the terms and conditions of the 2019 Bonds to give effect to the Early Bond Redemption will require an extraordinary resolution by existing bondholders with an approval threshold of 66.7% and a quorum of 75%.

3. ATON OFFER CONSIDERATIONS

3.1. Relevant background

Murray & Roberts has been evaluating the Potential Transaction since the fourth quarter of 2017. Discussions between Murray & Roberts and key shareholders of Aveng regarding the Potential Transaction commenced in December 2017. Evaluation of the Potential Transaction was therefore underway prior to the receipt by Murray & Roberts of a firm intention letter from ATON in March 2018 and the subsequent making of a general tender offer directly to Murray & Roberts shareholders by ATON in April 2018.

The Potential Transaction is still subject to the fulfilment or waiver of a number of pre-conditions. Accordingly, there is nothing for Murray & Roberts shareholders to consider yet. The release of this announcement was required due to, amongst others, Murray & Roberts and Aveng having reached in principle agreement regarding the proposed terms of the Potential Transaction, the consequential requirement for Aveng to announce the terms of the

Proposed Rights Offer, and the reciprocal confirmatory due diligence process that is to commence imminently.

The Murray & Roberts Board is engaging with the shareholders of both companies regarding the strategic rationale and proposed terms of the Potential Transaction. The Murray & Roberts Board intends to engage with ATON, as a material shareholder in the Company, as part of this process.

3.2. Section 126 of the Companies Act

The Murray & Roberts Board is cognisant of its responsibilities during an offer period. If implemented, the Potential Transaction may result in Murray & Roberts issuing new Murray & Roberts ordinary shares, making an acquisition and/or concluding a contract outside of the ordinary course of business during an offer period. As a consequence, Murray & Roberts intends to seek the approval of Murray & Roberts' shareholders and the Takeover Regulation Panel ("TRP") in terms of section 126 of the Companies Act dealing with frustrating actions ("S126 Approvals"). The S126 Approvals will be sought as Pre-Conditions to proceeding with the Potential Transaction.

Murray & Roberts intends to call a general meeting on or about Tuesday, 19 June 2018, for Murray & Roberts shareholders to consider the ordinary resolution required in terms of section 126 of the Companies Act ("S126 Resolution"). The S126 Resolution is required to be passed by a simple majority of Murray & Roberts shareholders voting in person or voting by proxy at the general meeting. A notice of general meeting and resolution in terms of section 126 of the Companies Act, will be posted to Murray & Roberts shareholders on or about Monday, 21 May 2018 ("GM Notice").

3.3. TRP process

The TRP has advised Murray & Roberts that it is willing to consider the granting of an approval to Murray & Roberts in terms of section 126 of the Companies Act, subject to the approval of the S126 Resolution by Murray & Roberts shareholders in general meeting and allowing Murray & Roberts shareholders the opportunity to make representations to the TRP in terms of the process set out below.

Any shareholder of Murray & Roberts who wishes to make representations relating to the granting of approval by the TRP in terms of section 126 of the Companies Act shall have 15 business days (to Tuesday, 12 June 2018) from the date of posting the GM Notice to make such representations to the TRP.

Representations should be made in writing and delivered by hand, e-mailed or faxed to:

If delivered by hand or courier:

The Executive Director
Takeover Regulation Panel
1st Floor, Block 2
Freestone Park
135 Patricia Road
Athol
2196

If e-mailed:

admin@trpanel.co.za

If faxed:

The Executive Director
Takeover Regulation Panel
+27 11 784 0062

If any representations are made to the TRP within the permitted timeframe, the TRP will consider the merits thereof before making a ruling.

A summary of envisaged key dates for the S126 Approvals is set out below.

Monday, 21 May 2018
Murray & Roberts to post GM Notice

Tuesday, 12 June 2018
Final date for submitting written representations to the TRP

On or about Tuesday, 19 June 2018
Murray & Roberts general meeting to consider the S126 Resolution

4. PRE-CONDITIONS TO MAKING A FORMAL OFFER

The making of a formal offer by Murray & Roberts to Aveng is subject to the fulfilment or waiver of the pre-conditions:

1. approval of the S126 Resolution;
2. approval of the TRP in terms of section 126 of the Companies Act;
3. satisfactory completion of a reciprocal confirmatory due diligence by Murray & Roberts and Aveng;
4. completion of Aveng's Proposed Rights Offer in accordance with its terms;
5. finalisation of terms of the Scheme; and
6. execution of final financing agreements in relation to the New Facilities.

5. CAUTIONARY ANNOUNCEMENT

The consideration of the S126 Approvals and the Potential Transaction itself, irrespective of whether it is implemented or not, may have a material effect on the price of Murray & Roberts' securities. Accordingly, shareholders are advised to exercise caution when dealing in their securities until further announcements are made.

6. RESPONSIBILITY STATEMENT

The board of directors of Murray & Roberts accepts responsibility for the information contained in this announcement and certify that, to the best of their 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.

Johannesburg
18 May 2018

Financial adviser and transaction sponsor
Deutsche Bank

Legal adviser
Webber Wentzel

Sponsor
Deutsche Securities (SA) Proprietary Limited