

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions and interpretations commencing on page 6 of this Circular apply to this entire document, including the cover page, except where the context indicates a contrary intention.



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")

CIRCULAR TO SHAREHOLDERS

relating to:

- the Related Party Transaction arising from the Murray & Roberts Infrastructure and Building Platform disposal; and including:
- a Notice of General Meeting; and
- a Form of Proxy for the General Meeting (*green*) (for use by Certificated Shareholders and Dematerialised Shareholders with "own name" registration only).

Financial Adviser



Legal Adviser

WEBBER WENTZEL
in alliance with > Linklaters

Independent Expert



Sponsor

Deutsche Bank
Deutsche Securities (SA) (Proprietary) Limited
(A non-bank member of the Deutsche Bank Group)



Independent Auditor and
Reporting Accountant

Deloitte.
Deloitte & Touche
Registered Auditors

Transfer Secretaries



CORPORATE INFORMATION

Company Secretary

L Kok
Douglas Roberts Centre
22 Skeen Boulevard
Bedfordview
Johannesburg
2007
(PO Box 1000, Bedfordview, 2008)

Registered Office

(Registration number 1948/029826/06)
Douglas Roberts Centre
22 Skeen Boulevard
Bedfordview
Johannesburg
2007
(PO Box 1000, Bedfordview, 2008)

Independent Auditor and Reporting Accountant

Deloitte & Touche
(Practice number 902276)
Deloitte Place
Building 1
The Woodlands
20 Woodlands Drive
Woodmead
2191
(Private Bag X6, Gallo Manor, 2052)

Legal Adviser

Webber Wentzel
90 Rivonia Road
Sandton
Johannesburg
2196
(PO Box 61771, Marshalltown, Johannesburg, 2107)

Independent Expert

BDO Corporate Finance Proprietary Limited
(Registration number 1983/002903/07)
22 Wellington Road
Parktown
Johannesburg
2193
(Private Bag X60500, Houghton, 2041)

Sponsor

Deutsche Securities (SA) Proprietary Limited
(A non-bank member of the Deutsche Bank Group)
(Registration number 1995/011798/07)
3 Exchange Square
87 Maude Street
Sandown
2196
South Africa
(Private Bag X9933, Sandton, 2146)

Financial Adviser

RAND MERCHANT BANK
(a division of FirstRand Bank Limited)
(Registration number 1929/001225/06)
1 Merchant Place
Corner Fredman Drive and Rivonia Road
Sandton
2196
(PO Box 786273, Sandton, 2146)

Transfer Secretaries

Link Market Services South Africa Proprietary Limited
(Registration number 2000/007239/07)
13th Floor, Rennie House
19 Ameshoff Street
Braamfontein
2001
(PO Box 4844, Johannesburg, 2000)

Date of incorporation

2 June 1948

Place of incorporation

South Africa

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ACTION REQUIRED BY SHAREHOLDERS

Please take careful note of the following provisions regarding the action required by Shareholders.

The definitions and interpretations commencing on page 6 of this Circular apply to this section.

If you are in any doubt as to what action to take, please consult your attorney, Broker, nominee, CSDP or other professional adviser immediately. If you have disposed of all of your Shares, on or before 4 November 2016, this Circular should be handed to the purchaser of such Shares or the attorney, Broker, nominee, CSDP or other agent who disposed of your Shares for you.

The General Meeting will take place at 22 Skeen Boulevard, Bedfordview, Johannesburg, 2007 at 11:00 on Friday, 9 December 2016 to enable Shareholders to vote on the proposed ordinary resolutions contained in the Notice of General Meeting which forms part of this Circular. A notice convening the General Meeting is attached to and forms part of this Circular.

ACTION REQUIRED BY SHAREHOLDERS

Shareholders are entitled to attend, speak and vote at the General Meeting. Shareholders may appoint a proxy to attend, speak and vote in their stead. A proxy need not be a Shareholder of the Company.

Ordinary resolutions proposed to be adopted at the General Meeting require the support of more than 50% of the voting rights exercised thereon in order to be adopted.

Shareholders holding Dematerialised Shares, but not in their own name, must furnish their CSDP or Broker with their instructions for voting at the General Meeting. If your CSDP or Broker, as the case may be, does not obtain instructions from you, it will be obliged to act in terms of your mandate furnished to it, or if the mandate is silent in this regard, complete the relevant form of proxy attached.

Unless you advise your CSDP or Broker, in terms of the agreement between you and your CSDP or Broker by the cut-off time stipulated in that agreement, that you wish to attend the General Meeting or send a proxy to represent you at the General Meeting, your CSDP or Broker will assume that you neither wish to attend the General Meeting nor send a proxy.

If you wish to attend the General Meeting or send a proxy, you must request your CSDP or Broker to issue the necessary letter of representation to you. Shareholders holding Dematerialised Shares in their own name, or holding shares that are not Dematerialised, and who are unable to attend the General Meeting and wish to be represented at the meeting, should complete the relevant form of proxy attached in accordance with the instructions set out therein and lodge it with, or mail it to, the Transfer Secretaries.

Forms of proxy (which are enclosed) should be submitted before the meeting commences. Shareholders are requested to submit their forms of proxy to the Transfer Secretaries, Link Market Services South Africa Proprietary Limited, by 11:00 on Wednesday, 7 December 2016.

The completion of a form of proxy does not preclude any Shareholder registered by the Voting Record Date from attending the General Meeting.

Shareholders and proxies attending the General Meeting on behalf of Shareholders are reminded that satisfactory identification must be presented in order for such Shareholder or proxy to be allowed to attend or participate in the General Meeting.

Shareholders or their proxies may participate in the General Meeting by way of telephone conference call and, if they wish to do so:

- must contact the Company Secretary (by email at the address bert.kok@murrob.com) by no later than 11:00 on Wednesday, 7 December 2016 in order to obtain dial-in details for that conference call;
- will be required to provide reasonably satisfactory identification; and
- will be billed separately by their own telephone service providers for their telephone call to participate in the General Meeting.

Please note that voting via the electronic facilities will not be possible for those Shareholders or proxies of Shareholders who elected to participate in the General Meeting by way of telephone conference, and Shareholders wishing to vote their Shares will accordingly need to be represented at the meeting either in person, by proxy or by letter of representation, as provided for in the Notice of General Meeting.

If you wish to Dematerialise your Certificated Shares, please contact your Broker, nominee or CSDP.

SALIENT DATES AND TIMES

The definitions and interpretations commencing on page 6 of this Circular apply, *mutatis mutandis*, to the following salient dates and times:

Salient dates and times		2016
Record date for Shareholders to be entitled to receive the Notice of General Meeting	Friday	4 November
Circular posted to Shareholders and announcement published on SENS on	Thursday	10 November
Last Day to Trade in order for Shareholders to vote at the General Meeting	Tuesday	29 November
Voting Record Date to determine which Shareholders are entitled to attend and vote at the General Meeting	Friday	2 December
Last day for the receipt of proxy forms for the General Meeting by 11:00 on	Wednesday	7 December
General Meeting to be held at 11:00 on	Friday	9 December
Results of the General Meeting released on SENS on	Friday	9 December
Results of the General Meeting published in the South African press on	Monday	12 December

Notes:

1. *The above dates and times are subject to amendment. Any material amendment will be released on SENS and published in the South African press.*
2. *All times quoted in this Circular are local times in South Africa on a 24-hour basis, unless specified otherwise.*
3. *No orders to dematerialise or rematerialise securities will be processed from the Business Day following the Last Day to Trade up to and including the Voting Record Date, but such orders will again be processed from the first Business Day after the Voting Record Date.*
4. *If the General Meeting is adjourned or postponed, forms of proxy submitted for the General Meeting will remain valid in respect of any adjournment or postponement of the General Meeting unless the contrary is stated on such form of proxy.*

This Circular is only available in English. Additional copies of this Circular will be made available at the registered offices of Murray & Roberts Holdings Limited the address of which is set out in the Corporate Information section of this Circular. An electronic version of the Circular will also be made available on the website of Murray & Roberts Holdings (www.murrob.com).

DEFINITIONS AND INTERPRETATIONS

In this Circular, the annexures and attachments hereto, unless a contrary intention is indicated, references to the singular include the plural and vice versa, words denoting one gender include the others, expressions denoting natural persons include juristic persons and associations of persons and vice versa, and the words in the first column hereunder have the meaning stated opposite them in the second column, as follows:

“Affiliate”	in relation to any company, any other company that is its direct or indirect subsidiary, holding company or a direct or indirect subsidiary of its holding company;
“BBBEE Codes of Good Practice”	Broad-Based Black Economic Empowerment Amendment Act, 2013, amended from time to time;
“BCC”	means Bombela Concession Company Proprietary Limited, registration number 2005/031316/07, a private company incorporated in accordance with the laws of South Africa;
“BCJV”	means Bombela Civils Joint Venture Proprietary Limited, registration number 2005/044155/07, a private company incorporated in accordance with the laws of South Africa;
“BDO” or “Independent Expert”	means BDO Corporate Finance Proprietary Limited, registration number 1983/002903/07, a private company incorporated in accordance with the laws of South Africa and the appointed Independent Expert in respect of the Transaction;
“Black Majority Controlled Company”	a juristic person, having shareholding or similar members' interest, in which Black People (directly or indirectly) enjoy a right to Exercisable Voting Rights that is at least 50.1% of the total of such rights;
“Black Majority Owned Company”	a juristic person having a shareholding or similar members interest in which Black People (directly or indirectly) enjoy a right to Economic Interest that is at least 50.1% of the total of such rights;
“Black People”	African, Coloured or Indian persons who are natural persons and: (i) are citizens of South Africa by birth or descent; or (ii) who became citizens of South Africa by naturalisation: (a) before 27 April 1994; or (b) on or after 27 April 1994 and who would have been entitled to acquire citizenship by naturalisation prior to that date;
“Board” or “Directors”	the Board of Directors of Murray & Roberts, as at the Last Practicable Date, whose names are set out on page 11 of this Circular;
“BOC”	means Bombela Operating Company Proprietary Limited, registration number 2005/024095/07, a private company incorporated in accordance with the laws of South Africa;
“Botswana”	the Republic of Botswana;
“Botswana Sale”	the sale by Murray & Roberts Botswana of the construction business conducted by Murray & Roberts Botswana as a going concern to Concor Botswana;
“Broker”	any person registered as a broking member in equities in terms of the rules of the JSE in accordance with the provisions of the Financial Markets Act;
“Business Day”	any day other than a Saturday, Sunday or official public holiday in South Africa;
“Certificated Shareholders”	Shareholders who hold Certificated Shares;
“Certificated Shares”	Murray & Roberts Shares which are not dematerialised in terms of the requirements of Strate, title to which is represented by a share certificate;
“CIDB”	the Construction Industry Development Board established in terms of the Construction Industry Development Board Act, No. 38 of 2000, as amended;
“CIDB Proceedings”	the proceeding/s instituted by the CIDB under the Construction Industry Development Board Act, No. 38 of 2000, as amended (together with the regulation promulgated thereunder) against various companies in the construction industry in relation to alleged breaches by such companies of their obligations under such legislation pursuant to their alleged prior breaches of the Competition Act;

“Circular”	this bound document dated 10 November 2016 relating to the Related Party Transaction, including the annexures hereto, incorporating the attached Notice of General Meeting and the form of proxy (<i>green</i>);
“Closing”	implementation of the Transaction as contemplated in the Sale Agreement and summarised in paragraph 3.9 of Section A of this Circular;
“Closing Date”	the last Business Day of the month in which the Sale Agreement becomes unconditional (being the date upon which the last of the outstanding Conditions Precedent are fulfilled or waived, as the case may be); provided that should the Sale Agreement become unconditional after the first 15 calendar days of a particular month, the Closing Date shall then occur on the last Business Day of the month immediately following the month in which the Sale Agreement became unconditional;
“Companies Act”	the Companies Act, No. 71 of 2008, as amended from time to time;
“Companies Regulations”	the Companies Regulations, 2011, promulgated under the Companies Act, as amended from time to time;
“Company Secretary”	means L Kok (bert.kok@murrob.com);
“Competition Authorities”	the Competition Commission and/or the Competition Tribunal and/or the Competition Appeal Court, of South Africa created in terms of the Competition Act, No. 89 of 1998, as amended from time to time;
“Concor”	Concor Proprietary Limited, registration number 1969/003076/07, a private company incorporated in accordance with the laws of South Africa;
“Concor Botswana”	Concor Botswana Proprietary Limited, registration number CO.1979/2667, a private company incorporated in accordance with the laws of Botswana;
“Concor Projects”	Concor Projects Proprietary Limited, registration number 1983/013752/07, a private company incorporated in accordance with the laws of South Africa;
“Concor Sale”	the sale by Murray & Roberts Limited of its entire interest in Concor, constituting 100% of the entire issued share capital of Concor, to Firefly Investments in accordance with the provisions of the Sale Agreement;
“Conditions Precedent”	the conditions precedent to the Transaction recorded in the Sale Agreement, details of which are as set out in paragraph 3.6 of Section A of this Circular;
“CSDP”	Central Securities Depository Participant, as defined in Section 1 of the Financial Markets Act, appointed by Shareholders for purposes of, and in regard to, the Dematerialisation of Shares for the purpose of incorporation into Strate;
“Dematerialisation”	the process by which certificated securities are converted to or held in electronic form as uncertificated securities and recorded as such in a sub-register of members maintained by a CSDP, and “Dematerialised” shall have a corresponding meaning;
“Dematerialised Shareholders”	Murray & Roberts Shareholders who hold Murray & Roberts Shares on the South African branch register which have been incorporated into the Strate system and which are no longer evidenced by physical shares, the evidence of ownership of which is determined electronically and recorded in sub-registers maintained by CSDPs;
“Dematerialised Shares”	Murray & Roberts Shares that have been dematerialised or have been issued in dematerialised form, and are held on a sub-register of Murray & Roberts Shareholders administered by a CSDP;
“Disposal Consideration”	the amount payable by Firefly Investments in respect of the Transaction, referred to in paragraph 3 of this Circular;
“Dynamic Concrete”	Dynamic Concrete Solutions Proprietary Limited, registration number 2009/0060, a private company incorporated in accordance with the laws of Namibia, a Namibian-based readymix concrete supplier;
“Economic Interest”	a person’s claim against an entity representing a return on ownership in such entity;
“Exercisable Voting Rights”	the voting right attaching to an instrument beneficially owned by a person, that may be exercised at a General Meeting of the Shareholders of a company having a share capital or any similar rights in any other entity;
“Fairness Opinion”	the fairness opinion from the Independent Expert confirming whether the terms and conditions of the Transaction are fair for Shareholders, as stipulated in Schedule 5 of the Listings Requirements;
“Financial Adviser” or “Rand Merchant Bank”	Rand Merchant Bank, a division of FirstRand Bank Limited, registration number 1929/001225/06, a limited liability public company duly incorporated in accordance with the company laws of South Africa;

“Financial Markets Act”	the Financial Markets Act, No. 19 of 2012, as amended from time to time;
“Firefly Investments”	Firefly Investments 319 Proprietary Limited, registration number 2016/261134/07, a private company incorporated in accordance with the laws of South Africa, a special purpose vehicle established by a consortium led by Southern Palace and which has as its shareholders, Southern Palace, the PIC and current MRIB management (as well as earmarking future shareholding allocated for future black managers). PIC and Southern Palace will hold shares in Firefly Investments of 25% and 60% respectively, with the balance held by current MRIB management. Firefly Investments is a Black Majority Controlled and Black Majority Owned Company;
“Forum SA”	Forum SA Trading 284 Proprietary Limited, registration number 2002/008872/07, a private company incorporated in accordance with the laws of South Africa;
“Forum SA Sale”	the sale by Murray & Roberts Limited of its entire interest in Forum SA, constituting 50% of the entire issued share capital of Forum SA, to Murray & Roberts Construction in accordance with the provisions of the Sale Agreement;
“FSP”	the Murray & Roberts Forfeitable Share Plan, a share incentive scheme approved by the Murray & Roberts Shareholders on 31 October 2012;
“General Meeting”	the meeting of Shareholders convened in terms of the Notice of General Meeting attached to and forming part of this Circular to vote on the resolutions required to approve the Transaction, which General Meeting shall take place at the registered office of Murray & Roberts, at Douglas Roberts Centre, 22 Skeen Boulevard, Bedfordview, Johannesburg, 2007, at 11:00 on Friday, 9 December 2016, and includes any adjournment or postponement of the General Meeting determined in accordance with Murray & Roberts’ MOI as read with the provisions of the Companies Act;
“GEPF”	Government Employees Pension Fund, a fund established in terms of the Government Service Pension Act, 1973 and renamed by the Government Employees Pension Law, 1996, which, at the Last Practicable Date, is a Shareholder holding a 15.24% shareholding in the Company;
“Group”	Murray & Roberts and its Affiliates;
“JSE”	JSE Limited, registration number 2005/022939/06, a public company duly incorporated in accordance with the laws of South Africa, licensed as an exchange under the Financial Markets Act;
“Last Day to Trade”	the last Business Day to trade in Shares in order to be included in the Shareholder register on the Voting Record Date;
“Last Practicable Date”	21 October 2016, being the last practicable date prior to the finalisation of this Circular;
“Legal Adviser” or “Webber Wentzel”	Webber Wentzel, situated at 90 Rivonia Road, Sandton, legal advisers to Murray & Roberts;
“Licensee”	means Firefly Investments and each MRIB entity;
“Link Market Services” or “Transfer Secretaries”	Link Market Services South Africa Proprietary Limited, registration number 2000/007239/07, a limited liability private company duly incorporated in accordance with the company laws of South Africa;
“Listings Requirements”	the listings requirements issued by the JSE under the Financial Markets Act to be observed by issuers of equity securities listed on the exchange operated by the JSE, as amended;
“Lonmin Contract”	the contract for opencast mining operations of M9 and M10 Merensky Pits at the Newman Shaft entered into between Eastern Platinum Limited and Concor Mining, a trading division of Concor Projects, on or about 4 November 2009, as amended by written addenda and which was subsequently terminated;
“Medupi JV”	the unincorporated joint venture known as “The Medupi Power Station Joint Venture”;
“Medupi JV Sale”	the sale by Murray & Roberts Limited of all its right, title and interest in and to a 33.33% participation interest in the Medupi JV to Murray & Roberts Construction in accordance with the provisions of the Sale Agreement;
“MOI”	a company’s existing memorandum of incorporation (which in the case of a pre-existing company under the Companies Act comprises its memorandum of association and articles of association);

“MRIB” or “Murray & Roberts Infrastructure and Building Platform”	the business operations conducted by Murray & Roberts Limited and certain entities within the Group as an operating business under the name and style of the Murray & Roberts Infrastructure & Building platform, which for the purposes of the Sale Agreement consists of the Group’s (i) civil engineering business, (ii) general building business, (iii) opencast mining business, (iv) road and earthworks business, (v) interest in the business operations conducted by the Medupi JV as a going concern, (vi) property and project developments, and (vii) construction plant and equipment division, all of which will, as at the Closing Date and subsequent to the implementation of the Botswana Sale, the Forum SA Sale, the Medupi JV Sale, the Namibian Sale and the Transaction, form part of the business operations of Concor and its Affiliates (it being recorded that MRIB specifically excludes the holdings of Murray & Roberts in BCC, BCJV, BOC and any operations which Murray & Roberts has in the Middle East);
“MRIB Entities”	individually or collectively, as the context may require, Concor, Forum SA and each of the direct and indirect subsidiaries of Concor as at the Closing Date;
“Murray & Roberts” or the “Company”	Murray & Roberts Holdings Limited, registration number 1948/029826/06, a public company incorporated in accordance with the laws of South Africa, the shares of which are listed on the JSE (JSE: MUR), with its registered address at Douglas Roberts Centre, 22 Skeen Boulevard, Bedfordview, Johannesburg, 2007, South Africa;
“Murray & Roberts Botswana”	Murray & Roberts (Botswana) Proprietary Limited, registration number 370/67, a private company incorporated in accordance with the laws of Botswana;
“Murray & Roberts Construction”	Murray & Roberts Construction Proprietary Limited, registration number 1948/029358/07, a private company incorporated in accordance with the laws of South Africa and a wholly owned subsidiary of Concor;
“Murray & Roberts Limited” or “MRL”	Murray & Roberts Limited, registration number 1979/003324/06, a private company incorporated in accordance with the laws of South Africa, a wholly owned subsidiary of the Company;
“Murray & Roberts Namibia”	Murray & Roberts Namibia Proprietary Limited, registration number CY/1958/1139, a private company incorporated in accordance with the laws of Namibia;
“Murray & Roberts SADC”	Murray & Roberts SADC Proprietary Limited, registration number 2001/001993/07, a private company incorporated in accordance with the laws of South Africa;
“Murray & Roberts Shareholders” or “Shareholders”	registered holders of Shares;
“Murray & Roberts Shares” or “Shares”	ordinary shares with no par value in the authorised and issued share capital of Murray & Roberts;
“Namibia”	the Republic of Namibia;
“Namibian Sale”	the sale by Murray & Roberts Namibia of its entire interest in Dynamic Concrete, constituting 80% of the entire issued ordinary share capital of Dynamic Concrete to Murray & Roberts Construction;
“NAV”	means net asset value;
“Notice of General Meeting”	the Notice of General Meeting forming part of this Circular;
“PIC”	the Public Investment Corporation SOC Limited, registration number 2005/009094/30, a state-owned company incorporated in accordance with the laws of South Africa;
“Rand” or “R” and “cents”	South African Rand and cents, being the official currency of South Africa;
“Related Party Transaction”	a related party transaction as defined in section 10.1 read together with section 10.6 of the Listings Requirements, being a transaction between an issuer, or any of its subsidiaries, and a related party (as such term is construed in the Listings Requirements);
“Reporting Accountant” or “Auditor” or “Independent Auditor and Reporting Accountant” or “Deloitte & Touche”	means Deloitte & Touche South Africa, practice number 902276, a professional partnership established in terms of South African law and the appointed reporting accountant;
“Sale Agreement”	the written agreement entered into between Murray & Roberts Limited, Murray & Roberts SADC, Firefly Investments, Murray & Roberts Construction and Southern Palace on 31 October 2016, in terms of which the Transaction will be implemented;

“Seller Guarantees”	the guarantees and other security arrangements entered into by Murray & Roberts Limited or any entity within the Group for the benefit of MRIB, as detailed in the Sale Agreement;
“SENS”	the Stock Exchange News Service of the JSE;
“South Africa”	the Republic of South Africa;
“Southern Palace”	Southern Palace Group of Companies Proprietary Limited, registration number 2005/021141/07, a private company incorporated in accordance with the laws of South Africa;
“Sponsor” or “Deutsche Securities”	Deutsche Securities (SA) Proprietary Limited (a non-bank member of the Deutsche Bank Group), registration number 1995/011798/07, a private company incorporated in accordance with the laws of South Africa;
“Strate”	Strate Proprietary Limited, registration number 1998/022242/07, a private company incorporated in accordance with the laws of South Africa, and which is a registered central securities depository responsible for the electronic custody and settlement system of the JSE;
“Territories”	means South Africa, Namibia, Botswana, Uganda and Kenya and all other countries and/or territories which form part of Sub-Saharan Africa;
“Trademark”	the Murray & Roberts word mark and corporate logo;
“Transaction”	the proposed sale by Murray & Roberts Limited of the entire issued ordinary share capital of Concor to Firefly Investments (which will effect a disposal by Murray & Roberts Limited of MRIB);
“Transferred Contracts”	individually or collectively: <ul style="list-style-type: none"> (i) the contracts between the Medupi JV and its customers, suppliers and other third parties which relate exclusively to the Medupi JV Business, which contracts may, if applicable, be ceded and assigned to Firefly Investments pursuant to the Sale Agreement; and (ii) the existing contracts entered into by Murray & Roberts Limited or any other entity within the Group (other than MRIB Entities) with third parties in relation to MRIB;
“Transitional Services Agreement”	the transitional services agreement entered into or to be entered into between Murray & Roberts Limited, Firefly Investments and Concor;
“VAT”	value-added tax levied in terms of the Value-Added Tax Act, No. 89 of 1991, as amended from time to time; and
“Voting Record Date”	the date on which Shareholders must be included in the Shareholder register in order to be eligible to vote at the General Meeting.



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")

CIRCULAR TO SHAREHOLDERS

Independent Non-executive Directors

M Sello (*Chairman*)

DD Barber

R Havenstein

RT Vice

NB Langa-Royds

SP Kana

XH Mkhwanazi

KW Spence[#]

[#] *Australian Citizen*

Executive Directors

HJ Laas (*Group Chief Executive*)

AJ Bester (*Group Financial Director*)

Company Secretary

L Kok

SECTION A: THE TRANSACTION

1. INTRODUCTION AND PURPOSE OF THIS CIRCULAR

In an announcement released on SENS on 1 November 2016, Shareholders were advised that Murray & Roberts Limited and Firefly Investments had entered into the Sale Agreement in terms of which Murray & Roberts Limited will implement the Transaction, which encompasses a disposal by Murray & Roberts Limited of the entire issued ordinary share capital of Concor to Firefly Investments. The Transaction is subject to the fulfilment, or waiver (where applicable), of certain Conditions Precedent including, *inter alia*, those as set out in paragraph 3.6.

The GEPF is a material Shareholder in Murray & Roberts, holding 15.24% of the Shares as at the Last Practicable Date, and is, through the PIC, also a Shareholder in Firefly Investments with a shareholding of 25%. The JSE has determined that the Transaction be treated as a Related Party Transaction in terms of the Listings Requirements.

In terms of section 10.4 of the Listings Requirements, the Board is required to confirm whether the Transaction is fair insofar as the Shareholders are concerned and, in order to do so, the Board must obtain a Fairness Opinion, which is required to be included in this Circular to Shareholders regarding the Related Party Transaction. Therefore, the Board engaged BDO to act as Independent Expert in terms of the Listings Requirements to provide an opinion as to whether the terms and conditions of the Transaction are fair to Shareholders.

The purpose of this Circular is to provide Shareholders, in compliance with the Listings Requirements, with information relating to the Transaction and the Disposal Consideration and to convene the General Meeting at which Shareholders will be requested to vote on the resolutions, as contained in the Notice of General Meeting attached to this Circular, required to authorise, approve and implement the Transaction.

2. RATIONALE FOR THE TRANSACTION

2.1 Murray & Roberts

The decision to dispose of MRIB supports the Group's long-term strategy to focus its business on the global natural resources markets, and follows an extended period of careful planning and consideration. The drivers for this disposal also included financial results, market outlook, business risk and market valuation. Murray & Roberts also had an aspiration to create a large black-owned civil and building construction company, who could play a meaningful part in the development of infrastructure in South Africa.

The three key drivers supporting the Group's strategy to focus on the natural resources market sectors are: global economic growth; global population growth; and continued urbanisation, which provide the basis for sustainable growth in the natural resources markets over the long term. The disposal of MRIB will allow the Group to become a focused project solutions service provider in the selected natural resources market sectors.

Many capital market participants still view the Group as a pure South African civil construction player, despite changes in the fundamentals of the business, as reflected in the shift in its revenue and earnings over the past three years to predominantly the international underground mining and oil & gas businesses.

The medium-term outlook of the South African construction sector remains depressed, which is negatively impacting the market valuations of construction companies, including Murray & Roberts.

MRIB has delivered mixed financial results over the last 10 years and in the current form, will not provide the financial returns the Group aspires to.

The strategic review revealed that the sale of MRIB to a black-owned industrial group would create a large infrastructure and building business that should be highly successful in the Sub-Saharan African construction market.

2.2 Murray & Roberts Infrastructure and Building Platform

MRIB, as an infrastructure and building platform drawing on the expertise of its entities and employees, has extensive experience and a long track record in infrastructure and buildings projects.

The Transaction is the first of its kind to effect essential transformation by establishing a large black-owned infrastructure business.

The intent of the Transaction is to form a black-owned and controlled, leading infrastructure and building business, comprising the following divisions:

- Infrastructure, which comprises roads, earthworks and civils;
- Opencast mining;
- Power; and
- Buildings, which comprise commercial and residential buildings.

3. DETAILS OF THE TRANSACTION

In terms of the Sale Agreement and, subject to the fulfilment or waiver (as the case may be) of certain Conditions Precedent (including, *inter alia*, those set out in paragraph 3.6 below), the Group will implement the Transaction for a Disposal Consideration of R314 million, after settlement of all intercompany accounts, cash and loan balances. As at the Closing Date (following the implementation of the Botswana Sale, the Forum SA Sale, the Medupi JV Sale and the Namibian Sale), MRIB will be owned by Concor, and accordingly the Transaction will be implemented by Murray & Roberts Limited selling to Firefly Investments the entire issued ordinary share capital of Concor. The net asset value of MRIB will be adjusted at the closing date, either through a dividend or a cash enhancement, to agree the R314 million Disposal Consideration. If the net asset value adjustment is through a cash enhancement it will be paid for by Firefly Investments on a Rand-for-Rand basis.

The Disposal Consideration will be settled in cash and is payable on the Closing Date.

3.1 Salient Details of MRIB

MRIB is a diversified infrastructure and building business, comprising:

- Infrastructure: offers a broad capability across civil engineering, road and earthworks disciplines;
- Opencast mining: implementer of opencast mining projects and specialises in opencast mining of narrow dipping ore bodies, removal of overburden and a variety of other mining services;
- Power: partner in the Medupi JV which is responsible for various civils projects related to the Medupi and Kusile power stations. Includes future nuclear potential;
- Buildings: strong track record across all spheres of building and has divisional businesses in Gauteng, Western Cape, Namibia and Botswana;
- Plant: provides plant and equipment resources (typically "yellow" equipment); and
- Development: recently established property development business.

3.2 Related Party Transaction

The GEPF is a Shareholder holding a 15.24% shareholding in the Company. The GEPF will, at the closing date of the Transaction, through the PIC, be a shareholder in Firefly Investments with a shareholding of 25%. The JSE has exercised its discretion under section 10.1 of the Listings Requirements to require that the Transaction be treated as a Related Party Transaction for the purposes of the Listings Requirements.

In terms of paragraph 10.4 of the Listings Requirements, a Fairness Opinion must be obtained by the Board and must be included in this Circular to Shareholders regarding the Related Party Transaction. Therefore, the Board has requested BDO to act as Independent Expert in terms of the Listings Requirements to provide an opinion as to whether the terms and conditions for the Transaction are fair to Shareholders. The Fairness Opinion is contained in Annexure 3 of this Circular.

The GEPF and its associates will be taken into account in determining a quorum at the General Meeting but they will not exercise any votes in respect of the resolutions to be proposed at the General Meeting.

3.3 Disposal description

The Transaction will be effected through the disposal to Firefly Investments of the shares and claims which Murray & Roberts Limited owns in and against Concor.

As a precursor to the implementation of the Transaction, Murray & Roberts Limited will implement each of the Botswana Sale, the Forum SA Sale, the Medupi JV Sale and the Namibian Sale as an integrated intra-group restructure such that MRIB, in its entirety, is wholly owned by Concor on the Closing Date immediately prior to the disposal by Murray & Roberts Limited of Concor to Firefly Investments.

3.4 Settlement of the Disposal Consideration

The Disposal Consideration of R314 million will be settled in cash and is payable on the Closing Date.

3.5 Application of proceeds

The proceeds of the Disposal Consideration will be applied to reduce the level of debt in the Company.

3.6 Conditions Precedent

The Transaction is subject to the fulfilment and/or waiver of the following salient Conditions Precedent including, *inter alia*:

- Firefly investments, Murray & Roberts Limited, Murray & Roberts SADC, Murray & Roberts Construction and Southern Palace obtaining the necessary shareholder and boards of directors approvals and resolutions for the Transaction;
- Firefly Investments and Murray & Roberts Limited entering into the Transitional Services Agreement governing the provision of ongoing services between the parties for a specified period of time;
- pursuant to section 10.4 of the Listings Requirements, Shareholders approving the Transaction, by way of an ordinary resolution, excluding the votes of the GEPF and its associates;
- execution by Firefly Investments of all requisite funding agreements with the GEPF as are required for the Transaction and these agreements becoming unconditional;
- the Takeover Regulation Panel either issuing a compliance certificate or granting an exemption, as contemplated in section 121(b) of the Companies Act, in respect of the Forum SA Sale, which forms part of the Transaction;
- each of the minority shareholders in Forum SA waiving (i) any pre-emptive right, right of first refusal or option (as applicable) which it may hold in respect of the Forum SA shares, and (ii) to the extent applicable, any requirement that Murray & Roberts Construction needs to make a mandatory offer to acquire the remaining shares in Forum SA;
- consent being obtained from the counterparties to certain specified Transferred Contracts with Murray & Roberts Limited (or other entities within the Group other than the MRIB Entities) for such contracts to be ceded and assigned to Firefly Investments;
- certain key members of management of MRIB entering into new employment contracts with Firefly Investments in relation to their employment in respect of MRIB after the Closing Date;
- Murray & Roberts Limited delivering to Firefly Investments a legal opinion prepared by its Legal Adviser that (i) sets out the restructuring steps that were undertaken by the Group for the purpose of placing the entire MRIB under control of Concor (which steps include the Medupi JV Sale as well as any aspects of the Namibian Sale, Forum SA Sale or Botswana Sale that relied upon any group restructuring provisions of section 17A on the Income Tax Act), and (ii) confirms that such restructuring process will not result in any adverse tax consequences for any of the MRIB Entities;
- Murray & Roberts Limited and all other entities within the Group (other than the MRIB Entities) are released, unconditionally and in full, by the relevant counterparty from each of the Seller's Guarantees. It is a requirement under the Sale Agreement that Firefly Investments procures replacement guarantees in respect of MRIB such that Murray & Roberts Limited is released in full in respect of such existing obligations;

- the CIDB undertaking in writing not to (i) join Murray & Roberts Construction or any MRIB Entity in (a) any civil claims for damages or related proceedings emanating from the Construction Fast Track Settlement Process undertaken by the Competition Commission in February 2011 or (b) any review proceedings which Murray & Roberts Limited has or may institute against the CIDB in respect thereof, or (ii) institute or bring any proceedings of whatsoever nature against Murray & Roberts Construction or any MRIB Entity in respect of the aforementioned civil claims or review proceedings; and
- to the extent required, the Transaction has been unconditionally approved by the Competition Authorities in terms of the Competition Act, or conditionally approved on terms and conditions which each of Murray & Roberts Limited and Firefly Investments confirms in writing to the other to be acceptable to it.

3.7 Excluded liabilities for which the Group remains liable

A number of liabilities pertaining to MRIB are excluded from the Transaction and will remain with the Group. The most significant liabilities to be retained include:

- all liabilities to pay accrued (but unpaid) taxes of whatsoever nature, including interest and penalties payable on any such taxes, at any time prior to the Closing Date;
- all liabilities for taxes as a result of the corporate restructuring in respect of MRIB;
- all liabilities relating to the Grayston Pedestrian Bridge temporary works collapse;
- all liabilities in respect of penalties in relation to breaches of the Competition Act prior to the Closing Date, including any liabilities arising pursuant to the CIDB Proceedings;
- all liabilities relating to the Lonmin Contract;
- all Liabilities in respect of the claim asserted by Bakwena Platinum Corridor Concessionaire Proprietary Limited against the Platinum Joint Venture and its members and/or partners, including but not limited to, Concor Holdings Proprietary Limited, Murray & Roberts Limited and WBHO Construction Proprietary Limited in respect of the Platinum Toll Highway;
- any liability for third party claims in respect of late completion penalties arising from the conduct of MRIB prior to the Closing Date, to the extent that such late completion penalties have been asserted by a third party as at the Closing Date and as adjusted for in respect of any amounts which MRIB is able to off-set against such late completion penalties by way of subcontractor penalties actually recovered or the like;
- any liability in respect of third party claims as a result of any works defect or breach of contract in relation to any completed projects of the MRIB prior to the Closing Date;
- all liabilities of Murray & Roberts Limited to fund the post-retirement medical aid benefits for the MRIB employees; and
- all liabilities pertaining to certain historical disposals by the Group.

3.8 Licence of the Trademark

The Sale Agreement provides that Firefly Investments and each of the MRIB Entities will be granted a non-exclusive, non-transferable, personal and royalty-free licence by Murray & Roberts Limited during the following period to utilise the Trademark in the Territories solely for the following purposes:

Existing projects and tenders submitted prior to the first anniversary of the Closing Date:

- for existing projects as at the Closing Date, the Trademark may be used until works related to such contracts cease; and
- for tenders submitted prior to the first anniversary of the Closing Date (including all contracts secured pursuant to such tenders), the Trademark may be used until works related to such contracts cease.

The Sale Agreement provides that a licensee may submit tenders in the name of Murray & Roberts Construction and use the Trademarks until the first anniversary of the Closing Date; provided that such use is restricted to such manner as to clearly specify that the licensee is a “*former member of the Murray & Roberts Group*” and may be followed by a statement that it is “*a member of the Southern Palace Group of Companies*”.

Tenders submitted after the first anniversary of the Closing Date:

- each licensee shall be required to submit all tenders in its own name from the first anniversary of the Closing Date. In respect of such tenders, Murray & Roberts Limited grants a licence with effect from the first anniversary of the Closing Date and for a period of 1 year, a non-exclusive, non-transferable, personal and royalty-free licence to use the phrase “*formerly known as Murray & Roberts Construction Proprietary Limited*”; and
- if a licensee intends to use the Trademark in combination or association with any other trademarks, including with Firefly Investment’s name, Firefly Investments must obtain Murray & Roberts Limited’s prior written approval and consent, which approval and consent shall not be unreasonably withheld.

3.9 Closing Date

The Transaction will be implemented and be effective on the Closing Date.

3.10 Restraint of trade

In terms of the Sale Agreement, Murray & Roberts Limited undertakes in favour of Firefly Investments that it shall not, and shall procure that no entity within the Group shall, for a period of five years commencing on the Closing Date, compete with the business conducted by MRIB as at the Closing Date (other than in respect of the Group's marine business which shall not be subject to such restraint). This restraint will apply in South Africa, Botswana, Namibia, Uganda and Kenya.

Murray & Roberts Limited further undertakes in favour of Firefly Investments that it shall not, and shall procure that the other members of the Group shall not, during the aforementioned five year-period, engage in or be economically active in any business opportunity in any country in Sub-Saharan Africa which is substantially of the same or similar type to the business conducted by MRIB as at the Closing Date, save that Murray & Roberts Limited (or any member of the Group) shall not be precluded from engaging in or being economically active in any such business to the extent that it is incidental to the conduct of the other business of the Group that is not principally the same or of a similar type to MRIB's business as at the Closing Date.

Murray & Roberts Limited undertakes in favour of Firefly Investments for the aforementioned five year-period that neither it, nor any other entity in the Group, shall dispose of or licence the Trademark to, or permit the use of the Trademark by, any party in Sub-Saharan Africa for use in a business that is the same or similar to that of MRIB's business as at the Closing Date.

4. OPINIONS AND RECOMMENDATIONS IN RESPECT OF THE TRANSACTION

The Board has considered the terms and conditions of the Transaction and, taking into account the opinion of the Independent Expert, the text of which is set out in Annexure 3 to this Circular, is of the opinion that the terms and conditions of the Transaction are fair to Shareholders and unanimously recommends that Shareholders vote in favour of the Transaction at the General Meeting to be convened for the purposes of considering, and, if deemed fit, approving the Transaction. All of the Directors who own Shares (directly or indirectly) intend to vote in favour of the resolutions to be proposed at the General Meeting.

5. GENERAL MEETING

The General Meeting will take place at 11:00 on Friday, 9 December 2016, at the registered offices of Murray & Roberts, at Douglas Roberts Centre, 22 Skeen Boulevard, Bedfordview, Johannesburg, 2007 to enable Shareholders to vote on the proposed resolutions contained in the Notice of General Meeting which is attached to and forms part of this Circular.

Shareholders are referred to the Notice of General Meeting for detail on the resolutions to be proposed at the General Meeting and the "Action required by Shareholders" section of this Circular for information on the procedure to be followed by Shareholders in order to exercise their votes at the General Meeting.

The GEFP and its associates will be taken into account in determining a quorum at the General Meeting but will not exercise any votes in respect of the resolutions proposed thereat.

6. FINANCIAL INFORMATION RELATING TO THE TRANSACTION

6.1 *Pro forma* financial information

The *pro forma* financial effects of the Transaction are the responsibility of the Directors and have been prepared for illustrative purposes only to provide information about how the Transaction may have affected Murray & Roberts' statement of comprehensive income had the Transaction been undertaken at the commencement of the financial year ended 30 June 2016, being 1 July 2015, and, in the case of Murray & Roberts' statement of financial position, had the Transaction been undertaken on 30 June 2016. Due to their nature, the *pro forma* financial effects may not fairly present Murray & Roberts' financial position, changes in equity, and results of operations or cash flows after the implementation of the Transaction.

The table on the following page sets out the *pro forma* financial effects of the Transaction based on the published provisional annual results for the year ended 30 June 2016.

The accounting policies of Murray & Roberts and guidelines issued by the South African Institute of Chartered Accountants have been used in the preparation of the *pro forma* financial effects of the Transaction.

The *pro forma* statement of comprehensive income and statement of financial position of Murray & Roberts are set out in Annexure 1 to this Circular.

	Audited 12 months ended 30 June 2016	<i>Pro forma</i> after the Transaction	% increase/ (decrease)
Earnings per share (cents)	189	192	2
Diluted earnings per share (cents)	182	187	3
Headline earnings per share (cents)	158	160	1
Diluted headline earnings (cents)	153	156	2
Net asset value per share (cents)	1 633	1 635	0
Net tangible asset value per share (cents)	1 340	1 341	0
Weighted average number of shares in issue ('000)	398 654	401 590	1
Diluted weighted average number of shares in issue ('000)	412 519	412 519	0

Notes:

1. The audited financial information has been extracted without adjustment from the published provisional results of Murray & Roberts for the 12 months ended 30 June 2016.
2. The *pro forma* adjustments to the statement of comprehensive income have been calculated on the assumption that the Transaction took place on 1 July 2015 and include the following:
 - a) the disposal of non-vesting Murray & Roberts shares held by FSP and paid for by MRIB, that do not form part of the disposal balance sheet of MRIB as per the Sale Agreement. The disposal is estimated to increase the "weighted average number of shares used for basic per share calculation" to 401 590 000. This adjustment will have a continuing effect on Murray & Roberts' statement of comprehensive income;
 - b) the reversal of the loss for the year ended 30 June 2016 relating to MRIB of R18 million (broken down below), per the audited financial information relating to MRIB used in the preparation of the published provisional results of Murray & Roberts for the 12 months ended 30 June 2016. This adjustment will have a continuing effect on Murray & Roberts' statement of comprehensive income:

R millions

Revenue	4 293
Profit before impairment, interest and taxation	60
Goodwill impairment	(44)
Profit before interest and taxation	16
Interest expense	(23)
Interest income	16
Profit before taxation	9
Taxation expense	(37)
Loss after taxation	(28)
Profit from equity accounted investments	10
Loss for the period	18

- c) a reduction in net interest expense amounting to R13 million (post-tax) resulting from the utilisation of the Disposal Consideration at an average interest rate of 8% over the 12-month period ended 30 June 2016. This adjustment will have a continuing effect on Murray & Roberts' statement of comprehensive income; and
 - d) the expensing of the Transaction costs of R13 million. The Transaction cost is non-deductible for taxation purposes. This adjustment will not have a continuing effect on Murray & Roberts' statement of comprehensive income.
3. The *pro forma* adjustment to the statement of financial position have been calculated on the assumption that the Transaction took place on 30 June 2016 and include the following:
 - a) the disposal of non-vesting Murray & Roberts shares held by FSP and paid for by MRIB, that do not form part of the disposal balance sheet of MRIB as per the Sale Agreement;
 - b) the repayment of group loans;
 - c) the NAV of MRIB will be adjusted at the Closing Date, either through a dividend or a cash enhancement, to agree to the R314 million Disposal Consideration. If the Transaction occurred on 30 June 2016, the cash enhancement would be R38 million, which is the difference between the NAV of MRIB as at 30 June 2016, as audited by Deloitte & Touche, and the R314 million Disposal Consideration;
 - d) the reversal of the assets and liabilities relating to MRIB, audited by Deloitte & Touche, and the receipt of R314 million Disposal Consideration, which equals the net asset value of MRIB as at 30 June 2016. The assets and liabilities of MRIB was extracted from the audited financial information relating to MRIB used in the preparation of the published provisional results of Murray & Roberts as at 30 June 2016; and
 - e) the expensing of the Transaction costs of R13 million. The Transaction cost is non-deductible for taxation purposes.

6.2 Independent Reporting Accountant's report on the *pro forma* financial information

The Independent Reporting Accountant's report on the *pro forma* financial information pursuant to the Transaction is set out in Annexure 2 to this Circular.

SECTION B: INFORMATION REGARDING MRIB

1. NAME, ADDRESS AND INCORPORATION

Concor Proprietary Limited

Registered address: 22 Skeen Boulevard, Bedfordview, Johannesburg, 2007

Registration number: 1969/003076/07

A limited liability private company duly incorporated in accordance with the company laws of South Africa on 28 February 1969, being a wholly owned subsidiary of Murray & Roberts Limited.

2. NATURE OF MRIB

MRIB is a diversified infrastructure and building business, comprising:

- Infrastructure: offers a broad capability across civil engineering, road and earthworks disciplines;
- Opencast mining: implementer of opencast mining projects and specialises in opencast mining of narrow dipping ore bodies, removal of overburden and a variety of other mining services;
- Power: partner in the Medupi JV which is responsible for various civils projects related to the Medupi and Kusile power stations. Includes future nuclear potential;
- Buildings: strong track record across all spheres of building and has divisional businesses in Gauteng, Western Cape, Namibia and Botswana;
- Plant: provides plant and equipment resources (typically "yellow" equipment); and
- Development: recently established property development business.

3. POSITIONING OF MRIB

MRIB is expected to be well positioned both in relation to its positioning to secure public sector work and also considering the order book which MRIB has at its disposal.

3.1 Prospect of Securing Public Sector Work

The national priority of economic transformation was further imbedded in the latest BBBEE Codes of Good Practice, which places greater emphasis on black ownership of business.

3.2 MRIB has a strong order book

MRIB order book and near orders as at 30 June 2016:

Rand in millions	Order book	Near Orders	Pipeline		
			Cat 1	Cat 2	Cat 3
MRIB order book summary	4 600	1 993	8 176	30 498	55 832

Near Orders: Tenders where MRIB is the preferred bidder and final award is subject to financial/commercial close. There is more than a 95% chance that these orders will be secured.

Category 1: Tenders which MRIB is currently working on (excluding Near Orders). Projects developed by clients to the stage where firm bids are being obtained. Chance of being secured as firm orders a function of final client approval as well as bid strike rate.

Category 2: Budgets, feasibilities and pre-qualifications that MRIB is currently working on. Project planning underway, not at a stage yet where projects are ready for tender.

Category 3: Opportunities which are being tracked and are expected to come into the market in the next 36 months. Identified opportunities that are likely to be implemented, but still in pre-feasibility stage.

4. MATERIAL CHANGES

There have been no material changes in the financial or trading position of MRIB that have occurred since the end of the previous financial period for which the financial results were published for the year ended 30 June 2016.

SECTION C: INFORMATION REGARDING MURRAY & ROBERTS

1. MATERIAL CHANGES

Other than as set out in this Circular and as was announced in the prospect statement on SENS on 24 August 2016, there have been no material changes in the financial or trading position of the Group that have occurred since the end of the last financial period for which the financial results were published for the year ended 30 June 2016.

2. MAJOR SHAREHOLDERS AT LAST PRACTICABLE DATE

There is currently no controlling Shareholder of Murray & Roberts Limited and there will be no change in the controlling Shareholder as a result of the Transaction.

Insofar as is known to the Directors, the following Shareholders (excluding Directors and management) beneficially held, directly or indirectly, an interest of 5% or more of the issued ordinary share capital of Murray & Roberts as at 21 October 2016:

Major beneficial Shareholders	Number of Shares	% holding of issued Share capital
Government Employees Pension Fund	67 792 901	15.24
Allan Gray Balanced Fund (ZA)	23 171 699	5.21

3. EXPENSES RELATING TO THE TRANSACTION

The estimated fees and expenses that will be incurred by Murray & Roberts Group in respect of the Transaction are tabled below:

	Paid/Payable to	Estimated amount Rand
Financial adviser	Rand Merchant Bank	10 000 000
Sponsor	Deutsche Securities	150 000
Legal Adviser	Webber Wentzel	1 605 000
Competition Law Adviser	Bowman Gilfillan	105 000
Transfer Secretaries	Link Market Services	5 000
Independent Reporting Accountant	Deloitte & Touche	300 000
Independent Expert	BDO	470 000
JSE documentation fees	JSE Limited	29 000
Printing and related costs	Overend	45 000
Estimated total excluding VAT		12 709 000

4. CONSENTS

Rand Merchant Bank, Deutsche Securities, Webber Wentzel, BDO, and Deloitte & Touche have all provided their written consents to act in the capacity stated and to their names being used in this Circular and have not withdrawn their consents prior to the publication of this Circular. The Independent Reporting Accountant and Independent Expert have consented to the inclusion of their reports in this Circular.

5. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors, whose names are given on page 11 of this document, collectively and individually accept full responsibility for the accuracy of the information given and 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 Circular contains all information required by law and the Listings Requirements.

6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the registered office of the Company, whose details can be found in the "Corporate Information" section on the inside cover of this Circular, during normal business hours on a Business Day from the date of issue of this Circular until the date of the General Meeting:

- the signed Sale Agreement;
- the MOI of each of Murray & Roberts and its major subsidiaries;
- the written letters of consent of the Financial Adviser, Sponsor, Independent Auditor, Reporting Accountant, Independent Expert and Legal Adviser to the inclusion of their names and reports, where applicable, in this Circular in the context and form in which they appear;
- the Independent Reporting Accountant's report on the *pro forma* financial effects of the Transaction on Murray & Roberts;
- the report of the Independent Expert on the fairness of the Transaction;
- published audited annual financial statements of Murray & Roberts for the years ended 30 June 2014, 30 June 2015 and 30 June 2016; and
- a signed copy of this Circular.

ANNEXURE 1 – PRO FORMA FINANCIAL INFORMATION OF MURRAY & ROBERTS

PRO FORMA FINANCIAL INFORMATION OF MURRAY & ROBERTS

The *pro forma* financial effects are the responsibility of the Directors and have been prepared for illustrative purposes only to provide information about how the Transaction may have affected Murray & Roberts' statement of comprehensive income had the Transaction been undertaken at the commencement of the financial year ended 30 June 2016, being 1 July 2015, and, in the case of Murray & Roberts' statement of financial position, had the Transaction been undertaken on 30 June 2016. Due to their nature, the *pro forma* financial effects may not fairly present Murray & Roberts' financial position, changes in equity, and results of operations or cash flows after the implementation of the Transaction.

The *pro forma* financial effects have been prepared on the following bases:

- it has been assumed that there will be no adjustment to the Disposal Consideration;
- Murray & Roberts Limited will procure that, either through a dividend or a cash enhancement, that the net asset value of MRIB at the Closing Date shall be R314 million; and
- in preparation of the *pro forma* statement of financial position it was assumed that the Closing Date was 30 June 2016.

PRO FORMA STATEMENT OF COMPREHENSIVE INCOME

The *pro forma* statement of comprehensive income set out below presents the *pro forma* financial effects of the Transaction on the results of Murray & Roberts for the year ended 30 June 2016 based on the assumption that the Transaction was effective on 1 July 2015.

Rand millions	Before the Transaction <i>Published</i>	Share Scheme <i>Pro forma</i>	Discontinued operations <i>Pro forma</i>	Net Interest expense <i>Pro forma</i>	Transaction cost <i>Pro forma</i>	After <i>Pro forma</i>
	1	2a)	2b)	2c)	2d)	
Revenue	26 148	–	–	–	–	26 148
Profit before interest, depreciation and amortisation	1 774	–	–	–	–	(1 774)
Depreciation	(448)	–	–	–	–	(448)
Amortisation of intangible assets	(51)	–	–	–	–	(51)
Profit before interest and taxation	1 275	–	–	–	–	1 275
Net interest expense	(71)	–	–	18	–	(53)
Profit before taxation	1 204	–	–	18	–	1 222
Taxation	(298)	–	–	(5)	–	(303)
Profit after taxation	906	–	–	13	–	919
Income from equity accounted investments	8	–	–	–	–	8
Profit from continuing operations	914	–	–	13	–	927
Loss from discontinued operations	(124)	–	18	–	(13)	(119)
Profit for the year	790	–	18	13	(13)	808
Attributable to:						
– Owners of Murray & Roberts Holdings Limited	753	–	18	13	(13)	771
– Non-controlling interests	37	–	–	–	–	37
	790	–	18	13	(13)	808
Weighted average number of shares used for basic per share calculation	398 654	401 590	401 590	401 590	401 590	401 590
Weighted average number of shares used for diluted per share calculation	412 519	412 519	412 519	412 519	412 519	412 519
Earnings per share from continuing and discontinued operations (cents)						
– Diluted	182	–	5	3	(3)	187
– Basic	189	(1)	4	3	(3)	192
Headline earnings per share from continuing and discontinued operations (cents)						
– Diluted	153	–	–	3	–	156
– Basic	158	(1)	–	3	–	160

	Before the Transaction Published	Share Scheme Pro forma	Discontinued operations Pro forma	Net Interest expense Pro forma	Transaction cost Pro forma	After Pro forma
Rand millions	1	2a)	2b)	2c)	2d)	
Reconciliation of headline earnings						
Profit attributable to owners of Murray & Roberts Holdings Limited	753		18	13	(13)	771
Profit on disposal of businesses (net)	(6)				13	7
Profit on disposal of property, plant and equipment (net)	(63)		18			(45)
Impairment of property, plant and equipment (net)	49					49
Fair value adjustments and net (profit)/loss on disposal of assets held-for-sale	44		(44)			–
Fair value adjustments on assets held-for-sale	26					26
Fair value adjustments on investment properties	(5)		5			–
Fair value adjustments on investment properties (equity accounted investments)	(13)		13			–
Realisation of foreign currency translation reserve	(223)					(223)
Taxation effects on adjustments	69		(10)			59
Headline earnings	631	–	–	13	–	644

Notes:

- The audited financial information has been extracted without adjustment from the published provisional results of Murray & Roberts for the 12 months ended 30 June 2016.
- The pro forma adjustments to the statement of comprehensive income have been calculated on the assumption that the Transaction took place on 1 July 2015 and include the following:
 - the disposal of non-vesting Murray & Roberts shares held by FSP and paid for by MRIB, that do not form part of the disposal balance sheet of MRIB as per the Sale Agreement. The disposal is estimated to increase the “weighted average number of shares used for basic per share calculation” to 401 590 000. This adjustment will have a continuing effect on Murray & Roberts’ statement of comprehensive income;
 - the reversal of the loss for the year ended 30 June 2016 relating to MRIB of R18 million (broken down below), per the audited financial information relating to MRIB used in the preparation of the published provisional results of Murray & Roberts for the 12 months ended 30 June 2016. This adjustment will have a continuing effect on Murray & Roberts’ statement of comprehensive income;

R millions

Revenue	4 293
Profit before impairment, interest and taxation	60
Goodwill impairment	(44)
Profit before interest and taxation	16
Interest expense	(23)
Interest income	16
Profit before taxation	9
Taxation expense	(37)
Loss after taxation	(28)
Profit from equity accounted investments	10
Loss for the period	18

- a reduction in net interest expense amounting to R13 million (post-tax) resulting from the utilisation of the Disposal Consideration using an average interest rate of 8% over the 12-month period ended 30 June 2016. This adjustment will have a continuing effect on Murray & Roberts’ statement of comprehensive income; and
- the expensing of the Transaction costs of R13 million. The Transaction cost is non-deductible for taxation purposes. This adjustment will not have a continuing effect on Murray & Roberts’ statement of comprehensive income.

PRO FORMA STATEMENT OF FINANCIAL POSITION

The *pro forma* statement of financial position set out below presents the effects of the Transaction on the financial position of Murray & Roberts as at 30 June 2016.

Rand millions	Before the Transaction Published	Share Schemes Pro forma	Group loans Pro forma	NAV adjustment Pro forma	Transaction Pro forma	Transaction cost Pro forma	After Pro forma
	1	2a)	2b)	2c)	2d)	2e)	
ASSETS							
Non-current assets	6 095	–	–	–	–	–	6 095
Property, plant and equipment	2 189						2 189
Investment properties	–						–
Goodwill	642						642
Deferred taxation assets	604						604
Investments in associate companies	18						18
Investment in joint venture	–						–
Amounts due from contract customers	1 514						1 514
Other non-current assets	1 128						1 128
Current assets	9 535		(25)	(38)	314	(13)	9 773
Inventories	241						241
Trade and other receivables	1 490						1 490
Amounts due from contract customers	4 965						4 965
Current taxation assets	26						26
Cash and cash equivalents ¹	2 813		(25)	(38)	314	(13)	3 051
Assets classified as held-for-sale	2 076				(1 768)		308
Assets classified as held-for-sale (Cash and cash equivalents related to Transaction)¹	259	20	25	38	(342)		–
TOTAL ASSETS	17 965	20	–	–	(1 796)	(13)	16 176
EQUITY AND LIABILITIES							
Total equity	7 264	20	–	–	–	(13)	7 271
Attributable to owners of Murray & Roberts Holdings Limited	7 201	20				(13)	7 208
Non-controlling interests	63						63
Non-current liabilities	1 117	–	–	–	–	–	1 117
Long-term liabilities ²	650						650
Long-term provisions	187						187
Deferred taxation liabilities	179						179
Other non-current liabilities	101						101
Current liabilities	7 694	–	–	–	–	–	7 694
Amounts due to contract customers	1 522						1 522
Accounts and other payables	5 724						5 724
Current taxation liabilities	59						59
Bank overdrafts ²	76						76
Short-term loans ²	313						313
Liabilities directly associated with assets classified as held-for-sale	1 620				(1 526)		94
Liabilities directly associated with assets classified as held-for-sale (Borrowings related to Transaction) ²	270				(270)		–
TOTAL EQUITY AND LIABILITIES	17 965	20	–	–	(1 796)	(13)	16 176

Rand millions	Before the Transaction Published 1	Share Schemes Pro forma 2a)	Group loans Pro forma 2b)	NAV adjustment Pro forma 2c)	Transaction Pro forma 2d)	Transaction cost Pro forma 2e)	After Pro forma
Number of ordinary shares in issue ('000)	444 736	444 736	444 736	444 736	444 736	444 736	444 736
Net asset value per share (cents)	1 633	5	–	–	–	(3)	1 635
Net tangible asset value per share (cents)	1 340	4	–	–	–	(3)	1 341
Cash and cash equivalents ¹	3 072	20	–	–	(28)	(13)	3 051
Interest-bearing borrowings ²	1 309	–	–	–	(270)	–	1 039

Notes:

1. The audited financial information has been extracted without adjustment from the published provisional results of Murray & Roberts for the 12 months ended 30 June 2016.
2. The pro forma adjustments to the statement of financial position have been calculated on the assumption that the Transaction took place on 30 June 2016 and include the following:
 - a) the disposal of non-vesting Murray & Roberts shares held by FSP and paid for by MRIB, that do not form part of the disposal balance sheet of MRIB as per the Sale Agreement;
 - b) the repayment of group loans;
 - c) the NAV of MRIB will be adjusted at the Closing Date, either through a dividend or a cash enhancement, to agree to the R314 million Disposal Consideration. If the Transaction occurred on 30 June 2016, the cash enhancement would be R38 million, which is the difference between the NAV of MRIB as at 30 June 2016, as audited by Deloitte & Touche, and the R314 million Disposal Consideration;
 - d) the reversal of the assets and liabilities relating to MRIB, audited by Deloitte & Touche, and the receipt of R314 million Disposal Consideration, which equals the NAV of MRIB as at 30 June 2016. The assets and liabilities of MRIB were extracted from the audited financial information relating to MRIB used in the preparation of the published provisional results of Murray & Roberts as at 30 June 2016; and
 - e) the expensing of the Transaction costs of R13 million. The transaction cost is non-deductible for taxation purposes.

ANNEXURE 2 – INDEPENDENT AUDITOR AND REPORTING ACCOUNTANT’S REPORT ON THE *PRO FORMA* FINANCIAL INFORMATION OF MURRAY & ROBERTS

1 November 2016

The Board of Directors
Murray & Roberts Holdings Limited
Douglas Roberts Centre
22 Skeen Boulevard
Bedfordview
2007
(PO Box 1000, Bedfordview, 2007)

Dear Sir(s)/Madam

INDEPENDENT REPORTING ACCOUNTANT’S ASSURANCE REPORT ON THE COMPILATION OF *PRO FORMA* FINANCIAL INFORMATION INCLUDED IN A CIRCULAR

We have completed our assurance engagement to report on the compilation of *pro forma* financial information of Murray & Roberts Holdings Limited and its subsidiaries (“the Group”) by the Directors. The *pro forma* financial information, as set out in paragraph 6 and Annexure 1 of the Circular (“the Circular”), to be dated on or about 10 November 2016, consists of the *pro forma* statement of comprehensive income, the *pro forma* statement of financial position and related notes. The *pro forma* financial information has been compiled on the basis of the applicable criteria specified in the JSE Listings Requirements.

The *pro forma* financial information has been compiled by the Directors to illustrate the impact of the corporate action or event, described in Paragraph 3 of the Circular, on the Group’s financial position as at 30 June 2016, and the Group’s financial performance for the period then ended, as if the corporate action or event had taken place at 1 July 2015, being the commencement date of the financial period for the purposes of the statement of comprehensive income and at 30 June 2016, being the last day of the financial period for the purposes of the statement of financial position. As part of this process, information about the Group’s financial position and financial performance has been extracted by the Directors from the Group’s financial statements for the period ended 30 June 2016, on which an unmodified auditor’s report was issued on 24 August 2016.

Directors’ Responsibility for the Pro Forma Financial Information

The Directors are responsible for compiling the *pro forma* financial information on the basis of the applicable criteria specified in the JSE Listings Requirements and described in Paragraph 6 and Annexure 1 of the Circular.

Quality control

The firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Independence and other ethical requirements

We have complied with the independence and other ethical requirements of the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (“IRBA Code”), which is consistent with Parts A and B of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, and is founded on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Reporting Accountant’s Responsibility

Our responsibility is to express an opinion about whether the *pro forma* financial information has been compiled, in all material respects, by the Directors on the basis specified in the JSE Listings Requirements based on our procedures performed. We conducted our engagement in accordance with the International Standard on Assurance Engagements (“ISAE”) 3420, Assurance Engagements to Report on the Compilation of *pro forma* Financial Information Included in a Circular which is applicable to an engagement of this nature. This standard requires that we comply with ethical requirements and plan and perform our procedures to obtain reasonable assurance about whether the *pro forma* financial information has been compiled, in all material respects, on the basis specified in the JSE Listings Requirements.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the *pro forma* financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the *pro forma* financial information.

As the purpose of *pro forma* financial information included in a prospectus is solely to illustrate the impact of a significant corporate action or event on unadjusted financial information of the entity as if the corporate action or event had occurred or had been undertaken at an earlier date selected for purposes of the illustration, we do not provide any assurance that the actual outcome of the event or transaction at 30 June 2016 would have been as presented.

A reasonable assurance engagement to report on whether the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used in the compilation of the *pro forma* financial information provides a reasonable basis for presenting the significant effects directly attributable to the corporate action or event, and to obtain sufficient appropriate evidence about whether:

- the related *pro forma* adjustments give appropriate effect to those criteria; and
- the *pro forma* financial information reflects the proper application of those adjustments to the unadjusted financial information.

Our procedures selected depend on our judgement, having regard to our understanding of the nature of the Company, the corporate action or event in respect of which the *pro forma* financial information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the *pro forma* financial information.

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

Opinion

In our opinion, the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria specified by the JSE Listings Requirements and described in Paragraph 6 and Annexure 1 of the Circular.

Per: AJ Zoghby

Partner

Deloitte & Touche

Registered Auditors

Deloitte & Touche

Buildings 1 and 2, Deloitte Place, The Woodlands, Woodlands Drive, Woodmead, Sandton
Riverwalk Office Park, Block B, 41 Matroosberg Road, Ashlea Gardens, Pretoria

National executive: ***LL Bam** Chief Executive Officer, ***TMM Jordan** Deputy Chief Executive Officer, ***MJ Jarvis** Chief Operating Officer, ***GM Pinnock** Audit, ***N Sing** Risk Advisory, ***NB Kader** Tax, **TP Pillay** Consulting, **S Gwala** BPaaS, ***K Black** Clients & Industries, ***JK Mazzocco** Talent & Transformation, ***MJ Comber** Reputation & Risk, **TJ Brown** Chairman of the Board.

A full list of partners and directors is available on request.

**Partner and Registered Auditor*

ANNEXURE 3 – FAIRNESS OPINION BY THE INDEPENDENT EXPERT

1 November 2016

The Board of Directors
Murray & Roberts Holdings Limited
Douglas Roberts Centre
22 Skeen Boulevard
Bedfordview
Johannesburg
2007
(PO Box 1000, Bedfordview, 2007)

Dear Sir/Madam

REPORT OF THE INDEPENDENT PROFESSIONAL EXPERT TO MURRAY & ROBERTS HOLDINGS LIMITED REGARDING THE PROPOSED DISPOSAL OF THE MURRAY & ROBERTS INFRASTRUCTURE & BUILDING PLATFORM

INTRODUCTION

BDO Corporate Finance Proprietary Limited (“**BDO Corporate Finance**”) has been appointed by the Board of Directors (“**Board**” or “**Directors**”) of Murray & Roberts Holdings Limited (“**Murray & Roberts**” or “**Company**”, Murray & Roberts and its directly and indirectly held subsidiaries are referred to as “**the Group**”) to provide an independent fairness opinion with regard to the Sale Agreement, dated 31 October 2016 between Murray & Roberts Limited (“**Murray & Roberts Limited**”), Murray & Roberts SADC Proprietary Limited (“**Murray & Roberts SADC**”), Firefly Investments 319 Proprietary Limited (“**Firefly Investments**”), Murray & Roberts Construction Proprietary Limited (“**Murray & Roberts Construction**”) and Southern Palace Group of Companies Proprietary Limited (“**SPG**”) whereby Murray & Roberts will dispose of the business operations conducted by Murray & Roberts Limited and certain entities within the Group as an operating business under the name and style of Murray & Roberts Infrastructure & Building platform (“**Murray & Roberts Infrastructure & Building Platform**” or “**MRIB**”), by way of a disposal of the entire issued ordinary share capital of Concor Proprietary Limited (“**Concor**”) which shall own MRIB (the “**Transaction**”), to Firefly Investments, for a consideration of R314 million, payable in cash (the “**Disposal Consideration**”).

FAIRNESS OPINION REQUIRED IN TERMS OF THE JSE LISTINGS REQUIREMENTS

The Government Employees Pension Fund is a material Shareholder in the Company with a shareholding of 15.24% and is, through its agent, Public Investment Corporation SOC Limited (“**PIC**”), a shareholder in Firefly Investments with a shareholding of 25%.

The JSE has determined that the Transaction must be treated as a related party transaction, and in terms of Section 10.4 of the Listings Requirements, Murray & Roberts is required to obtain a fairness opinion from an independent professional expert confirming whether the terms and conditions of the Transaction are fair insofar as the shareholders of Murray & Roberts are concerned (“**Fairness Opinion**”) which is included in the Circular relating to the Transaction to be dated on or about 10 November 2016 (“**Circular**”).

BDO Corporate Finance has been appointed as the independent professional expert by the Directors in respect of the Transaction.

RESPONSIBILITY

Compliance with the Listings Requirements is the responsibility of the Directors. Our responsibility is to report to the Directors and Shareholders of Murray & Roberts on the fairness of the terms of the Transaction.

EXPLANATION AS TO HOW THE TERM “FAIR” APPLIES IN THE CONTEXT OF THE TRANSACTION

Schedule 5.7 of the Listings Requirements states that the “fairness” of a transaction is based on quantitative issues. In the case of a disposal to a related party, a transaction will generally be considered fair if the consideration payable by the related party is equal to or greater than the value of the business that is the subject of the transaction.

The Transaction would be considered fair if the Disposal Consideration is more than or equal to the value of MRIB, or unfair if the Disposal Consideration is less than the value of MRIB.

DETAILS AND SOURCES OF INFORMATION

In arriving at our opinion we have relied upon the following principal sources of information:

- the Sale Agreement;
- audited annual financial statements of Murray & Roberts for the years ended 30 June 2015 and 2016;
- MRIB Business Plan 2017 to 2019 containing:
 - historical financial information, on a consolidated basis and by division, for the year ended 30 June 2015 and 2016;
 - analysis of secured revenue as at 30 June 2016 on a consolidated basis and by division (“**Order Book**”);
 - forecast financial information, on a consolidated basis and by division, for the financial years ending 2017 to 2019 comprising statement of financial position, statement of financial performance and comprehensive income and statement of cash flows;
- precedent transactions of a similar nature;
- discussions with Directors and management regarding the rationale for the Transaction; and
- discussions with Directors and management on prevailing market, economic, legal and other conditions which may affect underlying value.

The information above was secured from:

- Directors and management of Murray & Roberts and their advisers; and
- third party sources, including information related to publicly available economic, market and other data which we considered applicable to, or potentially influencing, Murray & Roberts.

PROCEDURES AND CONSIDERATION

In arriving at our opinion we have undertaken the following procedures and taken into account the following factors in evaluating the fairness of the Transaction:

- reviewed the terms and conditions of the Transaction;
- reviewed the audited and unaudited financial information related to MRIB, as detailed above;
- reviewed and obtained an understanding from management as to the consolidated and divisional forecast financial information of MRIB and assessed the achievability thereof by considering historic information as well as macro-economic and sector-specific data;
- the net asset value (“**NAV**”) method of valuation is normally most appropriate for the valuation of pure investment companies. This valuation approach would be used to value an investment holding company, where the value attributable to such holding company would be determined on a “sum of the parts” (“**SOTP**”) basis. As such, a net assets methodology is most applicable for businesses where the value lies in the underlying assets and not the ongoing operations of the business. BDO Corporate Finance performed a SOTP valuation of MRIB. The valuation was based on the following principal valuation methodologies:
 - operating divisions (profitable): compiled forecast free cash flows for profitable operating divisions by using the historic and forecast financial information as detailed above. Applied BDO Corporate Finance’s assumptions of cost of capital to the forecast cash flows to produce a discounted cash flow valuation for each operating division. In determining the terminal value of each operating division, we considered market ranges for earnings before interest, taxation, depreciation and amortisation (“**EBITDA**”) multiples based on the cyclicity of each business and defensive qualities. Unallocated head office and administration costs were allocated to each operating division on a revenue contribution basis;
 - operating division (loss making): compiled a net assets valuation on a liquidation basis, based on the fair and recoverable value of the operating division’s assets and liabilities;
 - other financial assets and financial liabilities: financial assets and financial liabilities were valued based on their carrying values, after confirming that such carrying values represent fair value in terms of International Financial Reporting Standards (“**IFRS**”);
- aggregated the valuations of the operating divisions of MRIB and the fair value of financial assets and financial liabilities to determine a SOTP valuation of MRIB;
- performed a sensitivity analysis on key assumptions included in the discounted cash flow valuations, specifically related to cost of capital and exit EBITDA multiples;
- performed such other studies and analyses as we considered appropriate and have taken into account our assessment of general economic, market and financial conditions and our experience in other transactions, as well as our experience in securities valuation and knowledge of the construction industry generally;
- assessed the long-term potential of MRIB and its underlying businesses;
- evaluated the relative risks associated with MRIB and the construction industry;
- reviewed certain publicly available information relating to Murray & Roberts, comparable publicly traded companies, and the construction industry that we deemed to be relevant, including company announcements and media articles;

- where relevant, representations made by management and/or Directors were corroborated to source documents or independent analytical procedures were performed by us, to examine and understand the construction industry, and to analyse external factors that could influence the business; and
- held discussions with the Directors and management and their advisers as to their strategy and the rationale for the Transaction and considered such other matters as we considered necessary, including assessing the prevailing economic and market conditions and trends.

ASSUMPTIONS

We arrived at our opinion based on the following assumptions:

- that all agreements that are to be entered into in terms of the Transaction will be legally enforceable;
- that the Transaction will have the legal, accounting and taxation consequences described in discussions with, and materials furnished to us by representatives and advisers of Murray & Roberts; and
- that reliance can be placed on the financial information of MRIB and its underlying operations.

APPROPRIATENESS AND REASONABLENESS OF UNDERLYING INFORMATION AND ASSUMPTIONS

We satisfied ourselves as to the appropriateness and reasonableness of the information and assumptions employed in arriving at our opinion by:

- conducting analytical reviews on the historical financial results and forecast financial information, such as key ratio and trend analyses; and
- determining the extent to which representations from management were confirmed by documentary evidence as well as our understanding of MRIB and the economic environment in which the business operates.

LIMITING CONDITIONS

This opinion is provided to the Directors and shareholders of Murray & Roberts in connection with and for the purposes of the Transaction. The opinion does not purport to cater for each individual shareholder's perspective, but rather that of the general body of Murray & Roberts shareholders.

Individual shareholders' decisions regarding the Transaction may be influenced by such shareholders' particular circumstances and accordingly individual shareholders should consult an independent adviser if in any doubt as to the merits or otherwise of the Transaction.

We have relied upon and assumed the accuracy of the information provided to us in deriving our opinion. Where practical, we have corroborated the reasonableness of the information provided to us for the purpose of our opinion, whether in writing or obtained in discussion with management, by reference to publicly available or independently obtained information. While our work has involved an analysis of, *inter alia*, the annual financial statements, and other information provided to us, our engagement does not constitute an audit conducted in accordance with generally accepted auditing standards.

We have also assumed that the Transaction will have the legal consequences described in discussions with, and materials furnished to us by representatives and advisers of Murray & Roberts and we express no opinion on such consequences.

Our opinion is based on current economic, regulatory and market as well as other conditions. Subsequent developments may affect the opinion, and we are under no obligation to update, review or re-affirm our opinion based on such developments.

INDEPENDENCE

We confirm that we have no direct or indirect interest in Murray & Roberts' shares or the Transaction. We also confirm that we have the necessary qualifications and competence to provide the fairness opinion on the Transaction.

Furthermore, we confirm that our professional fees, payable in cash, are not contingent upon the success of the Transaction.

VALUATION APPROACH

BDO Corporate Finance performed a valuation of MRIB on a SOTP basis, as at 30 June 2016, to determine whether the Transaction is fair.

Key external value drivers which were considered in assessing the forecast cash flows and risk profile of the operating divisions comprise:

- Order Book as at 30 June 2016, detailed further below. The value of the Order Book was considered for each operating division in light of the forecasts as well as in terms of prior years. The Mining Order Book is significantly lower than in prior years pending award of a key contract. Consequently, an adjusted NAV approach was considered more appropriate for this operating division. The market remains uncertain and competitive in Botswana but the Botswana government infrastructure plan is expected to support building activity in this market in the forecast period and consequently a DCF approach was considered applicable for this operating division; and

- macro-economic and sector-specific data including: forecast interest rates (the prime lending rate at 11.0% for the forecast period), forecast annual inflation rates (6.9% in 2016 slowing to 5.6% in 2019), forecast gross domestic product (“GDP”) growth rates (forecast to improve to 1.7% growth by 2019 from 0.2% in 2016), forecast changes in gross fixed capital formation (“GFCF”) (negative 0.8% growth in GFCF expected in 2016 forecast to grow by 5.9% in 2019), public sector infrastructure expenditure and the FNB/BER Building Confidence Index (which declined to 34 in the first quarter of 2016).

Key internal value drivers comprise:

- the discount rate per operating division. A discount rate of 14.2% was determined for MRIB which was adjusted for the relative risk of the underlying cash flows in respect of each operating division; and
- exit EBITDA multiples. BDO analysis indicates that the market range is a 2 – 5x EBITDA multiple for construction companies based on cyclical and defensive qualities.

The Order Book as at 30 June 2016 is detailed further below:

Operation	As at 30 June 2016	
	% secured 2017	% secured 2018
Construction Cluster	77%	33%
Infrastructure	81%	30%
Power	100%	100%
Opencast Mining	22%	0%
Building Cluster	61%	4%
Building Gauteng	70%	9%
Building Western Cape	75%	2%
Namibia (Dynamic Concrete)	n/a	n/a
Botswana	24%	0%

The principal value drivers and assumptions used for the valuations are as follows:

Description	Approach	Discount rate %	Revenue growth ¹ %	EBIT ² %	EBITDA ² %	Corporate allocation ³ %	Exit EBITDA multiple
Construction Cluster							
Infrastructure	DCF (Exit EBITDA multiple)	14.2%	13.8%	3.2%	4.2%	(0.5%)	4.0x
Power	DCF	12.2%			note 4		
Opencast Mining	Adjusted NAV				not applicable		
Building Cluster							
Gauteng and Western Cape	DCF (Exit EBITDA multiple)	14.2%	13.4%	1.5%	1.6%	(0.5%)	3.5x
Namibia (Dynamic Concrete)	DCF (Exit EBITDA multiple)	15.2%	11.1%	12.1%	14.2%	(0.5%)	4.0x
Botswana	DCF (Exit EBITDA multiple)	16.2%	52.0%	2.4%	3.8%	(0.5%)	3.0x
Development	DCF	14.2%	note 5				

Notes:

¹ Compound annual growth rate in revenue over the forecast period

² Includes plant costs

³ As % of revenue

⁴ Cash flows relate to the remaining term of the Medupi JV

⁵ Cash flows relate to the 50% attributable interest in Embassy Towers development and 37.5% attributable interest in Mooikloof View development

Key external value drivers to the Adjusted NAV methodology applied in the valuation of Opencast Mining included an assessment of:

- the realisable value of receivables of 90% of carrying value;
- the realisable value of inventory of 75% of carrying value;
- the realisable value of plant and machinery of 50% of carrying value; and
- the realisable value of intangibles of 0% of carrying value.

Sensitivity analysis

In addition, sensitivity analyses were performed in respect of the following:

- increasing and decreasing the exit EBITDA multiples for profitable operating divisions by a maximum of 0.5x;
- increasing and decreasing the net asset valuation for the loss making operating division by a factor of 10%; and
- increasing and decreasing the discount rates by a maximum of 0.5%.

The sensitivity analysis did not indicate a sufficient effect on the valuation of MRIB to alter our opinion in respect of the Transaction.

OPINION

BDO Corporate Finance has considered the terms and conditions of the Transaction and, based on and subject to the conditions set out herein, is of the opinion that the terms and conditions of the Transaction are fair to the Murray & Roberts shareholders.

Our opinion is necessarily based upon the information available to us up to 1 November 2016, including in respect of the financial information as well as other conditions and circumstances existing and disclosed to us. We have assumed that all conditions precedent, including any material regulatory and other approvals or consents required in connection with the Transaction have been fulfilled or obtained.

Accordingly, it should be understood that subsequent developments may affect this opinion, which we are under no obligation to update, revise or re-affirm.

Yours faithfully

N Lazanakis CA(SA)

Director

BDO Corporate Finance Proprietary Limited

22 Wellington Road

Parktown

2193



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")

NOTICE OF GENERAL MEETING OF SHAREHOLDERS

The definitions and interpretations commencing on page 6 of this Circular, to which this notice is attached apply to this Notice of General Meeting.

Notice of General Meeting

Notice is hereby given to all Shareholders recorded in the Company's securities register on 4 November 2016 that a General Meeting of the Company will be held in the Douglas Roberts Centre, 22 Skeen Boulevard, Bedfordview, Johannesburg, 2007 at 11:00 on Friday, 9 December 2016 or any other adjourned or postponed date and time determined in accordance with the Company's MOI read with the provisions of the Companies Act, as read with the Listings Requirements.

Record Date

The Board has determined that the record date in terms of section 59(1) of the Companies Act for the purpose of determining which Shareholders are entitled to receive the Notice of the General Meeting is 4 November 2016 and the record date for purposes of determining which Shareholders are entitled to participate in and vote at the General Meeting is Friday, 2 December 2016. Accordingly, only Shareholders who are registered in the securities register of the Company on Friday, 2 December 2016 will be entitled to participate in the General Meeting. The last day to trade in order for Shareholders to vote at the General Meeting is Tuesday, 29 November 2016.

Purpose of the General Meeting

The purpose of the General Meeting is to consider and, if deemed fit, pass with or without modification the ordinary resolutions set out hereunder to the extent proposed by the chairman of the General Meeting.

ORDINARY RESOLUTION 1 – APPROVAL OF RELATED PARTY TRANSACTION

"RESOLVED THAT the Transaction in terms of which Murray & Roberts Limited sells to Firefly Investments the entire issued ordinary share capital of Concor and all claims held against Concor, and thereby disposes of MRIB to Firefly Investments, be and is hereby approved in terms of Section 10.4 of the Listings Requirements, it being noted that (i) the GEPIF is a material Shareholder in the Company with a shareholding of 15.24% and will also, through the PIC, be a shareholder in Firefly Investments with a shareholding of 25% and, (ii) the JSE has determined that the Transaction be treated as a 'Related Party Transaction' in terms of the Listings Requirements."

In order for this ordinary resolution to be passed, the support of more than 50% (fifty per cent) of the voting rights exercised on the resolution by Shareholders, other than the GEPIF and its associates present in person or represented by proxy, at the General Meeting is required.

ORDINARY RESOLUTION 2 – DIRECTORS' AUTHORITY

"RESOLVED THAT, any Director, or the Company Secretary of Murray & Roberts be and is hereby authorised to do all such things, sign all such documents and agreements and procure the doing of all such things and signature of all documents as may be necessary for or incidental to the implementation of ordinary resolution 1."

In order for this ordinary resolution 2 to be passed, the support of more than 50% (fifty per cent) of the voting rights exercised on the resolution by Shareholders present in person, or represented by proxy, at the General Meeting is required.

VOTING AND PROXIES

Shareholders are entitled to attend, speak and vote at the General Meeting. Shareholders may appoint a proxy to attend, speak and vote in their stead. A proxy need not be a Shareholder of the Company.

Ordinary resolutions proposed to be adopted require the support of more than 50% of the voting rights exercised thereon in order to be adopted. In order for ordinary resolution 1 to be adopted, it will require the support of more than 50% of the voting rights exercised thereon other than the PIC and its associates.

Shareholders holding Dematerialised Shares, but not in their own name, must furnish their CSDP or Broker with their instructions for voting at the General Meeting. If your CSDP or Broker, as the case may be, does not obtain instructions from you, it will be obliged to act in terms of your mandate furnished to it, or if the mandate is silent in this regard, complete the relevant form of proxy attached.

Unless you advise your CSDP or Broker, in terms of the agreement between you and your CSDP or Broker by the cut-off time stipulated in that agreement, that you wish to attend the General Meeting or send a proxy to represent you at the General Meeting, your CSDP or Broker will assume that you neither wish to attend the General Meeting nor send a proxy.

If you wish to attend the General Meeting or send a proxy, you must request your CSDP or Broker to issue the necessary letter of representation to you. Shareholders holding Dematerialised Shares in their own name, or holding shares that are not Dematerialised, and who are unable to attend the General Meeting and wish to be represented at the meeting, must complete the relevant form of proxy attached in accordance with the instructions and lodge it with or mail it to the Transfer Secretaries.

Forms of proxy (which are enclosed) should be submitted before the meeting commences. Shareholders are requested to submit the forms of proxy to the Transfer Secretaries, Link Market Services South Africa Proprietary Limited, by 11:00 on Wednesday, 7 December 2016.

The completion of a form of proxy does not preclude any Shareholder registered by the record date from attending the General Meeting.

Shareholders and proxies attending the General Meeting on behalf of Shareholders are reminded that satisfactory identification must be presented in order for such Shareholder or proxy to be allowed to attend or participate in the General Meeting.

Shareholders or their proxies may participate in the meeting by way of telephone conference call and, if they wish to do so:

- must contact the Company Secretary (by email at the address bert.kok@murrob.com) by no later than 11:00 on Wednesday, 7 December 2016 in order to obtain dial-in details for that conference call;
- will be required to provide reasonably satisfactory identification; and
- will be billed separately by their own telephone service providers for their telephone call to participate in the meeting.

Voting via the electronic facilities will not be possible for Shareholders participating in the General Meeting by telephone conference, and Shareholders wishing to vote their shares will need to be represented at the meeting either in person, by proxy or by letter of representation, as provided for in the Notice of General Meeting.

By order of the Board

Bert Kok

Company Secretary

10 November 2016



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")

FORM OF PROXY

If you are a Dematerialised Shareholder, other than with own-name registration, do not use this form. Dematerialised Shareholders, other than with own-name registration, should provide instructions to their appointed CSDP or Broker in the form as stipulated in the agreement entered into between the Shareholder and the CSDP or Broker.

I/We _____ (please print full names)

of _____ (please state address)

E-mail address: _____

being the holder(s) of _____

ordinary shares in the issued share capital of the Company, do hereby appoint (see notes 3 and 5):

Telephone (Home) _____

Telephone (Work) _____

Cell phone number _____

E-mail address _____

1. _____

2. _____

3. the chairman of the General Meeting

as my/our proxy to attend and speak and vote for me/us on my/our behalf at the General Meeting of Shareholders which will be held at Douglas Roberts Centre, 22 Skeen Boulevard, Bedfordview, Johannesburg on Friday, 9 December 2016 at 11:00 and at any adjournment or postponement of the General Meeting, for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed at the General Meeting, and to vote on the resolutions in respect of the ordinary shares registered in my/our name(s) in accordance with the following instructions (see note 6):

	Insert an 'X' or number of ordinary shares			Precluded from voting (Related Party only)
	For	Against	Abstain	
1. Ordinary resolution number 1				
2. Ordinary resolution number 2				

Please indicate instructions to proxy in the space provided above by the insertion therein of the relevant number of votes exercisable. A Shareholder entitled to attend and vote at the General Meeting may appoint one or more proxies to attend, speak, and, on a poll, vote in his stead. A proxy so appointed need not be a Shareholder of the Company.

Signed at _____ on _____ 2016

Signature _____

Assisted by me (where applicable) _____

Each Shareholder is entitled to appoint one or more proxies (none of whom needs to be a Shareholder of the Company) to attend, speak and, on a poll, vote in place of that Shareholder at the General Meeting.

NOTES TO FORM OF PROXY

Instructions on signing and lodging the General Meeting proxy form

1. The following categories of Shareholders are entitled to complete a form of proxy:
 - a) Certificated Shareholders whose names appear on the Company's securities register;
 - b) Shareholders holding Dematerialised Shares under own-name registration whose names appear on the sub-register of the CSDP;
 - c) CSDPs with nominee accounts; and
 - d) Brokers with nominee accounts.
- by no later than 11:00 on Wednesday, 7 December 2016.
2. Certificated Shareholders wishing to attend the General Meeting have to ensure beforehand with the Transfer Secretaries that their Shares are registered in their name.
 3. Shareholders whose Shares are not registered in their own name, but in the name of another, for example, a nominee, may not complete a proxy form, unless a form of proxy is issued to them by the registered Shareholder and they should contact the registered Shareholder for assistance in issuing instruction on voting their Shares, or obtaining a proxy to attend, speak and, on a poll, vote at the General Meeting.
 4. All beneficial owners who have Dematerialised their shares through a CSDP or Broker, other than those holding their Shares in their own name, must provide the CSDP or Broker with their voting instructions. Alternatively, should such a Shareholder wish to attend the General Meeting in person, in terms of the agreement with the CSDP or Broker, such Shareholder may request the CSDP or Broker to provide the Shareholder with a letter of representation.
 5. A Shareholder may insert the name of a proxy or the names of two alternative proxies of the Shareholder's choice in the space/s provided, with or without deleting "the chairman of the General Meeting", but the Shareholder must initial any such deletion. The person whose name stands first on the form of proxy and who is present at the General Meeting will be entitled to act as proxy to the exclusion of those whose names follow.
 6. Please insert an "X" or the number of votes in the relevant spaces according to how you wish your votes to be cast. However, if you wish to cast your votes in respect of a lesser number of Shares than you own in the Company, insert the number of Shares in respect of which you desire to vote. Failure to comply with the above will be deemed to authorise the proxy to vote, or to abstain from voting, at the General Meeting as he/she deems fit in respect of all Shareholder's votes exercisable. Where the proxy is the chairman, failure to comply will be deemed to authorise the chairman to vote in favour of the resolution. A Shareholder or the proxy is not obliged to use all the votes exercisable by the Shareholder or by the proxy, but the total of votes cast and in respect of which abstention is recorded may not exceed the total of the votes exercisable by the Shareholder or by the proxy.
 7. Forms of proxy must be received by the Company's Transfer Secretaries, Link Market Services South Africa Proprietary Limited, at any of the following addresses:
 - a) Physical address: 13th Floor, Rennie House, 19 Ameshoff Street, Braamfontein, 2001;
 - b) Postal address: PO Box 4844, Johannesburg, 2000;
 - c) Fax: +27 (86) 674 2450; and/or
 - d) E-mail: meetfax@linkmarketservices.co.za.
 8. The completion and lodging of this form of proxy will not preclude the relevant Shareholder from attending the General Meeting and speaking and voting in person at the meeting to the exclusion of any proxy appointed.
 9. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy.
 10. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.
 11. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the Transfer Secretaries.
 12. The chairman of the General Meeting may reject or accept a form of proxy which is completed and/or received other than in accordance with these notes, if he/she is satisfied as to the manner in which the Shareholder wishes to vote.

SHAREHOLDERS' RIGHT TO BE REPRESENTED BY PROXY

1. A Shareholder may at any time appoint any individual, including a non-Shareholder of the Company, as a proxy to participate in, speak and vote at a Shareholders' meeting on his or her behalf, or to give or withhold consent on behalf of the Shareholder to a decision.
2. A proxy appointment must be in writing, dated and signed by the Shareholder, and remains valid for one year after the date on which it was signed or any longer or shorter period expressly set out in the appointment, unless it is revoked in terms of paragraph 6.3 or expires earlier in terms of paragraph 10.4 below.
3. A Shareholder may appoint two or more persons concurrently as proxies and may appoint more than one proxy to exercise voting rights attached to different securities held by the Shareholder.
4. A proxy may delegate his or her authority to act on behalf of the Shareholder to another person, subject to any restriction set out in the instrument appointing the proxy ("proxy instrument").
5. A copy of the proxy instrument must be delivered to the Company, or to any other person acting on behalf of the Company, before the proxy exercises any rights of the Shareholder at a Shareholders' meeting of the Company before the meeting commences. Shareholders are requested to supply the proxy instrument 48 hours before the meeting.
6. Irrespective of the form of instrument used to appoint a proxy:
 - 6.1 the appointment is suspended at any time and to the extent that the Shareholder chooses to act directly and in person in the exercise of any rights as a Shareholder;
 - 6.2 the appointment is revocable unless the proxy appointment expressly states otherwise; and
 - 6.3 if the appointment is revocable, a Shareholder may revoke the proxy appointment by cancelling it in writing or by making a later, inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and to the Company.
7. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the Shareholder as of the later of the date stated in the revocation instrument, if any, or the date on which the revocation instrument was delivered as contemplated in paragraph 6.3 above;
8. If the proxy instrument has been delivered to a Company, as long as that appointment remains in effect, any notice to be delivered by the Company to the Shareholder must be delivered by the Company to the Shareholder, or the proxy or proxies, if the Shareholder has directed the Company to do so in writing and paid any reasonable fee charged by the Company for doing so.
9. A proxy is entitled to exercise, or abstain from exercising, any voting right of the Shareholder without direction.
10. If a Company issues an invitation to Shareholders to appoint one or more persons named by the Company as a proxy, or supplies a form of proxy instrument:
 - 10.1 the invitation must be sent to every Shareholder entitled to notice of the meeting at which the proxy is intended to be exercised;
 - 10.2 the invitation or form of proxy instrument supplied by the Company must:
 - 10.2.1 bear a reasonably prominent summary of the rights established in section 58 of the Companies Act;
 - 10.2.2 contain adequate blank space, immediately preceding the name(s) of any person(s) named in it, to enable a Shareholder to write the name, and if desired, an alternative name of a proxy chosen by the Shareholder; and
 - 10.2.3 provide adequate space for the Shareholder to indicate whether the appointed proxy is to vote in favour of or against any resolution(s) to be put at the meeting, or is to abstain from voting;
 - 10.3 the Company must not require that the proxy appointment be made irrevocable; and
 - 10.4 the proxy appointment remains valid only until the end of the meeting at which it was intended to be used, subject to paragraph 7 above.

