



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 “Company”)

ACQUISITION OF A FURTHER INTEREST IN BOMBELA CONCESSION COMPANY (RF) (PROPRIETARY) LIMITED

1. INTRODUCTION

The board of directors of Murray & Roberts (the “Board”) is pleased to announce the conclusion of a Memorandum of Understanding between all parties, whereby Murray & Roberts Limited (“MRL”), a wholly owned subsidiary of the Company, will increase its effective shareholding in Bombela Concession Company (RF) (Proprietary) Limited (“BCC”) by 17%, through an acquisition of shares from Bouygues Travaux Publics S.A.S (“Bouygues”) and Bombardier Transportation UK Limited (“Bombardier”), (the “Transaction”). Commercial terms with regards to the Transaction have been agreed and agreements are in the process of being finalised.

2. OVERVIEW OF BCC

BCC is a special purpose vehicle established for the design, partial financing, delivery, operation and maintenance of the Gautrain Rapid Rail Link that operates in Gauteng, South Africa.

3. RATIONALE FOR THE TRANSACTION

At the incorporation of BCC, MRL held a 25% shareholding and in 2011 its stake in BCC was increased to 33%. Subsequent to the settlement of the development period disputes in December 2016, Bouygues and Bombardier have decided to divest from BCC. In terms of a mutual agreement reached between the shareholders of BCC, Bouygues and Bombardier agreed to sell 8.5% each to Murray & Roberts, increasing its shareholding in BCC to 50%. This acquisition is being undertaken as part of Murray & Roberts’ broader capital allocation strategy, as the investment in BCC provides strong returns in the short to medium term, whilst the Group continue to look for potential acquisitions that would complement its three operating platforms.

4. CONSIDERATION

The consideration payable in terms of the Transaction is R405 million. The cash position of the Company and its subsidiaries (the “Group”) is sufficiently robust to undertake the acquisition.

5. CONDITIONS PRECEDENT TO THE TRANSACTION

Once all the agreements have been signed, the implementation of the Transaction will remain subject to obtaining approval from the Gauteng Management Agency, Competition Authorities, as well as approval by BCC's funders.

6. FINANCIAL EFFECTS OF THE TRANSACTION

The Group currently accounts for its holding in BCC as a financial asset, designated as fair value through profit or loss. The fair value of BCC is calculated using discounted cash flow models and a market discount rate of 18.5%. For the six months ended December 2016, the fair value of the investment was R807 million and the fair value adjustment recognised in the statement of financial performance was R117 million. The R117 million includes a once-off adjustment of R50 million. Accordingly, a normalised fair value for the period would be R67 million. Post the Transaction, the increased shareholding would have resulted in the normalised fair value for the six months ended 31 December 2016 to increase by R35 million, and an additional interest expense of R18 million for the period.

Post the Transaction, the investment will still be reflected at fair value through profit or loss, as the investment will still meet the requirement of IAS28.18 with regards to venture capital organisations or similar entities, as the Transaction does not result in a change of control.

The pro forma financial information is the responsibility of the Board and is presented for illustrative purposes only. Because of its nature, the pro forma financial information may not fairly present the Group's financial position, changes in equity, results of operations or cash flows. The pro forma financial information has not been audited or reviewed or otherwise reported on by the Group's external auditors.

7. EFFECTIVE DATE

The effective date of the Transaction, subject to the finalisation of the agreements, as well as the fulfilment of the conditions precedent, will be in the second quarter of this financial year.

8. JSE CATEGORISATION

The Transaction is a category 2 transaction in terms of paragraph 9.5(a) of the JSE Listings Requirements.

Bedfordview

22 August 2017

Sponsor: Deutsche Securities (SA) Proprietary Limited