THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

The definitions and interpretations commencing on page 5 of this Circular apply, *mutatis mutandis*, to this cover.

ACTION REQUIRED BY AVENG SHAREHOLDERS

- Aveng Shareholders are referred to page 3 of this Circular, which sets out the action required of them with regard to matters set out in this Circular.
- If you are in any doubt as to what action you should take, you should consult your CSDP, broker, banker, legal advisor, accountant or other professional advisor immediately.
- If you have disposed of all of your Aveng shares, please forward this Circular together with the Notice of General Meeting, to the purchaser of your Aveng shares, or the CSDP or broker or agent through whom the disposal was effected.

Aveng does not accept responsibility, and shall not be held liable, for any action of, or omission by, any CSDP or broker or agent including, without limitation, any failure on the part of CSDP or broker or agent of any beneficial owner of Aveng's Shares to notify such beneficial owner of the details set out in this Circular.

AVENG
Leaders in infrastructure

AVENG LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 1944/018119/06)
Share code on the JSE: AEG ISIN: ZAE000111829
("**Aveng**" or "**the Company**")

CIRCULAR TO AVENG SHAREHOLDERS

relating to:

- **the approval of the disposal by Aveng Africa, a wholly-owned subsidiary of the Company, of Jet Park in terms of the Proposed Transaction, to Equites. The Proposed Transaction constitutes a Category 1 transaction in terms of the JSE Listings Requirements;**

The following documents are attached to this Circular:

- **a Notice of General Meeting; and**
- **a form of proxy (*blue*), only for use by Certificated Shareholders and Dematerialised Shareholders with "own-name" registration.**

Sponsor	Legal Advisor to Aveng
UBS	Baker McKenzie.

Date of issue: Monday, 15 October 2018

Copies of this Circular and the Notice of General Meeting, are only available in English. Copies of this Circular and the Notice of General Meeting may be obtained from the registered office of Aveng, the Transfer Secretaries whose addresses are set out in the "Corporate Information" section of this Circular. A copy of this Circular will also be available on Aveng's website (www.aveng.co.za).

CORPORATE INFORMATION

The definitions and interpretations commencing on page 5 of this Circular apply, *mutatis mutandis*, to this Corporate Information section.

DIRECTORS OF AVENG

EK Diack – *Executive Chairman*
K Mzondeki – *Lead Independent Non-Executive*
SJ Flanagan – *Independent Non-Executive*
MA Hermanus – *Independent Non-Executive*
PA Hourquebie – *Independent Non-Executive*
MJ Kilbride – *Independent Non-Executive*
AH Macartney – *Executive*

GROUP COMPANY SECRETARY AND REGISTERED OFFICE OF AVENG

Edinah Mandizha
Block A, Aveng Park
1 Jurgens Street
Jet Park, Boksburg, 1459
PO Box 6062
Rivonia, 2128
South Africa
Telephone: +27 11 779 2800
Email: Info@aveng.com
Aveng date of incorporation: 22 November 1944

REGISTERED OFFICE OF EQUITES

14th Floor, Portside Tower
4 Bree Street
Cape Town, 8001
South Africa
Telephone +27 21 460 0404

INDEPENDENT REGISTERED VALUER FOR AVENG

Knight Frank (Gauteng) Pty Ltd
50 Old Kilcullen Road
Bryanston
Gauteng, 2191
South Africa
Telephone +27 11 783 1195

LEGAL ADVISOR TO AVENG

Baker & McKenzie
1 Commerce Square
39 Rivonia Road, Sandhurst
Johannesburg, 2196
South Africa

TRANSFER SECRETARIES

Computershare Investor Services Proprietary Limited
Registration number 2004/003647/07
Rosebank Towers
15 Biermann Avenue
Rosebank, 2196
PO Box 61051
Marshalltown, 2107
South Africa
Telephone: +27 11 370 5000
Telefax: +27 11 688 5200

INDEPENDENT REPORTING ACCOUNTANT AND AUDITOR

Ernst & Young Inc.
Registered Auditors
(Registration number 2005/002308/21)
102 Rivonia Road
Sandton, Johannesburg, 2196
(Private Bag X14, Northlands, 2146, South Africa)

TABLE OF CONTENTS

The definitions and interpretations commencing on page 5 of this Circular apply, *mutatis mutandis*, to this table of contents.

FORWARD-LOOKING STATEMENT DISCLAIMER

The definitions and interpretations set out on page 5 of this Circular apply to this forward-looking statement disclaimer.

This Circular contains statements about Aveng that are or may be forward-looking statements. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. These forward-looking statements are not based on historical facts, but rather reflect current expectations concerning future results and events and may generally be identified by the use of forward-looking words or phrases such as "believe", "aim", "expect", "anticipate", "intend", "foresee", "forecast", "likely", "should", "planned", "may", "estimated", "potential" or similar words and phrases.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Aveng cautions that forward-looking statements are not guarantees of future performance. Actual results, financial and operating conditions, liquidity and the developments within the industry in which Aveng operates may differ materially from those made in, or suggested by, the forward-looking statements contained in this Circular.

All these forward-looking statements are based on estimates and assumptions made by Aveng, as communicated in publicly available documents by Aveng, all of which estimates and assumptions, although believed by Aveng to be reasonable, are inherently uncertain. Such estimates, assumptions or statements may not eventuate. Factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied in those statements or assumptions include other matters not yet known to Aveng or not currently considered material by Aveng.

Shareholders should keep in mind that any forward-looking statement made in this Circular or elsewhere is applicable only at the date on which such forward-looking statement is made. New factors that could cause the business of Aveng to not develop as expected may emerge from time to time and it is not possible to predict all of them. Further, the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statement is not known. Aveng has no duty to, and does not intend to, update or revise the forward-looking statements contained in this Circular after the date of this Circular, except as may be required by law.

ACTION REQUIRED BY SHAREHOLDERS

The definitions and interpretations commencing on page 5 of this Circular apply, *mutatis mutandis*, to the following action required by Aveng Shareholders.

PLEASE TAKE CAREFUL NOTE OF THE FOLLOWING PROVISIONS REGARDING THE ACTION REQUIRED BY AVENG SHAREHOLDERS

1. If you are in any doubt as to what action to take, please consult your CSDP, broker, banker, attorney, accountant or other professional advisor immediately.

2. If you have disposed of all your Aveng Shares, please forward this Circular to the purchaser of such Aveng Shares or to the CSDP, broker, banker or other agent through whom the disposal was effected.

3. The General Meeting, convened in terms of, the Notice of General Meeting, will be held in a boardroom of the Company, Block A, Aveng Park, 1 Jurgens Street, Jet Park, 1459 Boksburg on Friday, 16 November 2018, commencing at 09:00.

4. GENERAL MEETING

4.1 If you hold Dematerialised Shares

4.1.1 *Own-name registration*

You are entitled to attend, or be represented by proxy, and may vote at the General Meeting of Aveng. If you are unable to attend the General Meeting, but wish to be represented, you must complete and return the form of proxy *(blue)* as contained in **Annexure 4** of this Circular, in accordance with the instructions contained therein, to be received by the Transfer Secretaries, Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 (PO Box 61051, Marshalltown, 2107) by no later than 09:00 on Wednesday, 14 November 2018. Alternatively, such forms of proxy may be handed to the Company Secretary of Aveng at the General Meeting.

4.1.2 *Other than own-name registration*

If your CSDP or broker does not contact you, you are advised to contact your CSDP or broker and provide them with your voting instructions. If your CSDP or broker does not obtain instructions from you, they will be obliged to vote in accordance with the instructions contained in the custody agreement concluded between you and your CSDP or broker. You must not complete the form of proxy *(blue)* as contained in **Annexure 4** of this Circular. In accordance with the custody agreement between you and your CSDP or broker, you must advise your CSDP or broker timeously if you wish to attend or be represented at the General Meeting. Your CSDP or broker will be required to issue the necessary letter of representation to you to enable you to attend, or to be represented at the General Meeting.

4.2 If you hold Certificated Shares

You are entitled to attend, or be represented by proxy, and may vote at the General Meeting. If you are unable to attend the General Meeting, but wish to be represented, you must complete and return the form of proxy *(blue)* as contained in **Annexure 4** of this Circular, in accordance with the instructions contained therein, to be received by the Transfer Secretaries, Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 (PO Box 61051, Marshalltown, 2107) by no later than 09:00 on Wednesday, 14 November 2018. Alternatively, such forms of proxy may be handed to the Company Secretary of Aveng at the General Meeting.

SALIENT DATES AND TIMES

The definitions and interpretations commencing on page 5 of this Circular apply, *mutatis mutandis*, to this salient dates and times section.

	2018
Record date to receive the Notice of General Meeting	Friday, 5 October
Circular distributed to Shareholders on	Monday, 15 October
Announcement providing details and salient dates of the Proposed Transaction and the General Meeting released on SENS	Monday, 15 October
Last date to trade in Shares in order to be eligible to vote at the General Meeting	Tuesday, 6 November
Record date in order to participate in the vote at the General Meeting	Friday, 9 November
Form of proxy to be lodged by no later than 09:00 on	Wednesday, 14 November
General Meeting to be held at 09:00 on	Friday, 16 November
Results of the General Meeting to be released on SENS	Friday, 16 November
Proposed Transaction can only be implemented on fulfilment of all conditions precedent	

Notes:

1. The above dates and times are subject to amendment. Any such amendment will be released on SENS.
2. All times indicated above are given in South African time.
3. To be valid, the completed form of proxy must be lodged with the Transfer Secretaries of the Company, Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 (PO Box 61051, Marshalltown, 2107), South Africa, to reach the Transfer Secretaries on or before 09:00 on Wednesday, 14 November 2018, being at least 48 hours (excluding Saturdays and Sundays and public holidays in South Africa) before the time appointed for the holding of the General Meeting. Alternatively, such forms of proxy may be handed to the Company Secretary of Aveng at the commencement of the General Meeting.

DEFINITIONS AND INTERPRETATIONS

In this Circular, unless the context indicates otherwise, reference to the singular shall include the plural and *vice versa,* words denoting one gender include the others, words and expressions denoting natural persons include juristic persons and associations of persons and the words and expressions in the first column have the meanings stated opposite them in the second column.

"**Absa Bank**"	Absa Bank Limited (acting through its Corporate and Investment Banking division), registration number 1986/004794/06, a public company and registered bank duly incorporated in accordance with the laws of RSA;
"**AUD**"	Australian Dollars;
"**Aveng Africa**"	Aveng Africa Proprietary Limited, a private company duly incorporated in accordance with the laws of the RSA, registration number 1931/003300/07, a wholly-owned subsidiary of Aveng;
"**Aveng Group**"	collectively, the Company, its subsidiaries and its associate companies;
"**Bonds**"	Aveng's 7.25% senior unsecured convertible registered listed bonds which were due 24 July 2019;
"**Bondholders**"	holders of the Bonds;
"**Building**"	the buildings and other improvements on the Jet Park Property, including all other appurtenances, fixtures and fittings and "**Buildings**" means more than one Building as the context may indicate;
"**Business Day**"	any day, other than a Saturday, Sunday or official public holiday in South Africa;
"**Certificated Shareholders**"	Aveng Shareholders who hold Certificated Shares;
"**Certificated Shares**"	Aveng Shares which have not been dematerialised, title to which is represented by a share certificate or other document of title;
"**Circular**"	this document distributed to Shareholders and dated Monday, 15 October 2018, containing the circular to Aveng Shareholders and annexures thereto;
"**Common Terms Agreement**" or "**CTA**"	the common terms agreement entered into, on Sunday, 25 February 2018 and as most recently amended on Thursday, 13 September 2018, between Aveng and its South African Financiers, in relation to the renewal and extension of existing facilities;
"**Company**" or "**Aveng**"	Aveng Limited, with registration number 1944/018119/06, a limited liability public company duly incorporated on 22 November 1944 in accordance with the laws of the RSA and listed on the main board of the JSE under equities code AEG, ISIN: ZAE000111829;
"**Companies Act**"	the Companies Act, 71 of 2008, as amended;
"**Conditions Precedent**"	conditions precedent as summarised in paragraph 4.12 entitled Conditions Precedent and as more fully set out in clause 3 of the Sale and Lease Back Agreement;
"**CSDP**"	a central securities depository participant registered in terms of the Financial Markets Act, with whom a beneficial holder of Aveng Shares holds a dematerialised share account;
"**Date of Transfer**"	the date on which Transfer is effected;

"**Dematerialised Shares**"	Aveng Shares which have been incorporated into the Strate system and which are no longer evidenced by certificates or other physical documents of title;
"**Dematerialised Shareholders**"	Aveng Shareholders who hold Dematerialised Shares;
"**Dematerialised own-name Shareholders**"	Aveng Shareholders who hold Dematerialised Shares and who have instructed their CSDP to hold their Aveng Shares in their own name on the sub-register;
"**Directors**" or "**Board**"	the board of directors of Aveng, details of whom are set out on the front cover page of this Circular;
"**Early Bond Redemption**"	redemption of the Bonds prior to their scheduled maturity date, being Wednesday, 24 July 2019, to be implemented by the Specific Issue;
"**Effective Date**"	the first Business Day following the fulfilment of the Conditions Precedent;
"**Equites**"	Equites Property Fund Limited, registration number 2013/080877/06, a public, limited liability company duly incorporated and registered in accordance with the laws of the RSA and listed on the main board of the JSE under equities code EQU, ISIN: ZAE000188843;
"**EY**"	Ernst & Young Inc., registration number 2005/002308/21, the appointed Independent Reporting Accountants in respect of the Proposed Transaction and auditor;
"**FirstRand Bank**"	FirstRand Bank Limited, registration number 1929/001225/06, a public company and registered bank duly incorporated in accordance with the laws of RSA;
"**First National Bank of Namibia**"	First National Bank Namibia, registration number 2002/0180, a bank duly incorporated in accordance with the laws of Namibia;
"**General Meeting**"	the General Meeting of Aveng Shareholders to be held at 09:00 on Friday, 16 November 2018 in a boardroom of the Company, Block A, Aveng Park, 1 Jurgens Street, Jet Park, Boksburg, convened in terms of the Notice of General Meeting attached to this Circular;
"**iNguza**"	means iNguza Investments (RF) Limited, registration number 2008/003346/06, a public company duly incorporated in accordance with the laws of RSA;
"**Investec Bank**"	Investec Bank Limited, registration number 1969/004763/06, a public company and registered bank duly incorporated in accordance with the laws of RSA;
"**Jet Park Property**" or "**Land**"	means: (a) Portion 301 (a portion of portion 6) of the farm Witkoppie 64 Registration Division IR, Province of Gauteng, measuring 9.4133 (nine comma four one three three) hectares in extent, held under Title Deed No T56636/2016, together with the buildings and any improvements thereto; (b) Portion 302 (a portion of portion 6) of the farm Witkoppie 64 Registration Division IR, Province of Gauteng, measuring 8.4949 (eight comma four nine four nine) hectares in extent, held under Title Deed No T56637/2016, together with the buildings and any improvements thereto, including the Buildings situated thereon;

"**JSE**"	the exchange operated by the JSE Limited, registration number 2005/022939/06, a public company incorporated and registered in accordance with the laws of the RSA and licensed as an exchange under the Financial Markets Act, 19 of 2012;
"**JSE Listings Requirements**"	the Listings Requirements of the JSE, as amended from time to time;
"**King Report on Corporate Governance**" or "**King IV**"	a code of, and report on corporate governance principles for South Africa;
"**Last Practicable Date**"	Friday, 12 October 2018, being the last practicable date prior to the finalisation of this Circular;
"**Lease**"	the lease agreement to be entered into between Aveng Africa and Equites, attached as Annexure C of the Sale and Lease Back Agreement;
"**Nedbank**"	Nedbank Limited (acting through its Corporate and Investment Banking division), registration number 1951/000009/06, a public company and registered bank duly incorporated in accordance with the laws of RSA;
"**Notice of General Meeting**"	the Notice of General Meeting and proxy form attached to this Circular which will convene the General Meeting of Shareholders for the purpose of considering and, if deemed fit, approving the resolutions set out in such Notice of General Meeting relating to the Proposed Transaction;
"**Own-name Registration**"	the registration of Aveng Shareholders who hold Aveng Shares that have been dematerialised and are recorded by the CSDP on the sub-register kept by that CSDP in the name of such Aveng Shareholder;
"**Parties**"	collectively, Aveng Africa and Equites, and "**Party**" shall mean each of them individually as the context requires;
"**Proposed Transaction**"	the proposed transaction, being the sale of the Jet Park Property, by Aveng Africa to Equites, on the basis set out in the Sale and Lease Back Agreement, and the subsequent lease by Aveng Africa of the Jet Park Property from Equites and all matters incidental and ancillary thereto and as contemplated in this Circular;
"**Purchase Price**"	ZAR189 million being the purchase price payable by Equites to Aveng Africa for the Jet Park Property, as more fully detailed in paragraph 4.2, with a possible top up of ZAR26 million, subject to the condition more fully detailed in paragraph 4.3 below;
"**Register**"	the register of Certificated Shareholders maintained by the Transfer Secretaries and the sub-register of Dematerialised Shareholders maintained by the relevant CSDPs;
"**Rights Offer**"	the renounceable rights offer of 5 000 000 000 new Shares made to certain shareholders of Aveng in the ratio of 1 199.98772 new shares for every 100 Shares held that was done on or about 29 June 2018, the results of which were announced on SENS on Monday, 2 July 2018;
"**RMB**"	FirstRand Bank Limited (acting through its Rand Merchant Bank division), registration number 1929/001225/06, a public company and registered bank duly incorporated in accordance with the laws of RSA;
"**RMB/iNguza Lender**"	means the parties providing a funding to Aveng as follows: (a) RMB; and thereafter (b) iNguza;
"**RSA**"	the Republic of South Africa;

"**Sale and Lease Back Agreement**" or "**Agreement**"	the sale and lease back agreement, announced on SENS on Thursday, 2 August 2018, and entered into on 18 August 2018, between Aveng Africa and Equites, in terms of which Aveng Africa, will (i) sell the Jet Park Property to Equites; and (ii) Equites will lease the Jet Park Property back to Aveng Africa, subject to the fulfilment of the Conditions Precedent, as amended on 5 September 2018, 14 September 2018, 28 September 2018 and 3 October 2018, a copy of which is available for inspection by Shareholders as per paragraph 18 below, the salient terms of which are set out in paragraph 4;
"**SENS**"	the Stock Exchange News Service of the JSE;
"**Shares**" or "**Aveng Shares**"	ordinary shares in Aveng;
"**Shareholders**" or "**Aveng Shareholders**"	holders of Aveng Shares, which includes Certificated Shareholders, Dematerialised Shareholders and Dematerialised own-name Shareholders;
"**Share Certificates**"	Share Certificates evidencing the Shares held by Certificated Shareholders or any other Document of Title acceptable to the Board in its sole discretion;
"**South Africa Financiers**"	Absa Bank (acting through its Corporate and Investment Banking division), Investec Bank, Nedbank (acting through its Corporate and Investment Banking division), FirstRand Bank (acting through its Rand Merchant Bank division), FirstRand Bank (acting through its WesBank division), First National Bank of Namibia, The Standard Bank of South Africa (acting through its Corporate and Investment Banking division) and RMB/iNguza Lender;
"**Specific Issue**"	the issue of new Shares to Bondholders at an issue price equivalent to the Rights Offer price in order to settle all or some of the Bonds in the Early Bond Redemption to the extent that Shareholders approve the resolutions set out in the notice of General Meeting posted to Shareholders on 10 August 2018;
"**Strate**"	Strate Proprietary Limited, registration number 1998/022242/07, a private company incorporated in accordance with the laws of the RSA and which is a registered central securities depository responsible for the electronic custody and settlement system used by the JSE;
"**The Standard Bank of South Africa**"	The Standard Bank of South Africa Limited (acting through its Corporate and Investment Banking division), registration number 1962/000738/06, a public company and registered bank duly incorporated in accordance with the laws of RSA;
"**Transfer**"	the date of registration of transfer of ownership of the Land into the name of Equites in the relevant office of the Registrar of Deeds;
"**Transfer Secretaries**" or "**Computershare**"	Computershare Investor Services Proprietary Limited, registration number 2004/003647/07, a private company incorporated in accordance with the laws of the RSA, being the transfer secretaries of Aveng;
"**VAT**"	Value-Added Tax as levied in terms of the Value-Added Tax Act, 89 of 1991;
"**Voting Record Date**"	the date on which the Shareholders must be included in the shareholder register in order to be eligible to vote at the General Meeting, being Friday, 9 November 2018;
"**Warranties**"	the warranties provided at clause 19 and Annexure D of the Sale and Lease Back Agreement; and
"**ZAR**"	South African Rand.

AVENG LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 1944/018119/06)
Share code on the JSE: AEG ISIN: ZAE000111829
("**Aveng**" or "**the Company**")

CIRCULAR TO AVENG SHAREHOLDERS

INTRODUCTION AND PURPOSE OF THE CIRCULAR

On Thursday, 2 August 2018, Aveng announced on SENS that it had accepted a binding offer in terms of which Aveng, through its wholly-owned subsidiary Aveng Africa, intends to dispose of the Jet Park Property to Equites for the Purchase Price, subject to the fulfilment or waiver (as the case may be) of the Conditions Precedent.

The disposal of the Jet Park Property constitutes a Category 1 transaction which, in terms of the JSE Listings Requirements, is subject to Shareholders' approval by way of an ordinary resolution.

The purpose of this Circular is to provide Aveng Shareholders' with the requisite information in accordance with the JSE Listings Requirements, to enable Aveng Shareholders to make an informed decision in respect of the proposed resolution, as set out in the Notice of the General Meeting.

PART I – THE DISPOSAL BY AVENG AFRICA OF THE JET PARK PROPERTY

1. OVERVIEW OF EQUITES

1.1 Equites is a limited liability company, incorporated and domiciled in the RSA, whose shares are publicly traded on the JSE. Equites is listed as the only specialist industrial property fund on the JSE on 18 June 2014. The company is a Real Estate Investment Trust (REIT) and both the property and asset management functions are managed internally.

1.2 Equites conducts the business of letting logistics properties to investment grade tenants both in South Africa and the United Kingdom. Their South African operations are complemented with the in-house development of modern logistics facilities, enabled by strategic landholdings.

1.3 Equites' assets are in proven logistics nodes near large population centres and major transport links that have predictable patterns of strong rental growth. The company focuses on premium 'big-box' distribution centres, let to investment grade tenants on long-dated 'triple net' leases, built to institutional specifications.

1.4 Equites has acquired the Jet Park Property as part of their strategy of acquiring property in key logistics nodes and will be looking to develop modern logistics facilities for A-grade tenants on the site.

1.5 To the best of the Company's knowledge and belief, Equites, nor any of its associates, are related parties to the Company, as defined in section 10 of the JSE Listings Requirements.

2. RATIONALE FOR THE DISPOSAL

2.1 In February 2018, Aveng announced the results of the strategic review following a thorough and robust interrogation of all parts of the organisation to identify businesses and assets that support its long-term strategy of becoming an international infrastructure and resources group, with a footprint in developing and fast-growing regions and with access across the chosen markets. As part of the strategic review, Aveng announced its intention to dispose of its non-core assets including the (i) Aveng Grinaker-LTA; (ii) Trident Steel; and (iii) Aveng Manufacturing businesses units, as well as various immovable properties, allowing management to focus on the core operations of the Moolmans and McConnell Dowell business units. This simplification will remove the business complexity, eliminate non-core losses and allow the Aveng head office to be restructured commensurate with the operating model. Management believes the implementation of the strategic review will take up to 36 months.

2.2 As part of the aforementioned strategy, Aveng Africa identified the Jet Park Property as a non-core asset for disposal to generate capital and enhance the liquidity of the Aveng Group.

2.3 Aveng Africa has reached agreement with Equites for the disposal of the Jet Park Property, on terms and conditions set out in the Sale and Lease Back Agreement, and as highlighted below.

3. DESCRIPTION OF THE JET PARK PROPERTY

3.1 The Jet Park Property is utilised by the Aveng Group to house its head office. The Jet Park Property is located at 1 Jurgens Street, Jet Park, Boksburg, under title deed:

3.1.1 Portion 301 (a portion of portion 6) of the farm Witkoppie 64 Registration Division IR, Province of Gauteng, measuring 9.4133 (nine comma four one three three) hectares in extent, held under Title Deed No T56636/2016, together with the buildings and any improvements thereto;

3.1.2 Portion 302 (a portion of portion 6) of the farm Witkoppie 64 Registration Division IR, Province of Gauteng, measuring 8.4949 (eight comma four nine four nine) hectares in extent, held under Title Deed No T56637/2016, together with the buildings and any improvements thereto.

3.2 The rentable area of the Jet Park Property is 14 255m^2 (**Rentable Area**) and the weighted average rental per square meter for the Rentable Area is ZAR55.60.

3.3 Further, the value attributable to the Jet Park Property is equal to the Purchaser Price as determined in terms of Knight Frank (Gauteng) Proprietary Limited on 30 June 2018, is attached as **Annexure 5**.

4. THE PROPOSED TRANSACTION

The Sale of the Jet Park Property

4.1 Sale and Purchase

Following an internal restructuring to be completed prior to the Effective Date, Aveng Africa will own the Jet Park Property and will sell the Jet Park Property to Equites on the terms and conditions provided for in the Sale and Lease Back Agreement.

4.2 Purchase Price

4.2.1 The purchase price payable by Equites to Aveng Africa for the Jet Park Property is ZAR189 million (**Purchase Price**) (excluding any VAT).

4.2.2 Aveng Africa will pay the commission payable to the estate agent, being Nexus Property Group, in an amount equal to 1.75% of the Purchase Price, plus VAT which shall be payable on the Date of Transfer.

4.2.3 Accordingly, the Purchase Price, net of commission and VAT is c.ZAR185.69 million.

4.3 Purchase Price Top Up

4.3.1 Following termination of the Lease, in order for Equites to construct warehouses with a total maximum building height of 1 723 meters above sea level on the Jet Park Property, Equites requires the consent of the South African Civil Aviation Authority, Air Traffic Navigation Services and/or any other relevant airport regulator, which is required when building on the Jet Park property in excess of 1 716 meters above sea level (**Consent**).

4.3.2 In the event that Aveng acquires the Consent, Equites will pay an additional top up to the Purchase Price of ZAR26 million (**Top Up**).

4.3.3 In order for Aveng to be paid the Top Up, the Consent must be obtained prior to the date on which Equites commences clearing of the Property, following termination of the Lease.

4.4 Payment of the Purchase Price

4.4.1 As a Condition Precedent to the Proposed Transaction, Equites will provide an irrevocable bank guarantee of an amount equal to the Purchase Price to the conveyancers.

4.4.2 On the Date of Transfer, the conveyancers will (i) draw down on the bank guarantee; and (ii) make payment of the Purchase Price to Aveng Africa.

4.5 Transfer of the Jet Park Property

4.5.1 Transfer of the Jet Park Property will be effected as soon as reasonably possible after the Effective Date and simultaneously with the registration in the Deeds Office of:

4.5.1.1 the release of the Jet Park Property from the mortgage bond/s registered against the title of the Jet Park Property; and

4.5.1.2 a first mortgage bond passed by Equites in favour of the Jet Park Property, if applicable.

4.5.2 With effect from the Date of Transfer, ownership, possession and occupation of the Jet Park Property will be given by Aveng Africa to Equites, subject to the Lease.

4.6 Warranties and Indemnity

4.6.1 Aveng Africa will give such warranties as are customary for a transaction of this nature, as set out in Annexure D of the Sale and Lease Back Agreement (**Warranties**).

4.6.2 Aveng Africa further indemnifies Equites and holds it harmless against any material loss, liability, damage or expense which Equites may incur as a result of a breach of Aveng Africa of any of the Warranties (**Indemnity**).

4.6.3 The Warranties and Indemnity will be subject to certain limitations as provided for in the Sale and Lease Back Agreement, such as a cap on liability and *de minimus* thresholds.

4.6.4 Save for the Warranties, the Jet Park Property will be sold *voetstoots.*

4.7 Interim Period

4.7.1 Aveng Africa further undertakes that during the period from signature date of the Sale and Lease Back Agreement, until the Date of Transfer:

4.7.1.1 it will not make any material alternations or improvements to the Jet Park Property, without the consent of Equites; and

4.7.1.2 it will maintain the Jet Park Property in a good and tenantable condition and in the same condition as it was in at the signature date of the Sale and Lease Back Agreement, fair wear and tear excepted.

Lease Back Transaction

4.8 Duration

4.8.1 On the Date of Transfer, Aveng Africa intends to lease the Jet Park Property from Equites for an uninterrupted period of 24 months from the Date of Transfer (**Lease Period**), on the terms and conditions set out in the Lease.

4.8.2 Aveng Africa will be entitled to terminate the Lease at any time during the Lease Period on three month's written notice to Equites.

4.9 Rent

4.9.1 Aveng Africa will pay Equites a monthly rental equal to ZAR1.1 million (plus VAT) (**Rental**), which will increase by 8% on each anniversary of the Date of Transfer.

4.9.2 Rental will be payable by Aveng Africa monthly in advance, on or before the first day of each month during the Lease Period, save for the *pro rata* rental in respect of the first month which shall be due and payable on the first business day after the Date of Transfer.

4.9.3 Aveng Africa will be required to provide Equites with a deposit equal to three month's rental.

4.10 Payment of rental

4.10.1 All payments due by Aveng Africa to Equites under the Lease will be made to bank account nominated by Equites, or to such other person, if any, at such other place, if any, as Equites has designated for the time being by written notice to Aveng Africa.

4.10.2 Aveng Africa shall be liable for interest on all overdue amounts payable under this Lease at the prime interest rate per annum of Nedbank Limited from time to time, reckoned from the due dates of such amounts until they are respectively paid.

4.11 Aveng Africa to bear all expenses for the duration of the Lease Period

The Lease will constitute a triple-net lease. Accordingly, all expenses of whatsoever nature will be borne by Aveng Africa, including:

4.11.1 all assessment rates, municipal, provincial and state taxes imposed, charged or assessed upon the Jet Park Property and/or of all and any increases in such charges imposed by the relevant authority;

4.11.2 all charges levied in connection with the supply on or to the Jet Park Property of electricity, water and all other services and facilities, including the basic costs imposed by the local authority relating to the supply of such services;

4.11.3 all sanitary and other local authority charges in respect of the Jet Park Property;

4.11.4 refuse removal charges;

4.11.5 all costs associated with securing the Jet Park Property;

4.11.6 all requirements in terms of law, in relation to the Buildings; and

4.11.7 structural repairs and/or maintenance in relation to the Buildings, fair wear and tear excepted.

Conditions Precedent to the Proposed Transaction

4.12 The Proposed Transaction is subject to, *inter alia*, the fulfilment or waiver of the following Conditions Precedent, that:

4.12.1 on or before 30 November 2018:

4.12.1.1 the Shareholders approving the Proposed Transaction as contemplated in the Circular;

4.12.1.2 the approval of the Proposed Transaction by the Competition Authorities in terms of the Competition Act, 89 of 1998;

4.12.1.3 approval of Aveng Africa's South African Financiers as required in terms of the Common Terms Agreement entered into between Aveng Africa and the aforementioned Financiers, as amended;

4.12.1.4 obtaining consents and doing all things necessary to give effect to the termination of any mortgage bond registered over the Jet Park Property;

4.12.1.5 Aveng Africa has completed its internal restructuring exercise in terms of which the Jet Park Property has been transferred to Aveng Africa from Pybus 108 Proprietary Limited, a wholly-owned subsidiary of Aveng Africa; and

4.12.2 within 14 calendar days of the last of the aforementioned Conditions Precedent having been met, the delivery by Equites to the conveyancing attorneys of an irrevocable bank guarantee of an amount equal to the Purchase Price, from a reputable South African financier, as agreed to in writing by Aveng Africa (**Bank Guarantee**) which Bank Guarantee must be expressed to be payable to Aveng Africa.

PART II – GENERAL

1. OVERVIEW OF THE BUSINESS

1.1 History and nature of business

1.1.1 Aveng is a limited liability company incorporated and domiciled in the Republic of South Africa whose shares are publicly traded. The Aveng Group operates in the construction, engineering and mining environments and as a result the revenue is not seasonal in nature, but is influenced by the nature and execution of the contracts currently in progress.

1.1.2 The Aveng Group operates under four reportable segments including Construction and Engineering (South Africa and rest of Africa), Construction and Engineering (Australasia and Asia), Mining and Manufacturing and Processing.

1.2 Core operations

1.2.1 McConnell Dowell

McConnell Dowell specialises in the construction and maintenance of tunnels and pipelines, railway infrastructure maintenance and construction, marine and mechanical engineering, industrial building projects, Oil & Gas construction and mining and mineral construction in Australia, New Zealand and Pacific, Built Environs, Southeast Asia and Middle East.

1.2.2 Moolmans

Moolmans is a South African-based leader in open-cut contract mining across Africa, involved in all aspects across the mining value chain, with brand equity through strong customer relationships, a good delivery track record and an excellent operational performance offering.

1.3 Non-core operations

Aveng is in the process of disposing of its non-core operations including Aveng Grinaker-LTA, Aveng Trident Steel, the Aveng Manufacturing businesses and various properties.

2. AVENG GROUP PROSPECTS

2.1 Core operations markets and operational performance

2.1.1 McConnell Dowell is a major engineering construction and maintenance contractor, delivering complex projects in the infrastructure and resources sector in Australia, New Zealand and Pacific Islands, Southeast Asia and the Middle East.

2.1.2 The markets serviced by McConnell Dowell are expected to continue to offer growth opportunities with the continued roll-out of large- and medium-sized projects in the major Australian cities. In Southeast Asia, opportunities exist in infrastructure in Singapore, Malaysia, Thailand, Indonesia and the Philippines. Government investment in large-scale transport and water projects will fuel growth in the New Zealand market.

2.1.3 The Aveng Group has identified the need for improved operational performance across the Company. The turnaround at the Australian-based division, McConnell Dowell, remains on track, however, it is imperative that the division is able to replenish its order book. As stated previously, the markets serviced by McConnell Dowell offers significant opportunities, but the market remains competitive despite the volume of new project opportunities. At 30June 2018, McConnell Dowell's two-year order book was AUD0.8 billion vs AUD1.5 billion in December 2017. Winning new work continues to be a key focus for the business. McConnell Dowell is involved in a number of Early Client Involvement (**ECI**) discussions. In this type of process, clients engage with a preferred contractor to fully develop the scope and costs associated with the project. Due to the collaborative nature of this process, there is a higher likelihood that this will result in awarded contracts. The approximate value of ECI work in McConnell Dowell is AUD1.25 billion. Whilst the likelihood of converting this to work in the order book is higher, there is no certainty of this.

2.1.4 Within South Africa, Moolmans is focused on addressing underperformance within its portfolio of projects, where performance has been significantly below expectations. Management has engaged on various initiatives to address this, including engaging with the clients to negotiate improved commercial and operational terms, seeking to exit non-performing contracts, as well as investment to improve performance of equipment. Additionally, all projects are being reviewed to ensure that aspects such as costs and equipment performance are further improved. Through Moolmans, Aveng offers contract mining for open-cut surface and underground mining, spanning a broad range of commodities and a number of African countries

2.1.5 Moolmans, like McConnell Dowell, must replenish its order book. Moolmans' two-year order book as at 30 June 2018 was ZAR5.3 billion versus ZAR6.7 billion in December 2017. There are a number of opportunities that are being pursued within a competitive market. As these contracts are generally long term in nature (three to five years), the adjudication period tends to be longer than associated with construction type contracts. As new contracts and renewals come through, the impact of the lower pricing required during the downturn is expected to be reduced.

2.2 Current trading and prospects of non-core operations

2.2.1 Domestically the outlook for the infrastructure market remains subdued with limited visibility on large-scale projects. However, recent changes in the political environment have led to an improved sentiment in South Africa.

2.2.2 Aveng's Grinaker-LTA, the Trident Steel division and the manufacturing businesses are considered non-core.

2.2.3 Trident Steel expects improvements in international steel prices, despite over-capacity in the industry. Locally, it is expected that demand will continue to be hampered by a lack of infrastructure expenditure. Furthermore, there is an expectation of increased competition in South Africa as a result of the commissioning of smaller steel mills. Trident Steel will continue to implement further rationalisation and efficiency measures to enable a marginal improvement in financial performance.

2.2.4 Aveng Grinaker-LTA is involved in Civil Engineering, Mechanical & Electrical, Water Treatment solutions as well as Building Operations. The subdued market conditions experienced in the civil engineering market in the last year are expected to continue in the medium-term. The building market is also not expected to present any major new opportunities. As a result of the lower expected demand, Aveng Grinaker-LTA will align its overhead structure to the current market opportunities. Within the Civil Engineering business unit, the focus will be to manage the remaining contracts to completion in line with the revised budgets. The business units of Aveng Water, Mechanical & Electrical and Building South are expected to continue to deliver solid results despite the difficult trading conditions.

2.2.5 The Aveng Manufacturing businesses (comprise Aveng Automation and Control Solutions, Aveng Dynamic Fluid Control, Aveng Duraset, Aveng Infraset and Aveng Rail). These businesses continue to experience headwinds. Persisting difficult market conditions, which are expected to continue for the short to medium term in the water, infrastructure, rail and mining products are impacting the majority of the business issues. In light of this, management has intensified cost reduction initiatives in conjunction with operational efficiencies, which are yielding results, as well as scaling down non-core activities and operations within the business. Additional sales opportunities will be pursued via various equity joint ventures within SADC, as well as through improved volumes through the newly established Brazilian subsidiary of Aveng Dynamic Fluid Control. The sale of Aveng Rail was announced on 3 October 2018 for a net transaction consideration of ZAR133 million. The sale is expected to close no later than 31 December 2018 after all conditions have been met.

2.3 Reduction in debt levels and restructure of the balance sheet:

2.3.1 As at 30 June 2018, Aveng had gross debt of ZAR3.3 billion, including bank debt of ZAR1.3 billion and the Bonds of ZAR2.0 billion. Overdrafts of ZAR315 million were utilised, being set-off by positive bank balances as at 30 June 2018. An amount of approximately ZAR493.2 million was raised by way of the Aveng Rights Offer, which closed on Monday, 2 July 2018. The purpose of the Aveng Rights Offer was to fund internal capital requirements.

2.3.2 The Aveng Group engaged in discussions with its bank funders to reset and extend the current banking facilities which mature in October 2018, and has subsequently executed an addendum to the Common Terms Agreement.

2.3.3 The debt level within the Aveng Group was considered to be unsustainable and became critical for Aveng to find a solution for the Bonds. Accordingly, on 25 September 2018, the Board implemented the Early Bond Redemption, in order to remove any refinance risk related to the Bonds and assist in restructuring the Aveng Group's balance sheet to a more appropriate and sustainable level. As part of the Early Bond Redemption, Aveng issued a new debt instrument of up to ZAR460 million to certain participating Bondholders in order to buy back convertible bonds before the Early Bond Redemption, the terms of which will rank *pari passu* with Aveng bank debt. All details relating to the Early Bond Redemption can be found in the Specific Issue circular posted on Friday, 10 August 2018.

2.4 Other associated costs

2.4.1 Corporate head office costs

The corporate head office cost, for the current year, continues to be impacted as a result of additional costs that are being incurred through the initiatives associated with the Rights Offer, the Early Bond Redemption, banking discussions and increased liquidity management. Management continues to monitor these costs.

2.4.2 Interest costs

Due to the current debt levels of the Aveng Group and the utilisation levels of the current facilities, the finance charges have increased. Details of Aveng's finance charges for the year ended 30 June 2018 are available in the Annual Financial Statements published on 25 September 2018.

2.4.3 Liquidity management

2.4.3.1 The suboptimal operational performance in conjunction with the current debt levels has required that the Aveng Group apply increased focus to its liquidity management. An enhanced process has been implemented and is yielding results. The risk to the liquidity process remains poor operational performance especially within the SA Construction division. The timeous disposal of non-core assets, including disposal of the Jet Park Property, is required to ensure that the Aveng Group is able to meet its planned cash flow budgets, which includes the estimated negative impact of loss making contracts within the SA Construction division.

2.4.3.2 Aveng has raised ZAR493.2 million by way of the Rights Offer and the Aveng Group has recently secured an additional ZAR400 million bank debt facility in order meet its interim liquidity requirements and provide a platform to implement its strategy

3. FINANCIAL INFORMATION

3.1 In terms of the JSE Listings Requirements, a Category 1 transaction requires *pro forma* financial information showing the effects of the Proposed Transaction on the Company's statement of financial position and statement of comprehensive earnings. The *pro forma* financial information includes both scenarios where (i) only the Purchase Price of ZAR189 million is paid by Equites; and (ii) where the Purchase Price of ZAR189 million plus the ZAR26 million Top Up is paid by Equites, as provided for in paragraph 4.3 of Part I of this Circular.

3.2 The *pro forma* financial information, including the assumptions on which it is based and the financial information from which it has been prepared, is the responsibility of the Board.

3.3 The *pro forma* financial information is set out in **Annexure 1** of this Circular.

3.4 The independent reporting accountant's assurance report on the *pro forma* financial information is set out in **Annexure 2** of this Circular.

4. MATERIAL LOANS OF AVENG

Details relating to material loans made to Aveng and/or it subsidiaries are set out in **Annexure 3** of this Circular.

5. MATERIAL CONTRACTS OF AVENG

5.1 Save for the agreements relating to the Proposed Transaction as described in this Circular and as set out below, neither Aveng nor any of its subsidiaries have entered into any material contract, other than in the ordinary course of business, within the two years prior to the Effective Date or at any time and containing an obligation or settlement that is material to Aveng at the Effective Date.

5.2 On:

5.2.1 Sunday, 25 February 2018 and as most recently amended on Thursday, 13 September 2018, Aveng entered into the Common Terms Agreement with its South African Financiers, in relation to the renewal and extension of existing facilities. The Common Terms Agreement contains a common set of terms and conditions for the various term, revolving credit and certain other facilities made available to the Aveng Group. As such it contains warranties, representations, undertakings and covenants that are typical for facilities of this nature and size.

5.2.2 Tuesday, 11 October 2016, Aveng Africa entered into a settlement agreement with, *inter alia*, the Government of the RSA, in terms of which (i) the parties settle outstanding or pending civil claims from the Government of the RSA; and (ii) Aveng Africa commits to certain transformation undertakings;

5.2.3 Wednesday, 3 October 2018, the Company announced that it has entered into binding agreements with Mathupha Capital Proprietary Limited (**Mathupha Capital**), in terms of which Aveng Africa will dispose of 100% of its Rail business unit to Mathupha Capital for a net transaction consideration of ZAR133 million. The transaction is expected to close by no later than 31 December 2018.

5.3 As set out in paragraph 2.3.3 of Part II above, as part of the Early Bond Redemption, Aveng issued a new debt instrument of up to ZAR460 million to certain participating Bondholders in order to buy back convertible bonds before the Early Bond Redemption, the terms of which will rank *pari passu* with Aveng bank debt. Details as to this new debt instrument can be found in the Specific Issue circular posted on Friday, 10 August 2018.

6. MAJOR SHAREHOLDERS

6.1 The following Shareholders held, directly and indirectly, equal to or in excess of 5% of the issued share capital as at 30 June 2018:

Investment manager	Total shares	%
ATM Holding GmbH	1 359 584 403	25.4
Coronation Asset Management (Pty) Ltd	1 085 815 031	20.3
Allan Gray Pty Ltd	949 593 261	17.8
Investec Asset Management	496 497 119	9.3
RMB Morgan Stanley Pty Ltd	265 001 000	4.9
Total	**4 156 490 814**	**77.7**

ATM Holding GmbH is owned by ATON GmbH, a private investment holding company.

6.2 The following Shareholders held, directly and indirectly, equal to or in excess of 5% of the issued share capital, post the Specific Issue:

Investment manager	Total shares	%
Coronation Asset Management (Pty) Ltd	5 830 951 402	30.1
Allan Gray Pty Ltd	3 388 480 349	17.5
JP Morgan Chase & Co	2 771 473 796	14.3
ATM Holding GmbH	1 359 584 403	7.0
Total	**13 350 489 950**	**68.8**

No shareholder holds a controlling interest in Aveng.

Save as provided for in 2.1, the trading objectives of Aveng and its major subsidiaries have not changed over the past five years.

7. DIRECTORS' AND OFFICERS' INTERESTS

7.1 Directors' interests in the Proposed Transaction

7.1.1 No directors have a material beneficial interest, whether direct or indirect, in the Proposed Transaction.

7.1.2 No directors, including a director who resigned in the last 18 months, has or had any material beneficial interest, direct or indirect, in any transaction that was effected by the Company during the current or immediately preceding financial year or during any earlier financial year, and which remain in any respect outstanding or unperformed, save for the following:

7.1.2.1 On 10 August 2016, Aveng Africa announced that it has reached an agreement with Kutana Steel (Pty) Ltd (**Kutana Steel**) whereby Kutana Steel acquired a 70% interest in the Aveng Steeledale business (**Aveng Steeledale**) owned and operated by Aveng Africa (**Steeledale Transaction**). The Steeledale Transaction was effective on 1 January 2017, as amended. A portion of the purchase price remains outstanding, to be paid in tranches by no later than 30 June 2021.

7.1.2.2 In the Steeldale Transaction, Kutana Steel is an indirect subsidiary of Kutana Capital of which Ms Thoko Mokgosi-Mwantembe is the ultimate majority shareholder. Ms Thoko Mokgosi-Mwantembe resigned as a non-executive director of Aveng on 24 November 2017.

7.2 Directors' interests in the Aveng Shares

The direct and indirect beneficial interests in Shares held by all the directors (including directors who have resigned in the last 18 months) and their associates as at 30 June 2018, are shown below:

Name	Direct beneficial	Indirect beneficial	Total	% of shares
Executive directors				
EK Diack	–	–	–	0.00
AH Macartney	–	–	–	0.00
JJA Mashaba[2]	89 661	–	89 661	0.02
HJ Verster[1]	447 546	–	447 546	0.11
Executive directors' total	**537 207**	–	**537 207**	**0.13**

Notes:

1. Resigned effective 26 September 2017.
2. Resigned effective 31 August 2018.

Name	Direct beneficial	Indirect beneficial	Total	% of shares
Non-executive directors				
MJ Kilbride	10 000	–	10 000	0.002
K Mzondeki	–	–	–	0.00
SJ Flanagan	–	–	–	0.00
MA Hermanus	–	–	–	0.00
PA Hourquebie	–	–	–	0.00
Non-executive directors' total	**10 000**	**–**	**10 000**	**0.002**
Total	**547 207**	**–**	**547 207**	**0.0132**

The direct and indirect beneficial interests in Shares held by all the directors (including directors who have resigned in the last 18 months) and their associates post the Specific Issue, are shown below:

Name	Direct beneficial	Indirect beneficial	Total	% of shares
Executive directors				
EK Diack	–	–	–	0.00
AH Macartney	–	–	–	0.00
JJA Mashaba[2]	89 661	–	89 661	0.002
HJ Verster[1]	447 546	–	447 546	0.008
Executive directors' total	**537 207**	–	**537 207**	**0.01**

Notes:

1. Resigned effective 26 September 2017.
2. Resigned effective 31 August 2018.

Name	Direct beneficial	Indirect beneficial	Total	% of shares
Non-executive directors				
MJ Kilbride	129 999	–	129 999	0.002
K Mzondeki	–	–	–	0.00
SJ Flanagan	–	–	–	0.00
MA Hermanus	–	–	–	0.00
PA Hourquebie	–	–	–	0.00
Non-executive directors' total	**129 999**	**–**	**129 999**	**0.002**
Total	**667 206**	**–**	**667 206**	**0.012**

Save as set out above, there have been no changes in directors' interests between 30 June 2018 and the Last Practicable Date.

7.3 Directors' service contracts

Copies of the directors' service contracts will be available for inspection in accordance with the procedure set out in paragraph 18 entitled Documents Available for Inspection of this Circular.

7.4 Directors' remuneration and benefits

The directors' remuneration and benefits are set out at note 46 of Aveng's Annual Financial Statements published on 25 September 2018 from pages 86 which is available on the Company's website: www.aveng.co.za. There has been no change to the directors' remuneration and benefits as a result of the Proposed Transaction.

8. APPLICATION OF THE SALE PROCEEDS

As outlined in paragraph 2.1 above, as part of the strategic review, the proceeds from the Proposed Transaction will be used to strengthen the financial position of the Aveng Group and to reduce overall debt.

9. WORKING CAPITAL STATEMENT

The Board is of the opinion that the working capital of Aveng and its subsidiaries is sufficient for the current requirements of Aveng and will be adequate for at least the next 12 months from the date of issue of this Circular.

10. GENERAL MEETING

A General Meeting of the Aveng Shareholders has been convened and will be held at 09:00 on Friday, 16 November 2018 at the boardroom of the Company, Block A, Aveng Park, 1 Jurgens Street, Jet Park, Boksburg, for the purpose of considering and, if deemed fit, passing, with or without modification, the necessary resolutions to give effect to the Proposed Transaction and the matters incidental thereto. The resolution to be put to the Shareholders for their approval is set out in the Notice of General Meeting which will be distributed to Shareholders on Monday, 15 October 2018. Copies of the Notice of General Meeting may be obtained from the registered office of Aveng, the Transaction Sponsor and the Transfer Secretaries, whose addressed are set out in the "Corporate Information" section of this Circular. A copy of the Notice of General Meeting of Aveng Shareholders will also be available on Aveng's website (www.aveng.co.za).

11. VOTING AT THE GENERAL MEETING

In terms of the JSE Listings Requirements, a 50% plus 1 majority of votes of all Aveng Shareholders, present or represented by proxy at the General Meeting must be obtained in respect of the ordinary resolutions to approve the Proposed Transaction.

12. EXPENSES

The estimated costs of preparing and distributing this Circular, and all other annexures, holding the General Meeting and Proposed Transaction, including the fees payable to professional advisors, are approximately ZAR1 231 500, excluding VAT, and include the following:

Expenses	**R'000**
Baker McKenzie – Legal Advisor	750
UBS – Sponsor	–
Independent Reporting Accountant	290
Independent External Valuer	38
Computershare Investor Services Proprietary Limited	6.5
JSE Limited	87
Printing	60
Estimated total	**1 231.5**

13. DIRECTORS' RECOMMENDATION

13.1 The directors have considered the terms and conditions of the Proposed Transaction and are of the opinion that the terms of the Proposed Transaction are in the interests of the Shareholders.

13.2 The directors entitled to vote at the General Meeting recommend that Shareholders vote in favour of the resolutions to be proposed at the General Meeting.

14. MATERIAL CHANGES

14.1 The Board is not aware of any material changes in the financial or trading position of Aveng following the latest published results for the year ended 30 June 2018.

14.2 Save as provided for in paragraph 7.1.2.1 of Part II of this Circular and this paragraph 14.2, the Company has not purchased any material assets, or made any material disposals during the three years prior to the Last Practicable Date, save for the following:

14.2.1 On 10 August 2016, Aveng Africa announced that it had reached an agreement with Royal Bafokeng Holdings (Pty) Ltd (**RBH**) in terms of which RBH would acquire the equity interests, which are managed by Aveng Capital Partners, in Blue Falcon 140 Trading (RF) (Pty) Ltd (**Blue Falcon**) N3 Toll Concessions (Pty) Ltd (**N3TC**) and Windfall 59 Properties (RF) (Pty) Ltd (**Windfall**) (collectively **ACP Transaction**). On 13 February 2017, Aveng announced that the ACP Transaction became effective.

15. LITIGATION STATEMENT

15.1 In relation to formal legal claims instituted against the Aveng Group:

15.1.1 In 2010, a subcontractor brought a delay claim of AUD4.2 million against McConnell Dowell and its joint venture partner on a desalination project in Australia. The claim has been evaluated, using internal and external counsel and other experts and management has concluded that the subcontractor's claim, has no merit, as currently pleaded.

15.1.2 In December 2014, a third party instituted action for ZAR429.5 million alternatively ZAR428.8 million against Aveng Africa and others, for damages it alleges it suffered as a result of the tendered contract sum for the construction of one of the world cup stadia, having allegedly been wrongfully and unlawfully inflated (as a result of collusive conduct). The claim has been evaluated, using external senior counsel and other experts. Management has concluded that the likelihood of a liability is remote.

15.1.3 In June 2016, a third party instituted action against Aveng Africa for ZAR45.5 million for damages it alleges it suffered as a result of an alleged unlawfully inflated tender price, which tender was awarded to a joint venture involving Aveng Grinaker-LTA. The claim has been evaluated, using internal and external counsel. Management has concluded that the likelihood of a liability is remote.

15.1.4 McConnell Dowell, in joint venture with its partner, is in arbitration with its client and related litigation proceedings with a project consultant engaged by the client's consultant, whereby the claims against the joint venture relate to the alleged supply of substandard components. The client's claim is in the amount of NZD5.2 million (being approximately ZAR51.05 million).

15.1.5 McConnell Dowell's client advised a potential defects claim of approximately NZD20 million (being approximately ZAR196.3 million) on an airport project. McConnell Dowell is awaiting written confirmation of indemnity for this claim, after which it will be handled by the insurers. The claim has been evaluated, using internal counsel and other external experts, which assessment has led management to conclude that it is likely that indemnity should be granted by the insurer.

15.1.6 A plant leasing company has instituted two claims against McConnell Dowell. The first being a claim for unfair preference (insolvency) payments made by McConnell Dowell appears to be between AUD46 million (being approximately ZAR493.4 million) and AUD66.5 million (being approximately ZAR713.2 million); and the second being a subcontractor claim, where quantum has not been identified, being made for monies allegedly owed. However, it is expected that the amount will mostly overlap with the figures claimed in the insolvency proceedings. In the latter matter, McConnell Dowell has instituted a counterclaim for costs to complete the plaintiff's subcontract, after the plaintiff's contract was terminated for insolvency. In terms of these claims, as at the Last Practicable Date, the prospects of success on the quantum claimed are considered remote.

15.1.7 McConnell Dowell is currently in arbitration with a subcontractor, for review of a previous award granted in McConnell Dowell's favour in 2017. The subcontractor applied to review this award and the arbitrator has indicated that he will make a further award for repayment to the subcontractor of AUD5.4 million plus interest. It is likely that the arbitration ruling will be the subject of a court appeal process.

In terms of the above claims, at this stage, the prospects of success on the quantum claimed, are considered remote based on internal and external assessment. Where required, adequate provisions have been taken.

15.2 In relation to formal legal claims instituted by the Aveng Group:

15.2.1 There are claims which are subject to the protracted legal proceedings in Australia, where the total exposure to the Aveng Group is approximately ZAR919 million, being amounts due from contract customers, as disclosed in the consolidated interim financial statements for the period ended 30 June 2018. The outcome of the above matters remain uncertain and may have an impact on future earnings.

15.2.2 A claim has been instituted by Aveng against a South African insurer in the amount of ZAR205 million in relation to an insurance claim that the insurer failed to indemnify. Aveng issued its Particulars of Claim in August 2017 and the matter is to proceed to the High Court of South Africa.

15.3 Save for the above, there are no legal proceedings, including any proceedings that are pending or threatened, relating to the Aveng Group, of which Aveng is aware, that may have or have had during the past 12 months, a material effect on the financial position of the Aveng Group.

16. ADVISORS' CONSENTS

The parties referred to in the Corporate Information section on the inside front cover of this Circular have consented in writing to act in the capacities stated and to their names being stated in the Circular. The independent reporting accountant's, being Ernst & Young and the independent registered valuer, being Knight Frank (Gauteng) Pty Ltd, have consented to the reference to their reports in the form and context in which they appear, and have not withdrawn their consents prior to the publication of the Circular.

17. DIRECTORS' RESPONSIBILITY STATEMENT

The directors, whose names are given on the Corporate Information page of this Circular collectively and individually accept full responsibility for the accuracy of the information furnished relating to Aveng Group and certify that to the best of their knowledge and belief, there are no facts which 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 JSE Listings Requirements.

18. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents, or copies thereof, will be available for inspection by the Shareholders during normal business hours at the registered office of Aveng and its subsidiaries and at the offices of the Company, Block A, Aveng Park, 1 Jurgens Street, Jet Park, 1459 from Monday, 15 October 2018 until Friday, 16 November 2018:

18.1 the Memorandum of Incorporation of the Company and its major subsidiaries;

18.2 Sale and Lease Back Agreement;

18.3 Independent reporting accountant's assurance report on the compilation of the *pro forma* financial information of Aveng;

18.4 the annual financial statements of Aveng for the most recent three financial years;

18.5 the latest sworn appraisals or valuations relative to the Jet Park Property;

18.6 the advisors consents as per paragraph 16 of this Circular;

18.7 service contracts with directors, managers, underwriters, vendors and promoters of the Company entered into during the last three years

18.8 the Common Terms Agreement; and

18.9 a signed copy of this Circular.

SIGNED AT JET PARK ON 15 OCTOBER 2018 ON BEHALF OF ALL THE DIRECTORS OF AVENG LIMITED IN TERMS OF POWERS OF ATTORNEYS SIGNED BY SUCH DIRECTORS

AH Macartney
Group CFO

PRO FORMA FINANCIAL INFORMATION OF THE AVENG GROUP

The definitions and interpretations commencing on page 5 of this Circular have, unless the context otherwise requires, been used throughout this **Annexure 1**. The contents of this **Annexure 1** are provided in support of the "Financial Information" contained in paragraph 3 of Part II of the Circular.

The *pro forma* financial information includes both scenarios where (i) only the Purchase Price of ZAR189 million is paid by Equites; and (ii) where the Purchase Price of ZAR189 million plus the ZAR26 million Top Up is paid by Equites, as provided for in paragraph 4.3 of Part I of this Circular.

The *pro forma* financial information set out below has been prepared to assist Aveng Shareholders in assessing the impact of the Proposed Transaction on the loss per share ("LPS"), headline loss per share ("HLPS"), net asset value ("NAV") and net tangible asset value ("NTAV") per Aveng Share. The *pro forma* financial information has been prepared to illustrate the impact of the Proposed Transaction under the assumption that it has been implemented as at 1 July 2017 for the purpose of the statement of comprehensive earnings and 30 June 2018 for the purpose of the statement of financial position.

The *pro forma* financial information has been prepared in accordance with the Listings Requirements and the Guide on *Pro forma* financial information issued by the South African Institute of Chartered Accountants.

This *pro forma financial information* has been prepared using accounting policies that comply with International Financial Reporting Standards and that are consistent with those applied by the Company in the audited, published financial statements of Aveng for the year ended 30 June 2018.

The financial information relating to the property has been extracted from the published financial results.

The *pro forma* financial information set out below is the responsibility of the Board and has been prepared for illustrative purposes only and because of its nature may not fairly present the Company's financial position and results of Aveng's operations for the period then ended.

The *pro forma* consolidated statement of comprehensive earnings and *pro forma* consolidated statement of financial position have been prepared to show the financial information of:

– the Rights Offer;
– the Specific Issue;
– the sale of Jet Park Property;
– the Sale and Lease Back Agreement;
– the transaction costs associated with the Proposed Transaction; and
– the taxation

(collectively the "*Pro forma* Adjustments").

Scenario 1

These financial effects of Aveng relating to the Purchase Price of ZAR189 million for the Sale of the Jet Park property and Rights Offer and Specific Issue Transactions based on Scenario 2 details of which are included in the relevant circular to Aveng Shareholders dated Friday, 10 August 2018.

THE *PRO FORMA* CONSOLIDATED STATEMENT OF COMPREHENSIVE EARNINGS OF THE AVENG GROUP FOR THE YEAR ENDED 30 JUNE 2018

				Sale of Jet Park Property				
	Audited 30 June 2018	*Pro forma* Rights Offer and Specific Issue Transactions *pro forma*	Total after Rights Offer and Specific Issue Transactions *pro forma*	*Pro forma* Sale of Jet Park Property	*Pro forma* Sale and Lease Back Agreement	*Pro forma* Transaction costs	*Pro forma* Taxation	*Pro forma* Total
ZARm	**Audited**	**Column 1**	**Column 2**	**Column 3**	**Column 4**	**Column 5**	**Column 6**	**Column 7**
Revenue	30 580		30 580					30 580
Cost of sales	(28 782)		(28 782)					(28 782)
Gross earnings	1 798		1 798					1 798
Other earnings	106	193	299					299
Operating expenses	(2 292)		(2 292)		(14)			(2 306)
Earnings from equity-accounted investments	(13)		(13)					(13)
Operating earnings/(loss)	(401)	193	(208)		(14)			(222)
South Africa government settlement								–
Net operating earnings/(loss)	(401)	193	(208)		(14)			(222)
Impairment loss on goodwill, intangible assets and property, plant and equipment	(1 298)		(1 298)					(1 298)
Impairment loss on equity-accounted investments	(195)		(195)					(195)
Fair value adjustment on properties and disposal groups classified as held-for-sale	(807)		(807)					(807)
Profit on sale of property, plant and equipment	47		47	58		(1)		104

				Sale of Jet Park Property				
	Audited 30 June 2018	***Pro forma* Rights Offer and Specific Issue Transactions *pro forma***	**Total after Rights Offer and Specific Issue Transactions *pro forma***	***Pro forma* Sale of Jet Park Property**	***Pro forma* Sale and Lease Back Agreement**	***Pro forma* Transaction costs**	***Pro forma* Taxation**	***Pro forma* Total**
ZARm	**Audited**	**Column 1**	**Column 2**	**Column 3**	**Column 4**	**Column 5**	**Column 6**	**Column 7**
Earnings/(loss) before financing transactions	**(2 654)**	**193**	**(2 461)**	**58**	**(14)**	**(1)**		**(2 418)**
Finance expense	**246**	**(29)**	**217**					**217**
Interest on convertible bonds	**(251)**	**73**	**(178)**					**(178)**
Other finance expenses	**(434)**		**(434)**					**(434)**
Earnings/(loss) before taxation	**(3 093)**	**237**	**(2 856)**	**58**	**(14)**	**(1)**		**(2 813)**
Taxation	**(426)**	**(20)**	**(446)**				**(13)**	**(459)**
Loss for the period	**(3 519)**	**217**	**(3 302)**	**58**	**(14)**	**(1)**	**(13)**	**(3 272)**
Loss from continuing operations	(1 050)	217	(833)	58	(14)	(1)	(13)	(803)
Loss from discontinued operations	(2 469)		(2 469)					(2 469)
Other comprehensive earnings								
Other comprehensive earnings to be reclassified to earnings or loss in subsequent periods (net of taxation):								
Exchange differences on translating foreign operations	**48**		**48**					**48**
Other comprehensive earnings/(loss) for the period, net of taxation	**48**		**48**					**48**
Total comprehensive earnings/(loss) for the period	**(3 471)**	**217**	**(3 254)**	**58**	**(14)**	**(1)**	**(13)**	**(3 224)**

				Sale of Jet Park Property				
	Audited 30 June 2018	***Pro forma* Rights Offer and Specific Issue Transactions *pro forma***	**Total after Rights Offer and Specific Issue Transactions *pro forma***	***Pro forma* Sale of Jet Park Property**	***Pro forma* Sale and Lease Back Agreement**	***Pro forma* Transaction costs**	***Pro forma* Taxation**	***Pro forma* Total**
ZARm	**Audited**	**Column 1**	**Column 2**	**Column 3**	**Column 4**	**Column 5**	**Column 6**	**Column 7**
Total comprehensive loss from continuing operations	(1 002)	217	(785)	58	(14)	(1)	(13)	(755)
Total comprehensive loss from discontinued operations	(2 469)		(2 469)					(2 469)
Total comprehensive earnings/(loss) for the period attributable to:								
Equity-holders of the parent	(3 473)	217	(3 256)	58	(14)	(1)	(13)	(3 226)
Non-controlling interest	2		2					2
	(3 471)	217	(3 254)	58	(14)	(1)	(13)	(3 224)
(Loss)/earnings for the period attributable to:								
Equity-holders of the parent	(3 523)	217	(3 306)	58	(14)	(1)	(13)	(3 276)
Non-controlling interest	4		4					4
	(3 519)	217	(3 302)	58	(14)	(1)	(13)	(3 272)
Other comprehensive earnings for the period, net of taxation								
Equity-holders of the parent	50		50					50
Non-controlling interest	(2)		(2)					(2)
	48		48					48

				Sale of Jet Park Property				
	Audited 30 June 2018	*Pro forma* Rights Offer and Specific Issue Transactions *pro forma*	Total after Rights Offer and Specific Issue Transactions *pro forma*	*Pro forma* Sale of Jet Park Property	*Pro forma* Sale and Lease Back Agreement	*Pro forma* Transaction costs	*Pro forma* Taxation	*Pro forma* Total
ZARm	**Audited**	**Column 1**	**Column 2**	**Column 3**	**Column 4**	**Column 5**	**Column 6**	**Column 7**
Results per share (cents)								
From continuing and discontinued operations								
Earning/loss (attributable to equity holders of the parent)	(3 523)	217	(3 306)	58	(14)	(1)	(13)	(3 276)
Impairment on Goodwill	242		242					242
Impairment on property, plant and equipment	661		661					661
Impairment on intangible assets	168		168					168
Fair value adjustment on properties and disposal groups classified as held-for-sale	807		807					807
Profit on sale of property, plant and equipment	(34)		(34)	(58)		1		(91)

				Sale of Jet Park Property				
	Audited 30 June 2018	*Pro forma* Rights Offer and Specific Issue Transactions *pro forma*	Total after Rights Offer and Specific Issue Transactions *pro forma*	*Pro forma* Sale of Jet Park Property	*Pro forma* Sale and Lease Back Agreement	*Pro forma* Transaction costs	*Pro forma* Taxation	*Pro forma* Total
ZARm	**Audited**	**Column 1**	**Column 2**	**Column 3**	**Column 4**	**Column 5**	**Column 6**	**Column 7**
Headline earnings/loss	(1 679)	217	(1 462)		(14)		(13)	(1 489)
Loss – basic	(653.9)	637.1	(16.8)					(16.7)
Loss – diluted	(642.9)	626.1	(16.8)					(16.6)
Headline loss – basic	(311.6)	304.2	(7.4)					(7.6)
Headline loss – diluted	(306.4)	299.0	(7.4)					(7.6)
NAV per share	6.2	(6.0)	0.2					0.2
TNAV per share	4.1	(3.9)	0.2					0.2
From continuing operations								
Loss – basic	(195.6)	191.6	(4.0)					(3.8)
Loss – diluted	(192.4)	188.4	(4.0)					(3.8)
From discontinued operations								
Loss – basic	(458.3)	445.7	(12.6)					(12.6)
Loss – diluted	(450.6)	438.1	(12.5)					(12.5)
Number of shares (millions)								
In issue	417	19 131	19 548					19 548
Weighted average	539	19 131	19 670					19 670
Diluted weighted average	548	19 131	19 679					19 679

NOTES TO THE *PRO FORMA* CONSOLIDATED STATEMENT OF COMPREHENSIVE EARNINGS OF THE AVENG GROUP FOR THE YEAR ENDED 30 JUNE 2018:

1. The "30 June 2018" column presents the financial information relating to the Aveng Group, which has been extracted from the published annual results of the Aveng Group for the year ended 30 June 2018.
2. Column 1 presents the total *pro forma* adjustment financial effects of Aveng relating to the Rights Offer and Specific Issue Transactions (Scenario 2), the details of which are included in the relevant circular to Aveng Shareholders dated Friday, 10 August 2018.

   This adjustment will have an ongoing effect on Aveng's statement of comprehensive earnings.
3. Column 2 presents the *pro forma* financial effects of Aveng subsequent to the Rights Offer and Specific Issue Transactions (Scenario 2), the details of which are included in the relevant circular to Aveng Shareholders dated Friday, 10 August 2018.
4. Column 3 presents the following *pro forma* adjustment:

   The purchase price payable by Equites to Aveng Africa for the Jet Park Property is ZAR189 million (Purchase Price) (excluding any VAT).

   Aveng Africa will pay the commission payable to the estate agent in an amount equal to 1.75% of the Purchase Price, plus VAT which shall be payable on the Date of Transfer. The commission of ZAR3.3 million is offset against the profit on sale of property, similar to transaction costs below at point 6.

   Accordingly, the Purchase Price, net of commission and VAT is c.ZAR185.7 million

   The profit on sale of the Jet Park property equates to ZAR58 million, based on a carrying value of ZAR128 million as at 30 June 2018.

   This adjustment will not have an ongoing effect on Aveng's statement of comprehensive earnings.
5. Column 4 presents the following *pro forma* adjustment:

   On the Date of Transfer, Aveng Africa intends to lease the Jet Park Property from Equites for an uninterrupted period of 24 months from the Date of Transfer (Lease Period), on the terms and conditions set out in the Lease.

   Aveng Africa will pay Equites a monthly rental in advance equal to ZAR1.1 million (plus VAT) (Rental), which will increase by 8% on each anniversary of the Date of Transfer.

   In terms of IAS 17 *Leases*, the lease payments under an operating lease shall be recognised as an expense on a straight-line basis over the lease term.

   Therefore, accrued liability for straight-lined rental payments are recognised in the accounting records of Aveng. The straight-lined expense amounts to ZAR13.7 million and the accrued straight-lined liability amounts to ZAR0.5 million the first 12 months.

   A deposit equal to three months' rental is required to be paid by Aveng, amount to ZAR3.3 million.

   This adjustment is expected to have an ongoing effect on Aveng's statement of comprehensive earnings.
6. Column 5 presents the following *pro forma* adjustment:

   The transaction costs relating to the proposed transaction is recognised net of the profit on sale of the property and amounts to ZAR1.23 million, based on the following principles.

   In terms of IAS 16 *Property, plant and equipment*, the gain or loss arising from the derecognition of an item of property, plant and equipment shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

   In determining the net proceeds received, all directly attributable costs of disposal are generally deducted and this decreases the profit on sale of the property.

   This adjustment will not have an ongoing effect on Aveng's statement of comprehensive earnings.
7. Column 6 presents the Capital Gains Tax relating to the sale of the property for Aveng Africa to an amount of ZAR13 million that will decrease the deferred tax asset as Aveng Africa is in a assessed loss position. Therefore, a net tax expense of ZAR13 million will be recognised.

   This adjustment will not have an ongoing effect on Aveng's statement of comprehensive earnings.
8. Column 7 presents the *pro forma* consolidated statement of comprehensive earnings subsequent to the Proposed Transaction.

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

				Sale of Jet Park Property				
	Audited 30 June 2018	*Pro forma* Rights Offer and Specific Issue Transactions *pro forma*	Total after Rights Offer and Specific Issue Transactions *pro forma*	*Pro forma* Sale of Jet Park Property	*Pro forma* Sale and Lease Back Agreement	*Pro forma* Transaction costs	*Pro forma* Taxation	*Pro forma* Total
ZARm	**Audited**	**Column 1**	**Column 2**	**Column 3**	**Column 4**	**Column 5**	**Column 6**	**Column 7**
ASSETS								
Non-current assets								
Goodwill arising on consolidation	**100**		**100**					**100**
Intangible assets	**47**		**47**					**47**
Property, plant and equipment	**3 010**		**3 010**	**(128)**				**2 882**
Equity-accounted investments	**73**		**73**					**73**
Infrastructure investments	**142**		**142**					**142**
Deferred taxation	**747**		**747**				**(13)**	**734**
Amounts due from contract customers	**661**		**661**					**661**
	4 780	**–**	**4 780**	**(128)**	**–**	**–**	**(13)**	**4 639**
Current assets								
Inventories	**255**		**255**					**255**
Derivative instruments	**3**		**3**					**3**
Amounts due from contract customers	**2 649**		**2 649**					**2 649**
Trade and other receivables	**180**		**180**		**3**			**183**
Taxation receivable	**39**		**39**					**39**
Cash and bank balances	**2 391**	**463**	**2 854**	**186**	**(16)**	**(1)**		**3 023**
	5 517	**463**	**5 980**	**186**	**(13)**	**(1)**	**–**	**6 152**
Non-current assets held-for-sale	**4 773**		**4 773**					**4 773**
Total assets	**15 070**	**463**	**15 533**	**58**	**(13)**	**(1)**	**(13)**	**15 564**

				Sale of Jet Park Property				
	Audited 30 June 2018	***Pro forma* Rights Offer and Specific Issue Transactions *pro forma***	**Total after Rights Offer and Specific Issue Transactions *pro forma***	***Pro forma* Sale of Jet Park Property**	***Pro forma* Sale and Lease Back Agreement**	***Pro forma* Transaction costs**	***Pro forma* Taxation**	***Pro forma* Total**
ZARm	**Audited**	**Column 1**	**Column 2**	**Column 3**	**Column 4**	**Column 5**	**Column 6**	**Column 7**
EQUITY AND LIABILITIES								
Equity								
Share capital and share premium	**2 009**	**1 883**	**3 892**					**3 892**
Other reserves	**1 118**	**(126)**	**992**					**992**
Retained earnings	**(542)**	**193**	**(349)**	**58**	**(14)**	**(1)**	**(13)**	**(319)**
Equity attributable to equity-holders of parent	**2 585**	**1 950**	**4 535**	**58**	**(14)**	**(1)**	**(13)**	**4 565**
Non-controlling interest	**9**	**–**	**9**					**9**
Total equity	**2 594**	**1 950**	**4 544**	**58**	**(14)**	**(1)**	**(13)**	**4 574**
Liabilities								
Non-current liabilities								
Deferred taxation	**49**		**49**					**49**
Borrowings and other liabilities	**2 688**	**(1 487)**	**1 201**					**1 201**
Payables other than contract-related	**125**		**125**					**125**
Employee-related payables	**248**		**248**					**248**
	3 110	**(1 487)**	**1 623**	**–**	**–**	**–**	**–**	**1 623**

				Sale of Jet Park Property				
	Audited 30 June 2018	***Pro forma* Rights Offer and Specific Issue Transactions *pro forma***	**Total after Rights Offer and Specific Issue Transactions *pro forma***	***Pro forma* Sale of Jet Park Property**	***Pro forma* Sale and Lease Back Agreement**	***Pro forma* Transaction costs**	***Pro forma* Taxation**	***Pro forma* Total**
ZARm	**Audited**	**Column 1**	**Column 2**	**Column 3**	**Column 4**	**Column 5**	**Column 6**	**Column 7**
Current liabilities								
Amounts due to contract customers	**1 140**		**1 140**					**1 140**
Borrowings and other liabilities	**599**		**599**					**599**
Payables other than contract-related	**21**		**21**					**21**
Employee-related payables	**253**		**253**					**253**
Trade and other payables	**2 958**		**2 958**		**1**			**2 959**
Bank overdrafts	**315**		**315**					**315**
	5 286	**–**	**5 286**	**–**	**1**	**–**	**–**	**5 287**
Non-current liabilities held-for-sale	**4 080**	**–**	**4 080**	**–**	**–**	**–**	**–**	**4 080**
Total liabilities	**12 476**	**(1 487)**	**10 989**	**–**	**1**	**–**	**–**	**10 990**
Total equity and liabilities	**15 070**	**463**	**15 533**	**58**	**(13)**	**(1)**	**(13)**	**15 564**

NOTES TO THE *PRO FORMA* CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE AVENG GROUP AS AT 30 JUNE 2018

1. The "30 June 2018" column presents the financial information relating to the Aveng Group, which has been extracted from the published annual results of the Aveng Group for the year ended 30 June 2018.
2. Column 1 presents the total *pro forma* adjustment financial effects of Aveng relating to the Rights Offer and Specific Issue Transactions (Scenario 2), the details of which are included in the relevant circular to Aveng Shareholders dated Friday, 10 August 2018.
3. Column 2 presents the *pro forma* financial effects of Aveng subsequent to the Rights Offer and Specific Issue Transactions (Scenario 2), the details of which are included in the relevant circular to Aveng Shareholders dated Friday, 10 August 2018.
4. Column 3 presents the following *pro forma* adjustment:

   The purchase price payable by Equites to Aveng Africa for the Jet Park Property is ZAR189 million (Purchase Price) (excluding any VAT).

   Aveng Africa will pay the commission payable to the estate agent in an amount equal to 1.75% of the Purchase Price, plus VAT which shall be payable on the Date of Transfer. The commission of ZAR3.3 million is offset against the profit on sale of property, similar to transaction costs below at point 6.

   Accordingly, the Purchase Price, net of commission and VAT is c.ZAR185.7 million.

   The profit on sale of the Jet Park property equates to ZAR58 million, based on a carrying value of ZAR128 million as at 30 June 2018.
5. Column 4 presents the following *pro forma* adjustment:

   On the Date of Transfer, Aveng Africa intends to lease the Jet Park Property from Equites for an uninterrupted period of 24 months from the Date of Transfer (Lease Period), on the terms and conditions set out in the Lease.

   Aveng Africa will pay Equites a monthly rental in advance equal to ZAR1.1 million (plus VAT) (Rental), which will increase by 8% on each anniversary of the Date of Transfer.

   In terms of IAS 17 *Leases*, the lease payments under an operating lease shall be recognised as an expense on a straight-line basis over the lease term.

   Therefore, accrued liability for straight-lined rental payments are recognised in the accounting records of Aveng. The straight-lined expense amounts to ZAR13.7 million and the accrued straight-lined liability amounts to ZAR0.5 million the first 12 months.

   A deposit equal to three months' rental is required to be paid by Aveng, amount to ZAR3.3 million, resulting in a decrease in Cash and bank balances and an increase in Trade and other receivables.
6. Column 5 presents the following *pro forma* adjustment:

   The transaction costs relating to the proposed transaction is recognised net of the profit on sale of the property and amounts to ZAR1.23 million, based on the following principles:

   In terms of IAS 16 *Property, plant and equipment*, the gain or loss arising from the derecognition of an item of property, plant and equipment shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

   In determining the net proceeds received, all directly attributable costs of disposal are generally deducted and this decrease the profit on sale of the property.
7. Column 6 presents the Capital Gains Tax relating to the sale of the property for Aveng Africa to an amount of ZAR13 million that will decrease the deferred tax asset as Aveng Africa is in a assessed loss position. Therefore a net tax expense of ZAR13 million will be recognised.
8. Column 7 presents the *pro forma* consolidated statement of financial position subsequent to the Proposed Transaction.

Scenario 2

These financial effects of Aveng relating to the Purchase Price of ZAR215 million (made up of ZAR189 million plus the additional top up of ZAR26 million as described in paragraph 4.3 of the Circular) for the Sale of the Jet Park property and Rights Offer and Specific Issue Transactions based on Scenario 2 details of which are included in the relevant circular to Aveng Shareholders dated Friday, 10 August 2018.

THE *PRO FORMA* CONSOLIDATED STATEMENT OF COMPREHENSIVE EARNINGS OF THE AVENG GROUP FOR THE YEAR ENDED 30 JUNE 2018

				Sale of Jet Park Property				
	Audited 30 June 2018	***Pro forma* Rights Offer and Specific Issue Transactions *pro forma***	**Total after Rights Offer and Specific Issue Transactions *pro forma***	***Pro forma* Sale of Jet Park Property**	***Pro forma* Sale and Lease Back Agreement**	***Pro forma* Transaction costs**	***Pro forma* Taxation**	***Pro forma* Total**
ZARm	**Audited**	**Column 1**	**Column 2**	**Column 3**	**Column 4**	**Column 5**	**Column 6**	**Column 7**
Revenue	**30 580**		**30 580**					**30 580**
Cost of sales	**(28 782)**		**(28 782)**					**(28 782)**
Gross earnings	**1 798**		**1 798**					**1 798**
Other earnings	**106**	**193**	**299**					**299**
Operating expenses	**(2 292)**		**(2 292)**		**(14)**			**(2 306)**
Earnings from equity-accounted investments	**(13)**		**(13)**					**(13)**
Operating earnings/(loss)	**(401)**	**193**	**(208)**		**(14)**			**(222)**
South Africa government settlement								**–**
Net operating earnings/(loss)	**(401)**	**193**	**(208)**		**(14)**			**(222)**
Impairment loss on goodwill, intangible assets and property, plant and equipment	**(1 298)**		**(1 298)**					**(1 298)**
Impairment loss on equity-accounted investments	**(195)**		**(195)**					**(195)**
Fair value adjustment on properties and disposal groups classified as held-for-sale	**(807)**		**(807)**					**(807)**
Profit on sale of property, plant and equipment	**47**		**47**	**84**		**(1)**		**129**

				Sale of Jet Park Property				
	Audited 30 June 2018	*Pro forma* Rights Offer and Specific Issue Transactions *pro forma*	Total after Rights Offer and Specific Issue Transactions *pro forma*	*Pro forma* Sale of Jet Park Property	*Pro forma* Sale and Lease Back Agreement	*Pro forma* Transaction costs	*Pro forma* Taxation	*Pro forma* Total
ZARm	**Audited**	**Column 1**	**Column 2**	**Column 3**	**Column 4**	**Column 5**	**Column 6**	**Column 7**
Earnings/(loss) before financing transactions	**(2 654)**	**193**	**(2 461)**	**84**	**(14)**	**(1)**		**(2 392)**
Finance expense	**246**	**(29)**	**217**					**217**
Interest on convertible bonds	**(251)**	**73**	**(178)**					**(178)**
Other finance expenses	**(434)**		**(434)**					**(434)**
Earnings/(loss) before taxation	**(3 093)**	**237**	**(2 856)**	**84**	**(14)**	**(1)**	**–**	**(2 787)**
Taxation	**(426)**	**(20)**	**(446)**				**(19)**	**(465)**
Loss for the period	**(3 519)**	**217**	**(3 302)**	**84**	**(14)**	**(1)**	**(19)**	**(3 252)**
Loss from continuing operations	**(1 050)**	**217**	**(833)**	**84**	**(14)**	**(1)**	**(19)**	**(783)**
Loss from discontinued operations	**(2 469)**	**–**	**(2 469)**	**–**	**–**	**–**	**–**	**(2 469)**
Other comprehensive earnings								
Other comprehensive earnings to be reclassified to earnings or loss in subsequent periods (net of taxation):								
Exchange differences on translating foreign operations	**48**	**–**	**48**					**48**
Other comprehensive earnings/(loss) for the period, net of taxation	**48**	**–**	**48**	**–**	**–**	**–**	**–**	**48**
Total comprehensive earnings/(loss) for the period	**(3 471)**	**217**	**(3 254)**	**84**	**(14)**	**(1)**	**(19)**	**(3 204)**

				Sale of Jet Park Property				
	Audited 30 June 2018	*Pro forma* Rights Offer and Specific Issue Transactions *pro forma*	Total after Rights Offer and Specific Issue Transactions *pro forma*	*Pro forma* Sale of Jet Park Property	*Pro forma* Sale and Lease Back Agreement	*Pro forma* Transaction costs	*Pro forma* Taxation	*Pro forma* Total
ZARm	**Audited**	**Column 1**	**Column 2**	**Column 3**	**Column 4**	**Column 5**	**Column 6**	**Column 7**
Total comprehensive loss from continuing operations	(1 002)	217	(785)	84	(14)	(1)	(19)	(735)
Total comprehensive loss from discontinued operations	(2 469)	–	(2 469)	–	–	–	–	(2 469)
Total comprehensive earnings/(loss) for the period attributable to:								
Equity holders of the parent	(3 473)	217	(3 256)	84	(14)	(1)	(19)	(3 206)
Non-controlling interest	2	–	2	–	–	–	–	2
	(3 471)	217	(3 254)	84	(14)	(1)	(19)	(3 204)
(Loss)/earnings for the period attributable to:								
Equity holders of the parent	(3 523)	217	(3 306)	84	(14)	(1)	(19)	(3 256)
Non-controlling interest	4	–	4	–	–	–	–	4
	(3 519)	217	(3 302)	84	(14)	(1)	(19)	(3 252)
Other comprehensive earnings for the period, net of taxation								
Equity holders of the parent	50	–	50	–	–	–	–	50
Non-controlling interest	(2)	–	(2)	–	–		–	(2)
	48	–	48	–	–	–	–	48

				Sale of Jet Park Property				
	Audited 30 June 2018	*Pro forma* Rights Offer and Specific Issue Transactions *pro forma*	Total after Rights Offer and Specific Issue Transactions *pro forma*	*Pro forma* Sale of Jet Park Property	*Pro forma* Sale and Lease Back Agreement	*Pro forma* Transaction costs	*Pro forma* Taxation	*Pro forma* Total
ZARm	**Audited**	**Column 1**	**Column 2**	**Column 3**	**Column 4**	**Column 5**	**Column 6**	**Column 7**
Results per share (cents)								
From continuing and discontinued operations								
Earning/loss (attributable to equity holders of the parent)	**(3 523)**	**217**	**(3 306)**	**84**	**(14)**	**(1)**	**(19)**	**(3 256)**
Impairment on goodwill	**242**		**242**					**242**
Impairment on property, plant and equipment	**661**		**661**					**661**
Impairment on intangible assets	**168**		**168**					**168**
Fair value adjustment on properties and disposal groups classified as held-for-sale	**807**		**807**					**807**
Profit on sale of property, plant and equipment	**(34)**		**(34)**	**(84)**		**1**		**(117)**

				Sale of Jet Park Property				
	Audited 30 June 2018	*Pro forma* Rights Offer and Specific Issue Transactions *pro forma*	Total after Rights Offer and Specific Issue Transactions *pro forma*	*Pro forma* Sale of Jet Park Property	*Pro forma* Sale and Lease Back Agreement	*Pro forma* Transaction costs	*Pro forma* Taxation	*Pro forma* Total
ZARm	**Audited**	**Column 1**	**Column 2**	**Column 3**	**Column 4**	**Column 5**	**Column 6**	**Column 7**
Headline earnings/loss	**(1 679)**	**217**	**(1 462)**	**–**	**(14)**	**–**	**(19)**	**(1 495)**
Loss – basic	**(653.9)**	**637.1**	**(16.8)**					**(16.6)**
Loss – diluted	**(642.9)**	**626.1**	**(16.8)**					**(16.5)**
Headline loss – basic	**(311.6)**	**304.2**	**(7.4)**					**(7.6)**
Headline loss – diluted	**(306.4)**	**299.0**	**(7.4)**					**(7.6)**
NAV per share	**6.2**	**(6.0)**	**0.2**					**0.2**
TNAV per share	**4.1**	**(3.9)**	**0.2**					**0.2**
From continuing operations								
Loss – basic	**(195.6)**	**191.6**	**(4.0)**					**(3.7)**
Loss – diluted	**(192.4)**	**188.4**	**(4.0)**					**(3.7)**
From discontinued operations								
Loss – basic	**(458.3)**	**445.7**	**(12.6)**					**(12.6)**
Loss – diluted	**(450.6)**	**438.1**	**(12.5)**					**(12.5)**
Number of shares (millions)								
In issue	**417**	**19 131**	**19 548**					**19 548**
Weighted average	**539**	**19 131**	**19 670**					**19 670**
Diluted weighted average	**548**	**19 131**	**19 679**					**19 679**

NOTES TO THE *PRO FORMA* CONSOLIDATED STATEMENT OF COMPREHENSIVE EARNINGS OF THE AVENG GROUP FOR THE YEAR ENDED 30 JUNE 2018

1. The "30 June 2018" column presents the financial information relating to the Aveng Group, which has been extracted from the published annual results of the Aveng Group for the year ended 30 June 2018.
2. Column 1 presents the total *pro forma* adjustment financial effects of Aveng relating to the Rights Offer and Specific Issue Transactions (Scenario 2), the details of which are included in the relevant circular to Aveng Shareholders dated Friday, 10 August 2018.

   This adjustment will have an ongoing effect on Aveng's statement of comprehensive earnings.
3. Column 2 presents the *pro forma* financial effects of Aveng subsequent to the Rights Offer and Specific Issue Transactions (Scenario 2), the details of which are included in the relevant circular to Aveng Shareholders dated Friday, 10 August 2018.
4. Column 3 presents the following *pro forma* adjustment:

   The purchase price payable by Equites to Aveng Africa for the Jet Park Property is ZAR215 million (Purchase Price) (excluding any VAT), (which is made up of the Purchase Price of ZAR189 million and the Top Up of ZAR26 million).

   Aveng Africa will pay the commission payable to the estate agent in an amount equal to 1.75% of the Purchase Price, plus VAT which shall be payable on the Date of Transfer. The commission of ZAR3.8 million is offset against the profit on sale of property, similar to transaction costs below at point 6.

   Accordingly, the Purchase Price, net of commission and VAT is c.ZAR211.2 million.

   The profit on sale of the Jet Park property equates to ZAR84 million, based on a carrying value of ZAR128 million as at 30 June 2018.

   This adjustment will not have an ongoing effect on Aveng's statement of comprehensive earnings.
5. Column 4 presents the following *pro forma* adjustment:

   On the Date of Transfer, Aveng Africa intends to lease the Jet Park Property from Equites for an uninterrupted period of 24 months from the Date of Transfer (Lease Period), on the terms and conditions set out in the Lease.

   Aveng Africa will pay Equites a monthly rental in advance equal to ZAR1.1 million (plus VAT) (Rental), which will increase by 8% on each anniversary of the Date of Transfer.

   In terms of IAS 17 *Leases*, the lease payments under an operating lease shall be recognised as an expense on a straight-line basis over the lease term.

   Therefore, accrued liability for straight-lined rental payments are recognised in the accounting records of Aveng. The straight-lined expense amounts to ZAR13.7 million and the accrued straight-lined liability amounts to ZAR0.5 million the first 12 months.

   A deposit equal to three months' rental is required to be paid by Aveng, amount to ZAR3.3 million.

   This adjustment is expected to have an ongoing effect on Aveng's statement of comprehensive earnings.
6. Column 5 presents the following *pro forma* adjustment:

   The transaction costs relating to the proposed transaction is recognised net of the profit on sale of the property and amounts to ZAR1.23 million, based on the following principles.

   In terms of IAS 16 *Property, plant and equipment*, the gain or loss arising from the derecognition of an item of property, plant and equipment shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

   In determining the net proceeds received, all directly attributable costs of disposal are generally deducted and this decreases the profit on sale of the property.

   This adjustment will not have an ongoing effect on Aveng's statement of comprehensive earnings.
7. Column 6 presents the Capital Gains Tax relating to the sale of the property for Aveng Africa to an amount of ZAR19 million that will decrease the deferred tax asset as Aveng Africa is in a assessed loss position. Therefore a net tax expense of ZAR19 million will be recognised.

   This adjustment will not have an ongoing effect on Aveng's statement of comprehensive earnings.
8. Column 7 presents the *pro forma* consolidated statement of comprehensive earnings subsequent to the Proposed Transaction.

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

				Sale of Jet Park Property				
	Audited 30 June 2018	*Pro forma* Rights Offer and Specific Issue Transactions *pro forma*	Total after Rights Offer and Specific Issue Transactions *pro forma*	*Pro forma* Sale of Jet Park Property	*Pro forma* Sale and Lease Back Agreement	*Pro forma* Transaction costs	*Pro forma* Taxation	*Pro forma* Total
ZARm	**Audited**	**Column 1**	**Column 2**	**Column 3**	**Column 4**	**Column 5**	**Column 6**	**Column 7**
ASSETS								
Non-current assets								
Goodwill arising on consolidation	**100**		**100**					**100**
Intangible assets	**47**		**47**					**47**
Property, plant and equipment	**3 010**		**3 010**	**(128)**				**2 882**
Equity-accounted investments	**73**		**73**					**73**
Infrastructure investments	**142**		**142**					**142**
Deferred taxation	**747**		**747**				**(19)**	**728**
Amounts due from contract customers	**661**		**661**					**661**
	4 780	**–**	**4 780**	**(128)**	**–**	**–**	**(19)**	**4 633**
Current assets								
Inventories	**255**		**255**					**255**
Derivative instruments	**3**		**3**					**3**
Amounts due from contract customers	**2 649**		**2 649**					**2 649**
Trade and other receivables	**180**		**180**		**3**			**183**
Taxation receivable	**39**		**39**					**39**
Cash and bank balances	**2 391**	**463**	**2 854**	**211**	**(16)**	**(1)**		**3 049**
	5 517	**463**	**5 980**	**211**	**(13)**	**(1)**	**–**	**6 178**
Non-current assets held-for-sale	**4 773**	**–**	**4 773**					**4 773**
Total assets	**15 070**	**463**	**15 533**	**84**	**(13)**	**(1)**	**(19)**	**15 584**

				Sale of Jet Park Property				
	Audited 30 June 2018	*Pro forma* Rights Offer and Specific Issue Transactions *pro forma*	Total after Rights Offer and Specific Issue Transactions *pro forma*	*Pro forma* Sale of Jet Park Property	*Pro forma* Sale and Lease Back Agreement	*Pro forma* Transaction costs	*Pro forma* Taxation	*Pro forma* Total
ZARm	**Audited**	**Column 1**	**Column 2**	**Column 3**	**Column 4**	**Column 5**	**Column 6**	**Column 7**
EQUITY AND LIABILITIES								
Equity								
Share capital and share premium	**2 009**	**1 883**	**3 892**					**3 892**
Other reserves	**1 118**	**(126)**	**992**					**992**
Retained earnings	**(542)**	**193**	**(349)**	**84**	**(14)**	**(1)**	**(19)**	**(299)**
Equity attributable to equity-holders of parent	**2 585**	**1 950**	**4 535**	**84**	**(14)**	**(1)**	**(19)**	**4 585**
Non-controlling interest	**9**	**–**	**9**					**9**
Total equity	**2 594**	**1 950**	**4 544**	**84**	**(14)**	**(1)**	**(19)**	**4 594**
Liabilities								
Non-current liabilities								
Deferred taxation	**49**		**49**					**49**
Borrowings and other liabilities	**2 688**	**(1 487)**	**1 201**					**1 201**
Payables other than contract-related	**125**		**125**					**125**
Employee-related payables	**248**		**248**					**248**
	3 110	**(1 487)**	**1 623**	**–**	**–**	**–**	**–**	**1 623**

				Sale of Jet Park Property				
	Audited 30 June 2018	*Pro forma* Rights Offer and Specific Issue Transactions *pro forma*	Total after Rights Offer and Specific Issue Transactions *pro forma*	*Pro forma* Sale of Jet Park Property	*Pro forma* Sale and Lease Back Agreement	*Pro forma* Transaction costs	*Pro forma* Taxation	*Pro forma* Total
ZARm	**Audited**	**Column 1**	**Column 2**	**Column 3**	**Column 4**	**Column 5**	**Column 6**	**Column 7**
Current liabilities								
Amounts due to contract customers	**1 140**		**1 140**					**1 140**
Borrowings and other liabilities	**599**		**599**					**599**
Payables other than contract-related	**21**		**21**					**21**
Employee-related payables	**253**		**253**					**253**
Trade and other payables	**2 958**		**2 958**		**1**			**2 959**
Bank overdrafts	**315**		**315**					**315**
	5 286	**–**	**5 286**	**–**	**1**	**–**	**–**	**5 287**
Non-current liabilities held-for-sale	**4 080**	**–**	**4 080**	**–**	**–**	**–**	**–**	**4 080**
Total liablities	**12 476**	**(1 487)**	**10 989**	**–**	**1**	**–**	**–**	**10 990**
Total equity and liabilities	**15 070**	**463**	**15 533**	**84**	**(13)**	**(1)**	**(19)**	**15 584**

NOTES TO THE *PRO FORMA* CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE AVENG GROUP AS AT 30 JUNE 2018

1. The "30 June 2018" column presents the financial information relating to the Aveng Group, which has been extracted from the published annual results of the Aveng Group for the year ended 30 June 2018.
2. Column 1 presents the total *pro forma* adjustment financial effects of Aveng relating to the Rights Offer and Specific Issue Transactions (Scenario 2), the details of which are included in the relevant circular to Aveng Shareholders dated Friday, 10 August 2018.
3. Column 2 presents the *pro forma* financial effects of Aveng subsequent to the Rights Offer and Specific Issue Transactions (Scenario 2), the details of which are included in the relevant circular to Aveng Shareholders dated Friday, 10 August 2018.
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   The purchase price payable by Equites to Aveng Africa for the Jet Park Property is ZAR215 million (Purchase Price) (excluding any VAT) (which is made up of the Purchase Price of ZAR189 million and the Top Up of ZAR26 million).

   Aveng Africa will pay the commission payable to the estate agent in an amount equal to 1.75% of the Purchase Price, plus VAT which shall be payable on the Date of Transfer. The commission of ZAR3.8 million is offset against the profit on sale of property, similar to transaction costs below at point 6.

   Accordingly, the Purchase Price, net of commission and VAT is c.ZAR211.2 million.

   The profit on sale of the Jet Park property equates to ZAR84 million, based on a carrying value of ZAR128 million as at 30 June 2018.
5. Column 4 presents the following *pro forma* adjustment:

   On the Date of Transfer, Aveng Africa intends to lease the Jet Park Property from Equites for an uninterrupted period of 24 months from the Date of Transfer (Lease Period), on the terms and conditions set out in the Lease.

   Aveng Africa will pay Equites a monthly rental in advance equal to ZAR1.1 million (plus VAT) (Rental), which will increase by 8% on each anniversary of the Date of Transfer.

   In terms of IAS 17 *Leases*, the lease payments under an operating lease shall be recognised as an expense on a straight-line basis over the lease term.

   Therefore, accrued liability for straight-lined rental payments are recognised in the accounting records of Aveng. The straight-lined expense amounts to ZAR13.7 million and the accrued straight-lined liability amounts to ZAR0.5 million the first 12 months.

   A deposit equal to three months' rental is required to be paid by Aveng, amount to ZAR3.3 million, resulting in a decrease in Cash and bank balances and an increase in Trade and other receivables.
6. Column 5 presents the following *pro forma* adjustment:

   The transaction costs relating to the proposed transaction is recognised net of the profit on sale of the property and amounts to ZAR1.23 million, based on the following principles.

   In terms of IAS 16 *Property, plant and equipment*, the gain or loss arising from the derecognition of an item of property, plant and equipment shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

   In determining the net proceeds received, all directly attributable costs of disposal are generally deducted and this decrease the profit on sale of the property.
7. Column 6 presents the Capital Gains Tax relating to the sale of the property for Aveng Africa to an amount of ZAR19 million that will decrease the deferred tax asset as Aveng Africa is in an assessed loss position. Therefore a net tax expense of ZAR19 million will be recognised.
8. Column 7 presents the *pro forma* consolidated statement of financial position subsequent to the Proposed Transaction.

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF THE *PRO FORMA* FINANCIAL INFORMATION OF AVENG

The Directors
Aveng Limited
Aveng Park, 1 Jurgens Street
Jet Park, Boksburg
1459

Independent Reporting Accountant's Assurance Report on the Compilation of the *Pro Forma* Financial Effects Included in the Circular

The definitions and interpretations commencing on page 5 of the Circular to which this letter is attached apply, *mutatis mutandis*, to this report.

Introduction

We have completed our assurance engagement to report on the compilation of the *pro forma* financial information of Aveng Limited ("Aveng") by the directors of Aveng ("Directors"). The *pro forma* financial effects, as set out in **Annexure 1** on pages 23 to 43 of the Circular relating to Aveng's Proposed Transaction, consists of the *pro forma* consolidated statement of comprehensive earnings, *pro forma* consolidated statement of financial position (collectively the "*Pro forma* Financial Information") and related notes. The *Pro forma* Financial Information has been compiled on the basis of the applicable criteria specified in the JSE Limited ("JSE") Listings Requirements and described in **Annexure 1**.

The *pro forma* financial information has been compiled by the Directors to illustrate the impact of the corporate actions or events, described in **Annexure 1** on page 23 of the Circular, on the company's financial position as at 30 June 2018, and the company's financial performance for the period then ended, as if the corporate action or event had taken place at 30 June 2018 for the *pro forma* consolidated statement of financial position, and 1 July 2017 for the *pro forma* consolidated statement of comprehensive earnings. As part of this process, information about the company's financial position and financial performance has been extracted by the Directors from the Company's published financial statements for the year ended 30 June 2018, on which an audit has been published.

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, described in **Annexure 1** on page 23 of the Circular and the SAICA Guide on *Pro forma* Financial Information, revised and issued in September 2014 ("Applicable Criteria").

Our independence and quality control

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

EY applies the International Standard on Quality Control 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements* 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.

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 of the Applicable Criteria 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 issued by the International Auditing and Assurance Standards Board. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the *Pro forma* Financial Information has been compiled, in all material respects, on the basis of the Applicable Criteria.

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 circular 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. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 June 2018 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 the Applicable Criteria; and
- the *Pro Forma* Financial Information reflects the proper application of those adjustments to the published financial information.

Our procedures selected depend on our judgement, having regard to our understanding of the nature of the company, the corporate actions or events 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 as described in **Annexure 1** on pages 23 to 43, has been compiled, in all material respects, on the basis of the Applicable Criteria.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in the Government Gazette Number 39475 dated 4 December 2015, we report that Ernst & Young Inc. has been the auditor of Aveng Limited for 31 years.

The engagement partner on the audit resulting in this independent auditor's report is Allister Jon Carshagen.

Ernst & Young Inc.

Director: **Allister Carshagen CA(SA)**
Registered Auditor
Reporting Accountant Specialist

10 October 2018

DETAILS OF MATERIAL LOANS

As at 25 September 2018

Convertible bonds

During July 2014, Aveng issued the Bonds denominated in South African Rand with a nominal value of ZAR2 billion and a coupon of 7.25%. The Bonds were listed on the JSE during August 2014. The proceeds from the Bonds were used primarily to restructure Aveng's existing short-term South African Rand bank debt and allow the Group to benefit from the financial opportunities offered by the international convertible bond market. Interest is payable bi-annually for a period of five years with the Bond repayment date being 24 July 2019 at par plus interest.

As set out at paragraph 2.3.3 of Part II above, Aveng has implemented the Early Bond Redemption on 25 September 2018. As part of the Early Bond Redemption, Aveng issued a new debt instrument of up to ZAR460 million to certain participating Bondholders, the terms of which will rank *pari passu* with Aveng bank debt.

Borrowings and other liabilities

All loans/ facilities were obtained for working capital purposes.

Lender	Name of facility (ZAR'million)	Maturity date	Rate of interest	Secured	Debt 25 Sep 2018
South Africa and rest of Africa					
CTA Banks[1]	Super Senior Liquidity Facility 1[3]	28 Feb 19	JIBAR + 4.07%	Secured CTA	200
CTA Banks	Super Senior Liquidity Facility 2[0]	30 Jun 19	JIBAR + 4.21%	Secured CTA[4]	200
CTA Banks	Term Facility	30 Jun 20	JIBAR + 5.02%	Secured CTA	651
CTA Banks	Revolving Credit Facility	30 Sep 20	JIBAR + 4.89%	Secured CTA	550
RMB	Term Loan Facility	30 Jun 20	JIBAR + 5.02%	Secured CTA	253
RMB	Revolving Credit Facility	30 Sep 20	Fixed rate of 13.99%	Secured CTA	207
RMB	Term Loan Facility	01 Apr 21	Fixed interest rate of 10.58%	Secured CTA	44
SA – Total Working Capital Facilities					**2 105**
Absa	Hire purchase agreement (ZAR)	01 Aug 20	South African Prime plus 0.50%	Secured CTA	17
Absa	Hire purchase agreement (ZAR)	01 Aug 20	South African Prime plus 3.00%	Secured CTA	29
CATFIN	Hire purchase agreement (USD)	16 Aug 21	Fixed interest rate of 6.68%	Secured	64
Wesbank	Hire purchase agreement (ZAR)	30 Nov 19	South African Prime less 1.70%	Secured CTA	27
Wesbank	Hire purchase agreement (ZAR)	31 Aug 22	South African Prime	Secured CTA	18
Other	Finance lease facilities (ZAR)	31 Dec 18	South African Prime	Secured CTA	1
SA – Total Asset-Based Finance Facilities					**156**
Total South Africa and rest of Africa					**2 261**

Lender	Name of facility (ZAR'million)	Maturity date	Rate of interest	Secured	Debt 25 Sep 2018
Australasia and Asia (AUD'million)					
United Overseas Bank	Lease facility (Batam)	30 Nov 20	Fixed interest rate of 4.5%	Secured	12
Other[5]	Lease facility	20 Aug 22	Fixed range of 4.04% to 7.00%	Secured	2
Total Australasia and Asia (AUD'million)					**14**
Total Australasia and Asia (ZAR'million)					**148**
Total Borrowings (ZAR'million) – excluding overdrafts					**2 420**

1. The CTA Banks include: Absa Bank Limited, The Standard Bank of South Africa Limited, Investec Bank Limited, FirstRand Bank Limited and Nedbank Limited.
2. Scheduled repayments are to be made from the proceeds generated from the disposals and the operations of Aveng as follows: ZAR50 million (30 September 2018); ZAR50 million (30 November 2018), ZAR100 million (28 February 2019).
3. Scheduled repayments are to be made from the proceeds generated from the disposals and the operations of Aveng as follows: ZAR100 million (29 March 2019) and ZAR100 million (28 June 2019).
4. Details of the security provided under the Common Terms Agreement is as follows:
   a. **SPV Debt Guarantees:** The Security SPV issued debt guarantees in favour of the South African Financiers to secure the obligations of the Aveng Group under the CTA and the Finance Documents;
   b. **Counter Indemnity Agreements:** Certain of the Aveng Group entities under the Counter Indemnity Agreements indemnify and hold the Security SPV harmless in respect of claims made against the Security SPV under any SPV Debt Guarantees;
   c. **Master Subordination Agreement:** Certain Aveng Group entities subordinate their claims against each other Aveng Group entity in favour of the claims of the South African Financiers against such Aveng Group entities in terms of the CTA and the Finance Documents;
   d. **Cession and Pledge Agreement:** Certain Aveng Group entities ceded *in securitatem debit*i and pledged in favour of the Security SPV all of their rights, title and interest in and to, *inter alia*, Shares, Claims, Disposal Proceeds Account, Disposal Proceeds, Bank Accounts, Debts as security for their obligations under the Counter Indemnity Agreements;
   e. **AAH Specific Security Deed:** Aveng granted a specific security deed in favour of the Security SPV its shares in and claims against Aveng Australia Holdings Proprietary Limited; and
   f. **Mortgage Bonds:** First covering mortgage bonds registered over Aveng's immovable property by the relevant Obligors in favour of the Security SPV as security for the Aveng Group's obligations towards the Security SPV under the Counter Indemnity Agreements.
5. Includes various lease transactions with varying maturity dates, with the longest maturity date being 20 August 2022.

Overdraft facilities of ZAR205 million, which are unutilised as at 25 September 2018:

Lender	Name of facility (ZAR'million)	Maturity date	Rate of interest	Secured	Facility 25 Sep 2018	Utilised 25 Sep 2018
SBSA	Overdraft	30 Jun 20	South African Prime plus 2.00%	Secured CTA	205	–
SA – Overdrafts					**205**	**–**

NOTICE OF GENERAL MEETING

This Notice of General Meeting is important and requires your immediate attention.

If you are in any doubt as to the action you should take in relation to this Notice, please consult your CSDP, Broker, banker, attorney, accountant or other professional advisor immediately. If you have disposed of all of your Aveng Shares, please forward this Notice of General Meeting to Equites of such shares or the broker, banker or other agent through whom you disposed of such shares.

AVENG
Leaders in infrastructure

AVENG LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 1944/018119/06)
Share code on the JSE: AEG ISIN: ZAE000111829
("**Aveng**" or "**the Company**")

NOTICE OF GENERAL MEETING

All terms defined in the Circular to which this Notice of General Meeting is attached shall bear the same meanings herein.

Notice is hereby given that a General Meeting of the Company will be held at 09:00 on Friday, 16 November 2018 at a boardroom of the Company, Block A, Aveng Park, 1 Jurgens Street, Jet Park, 1459 Boksburg, to consider and if, deemed fit, to pass, with or without modification, the ordinary resolutions set out below in the manner required by the Companies Act and the JSE Listings Requirements.

Ordinary Resolution 1

"**RESOLVED THAT** the Aveng's Board be and is hereby authorised to implement the Proposed Transaction, upon the terms and subject to the conditions set out in the Circular to the Shareholders dated 15 October 2015 of which this Notice of General Meeting forms part."

The percentage of voting rights that will be required for the adoption of this Ordinary Resolution 1 is the support of at least 50% of the voting rights exercised on that ordinary resolution.

Ordinary Resolution 2

"**RESOLVED THAT** any of the Directors of Aveng's Board or the Aveng Group Secretary be and is hereby authorised to take all actions necessary and sign all documents required to implement the Proposed Transaction."

The percentage of voting rights that will be required for the adoption of this Ordinary Resolution 2 is the support of at least 50% of the voting rights exercised on that ordinary resolution.

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.

If you are a Shareholder holding shares in Certificated form or a Shareholder holding Dematerialised Shares with own-name registration and are unable to attend the General Meeting but wish to be represented thereat, you are requested to complete and return the form of proxy attached hereto, in accordance with the instructions therein, and lodge it with, or post it, so as to reach the transfer secretaries by no later than 09:00 on Wednesday, 14 November 2018. If you are unable to attend the General Meeting but wish to be represented thereat, and you do not complete and return the form of proxy, you will nevertheless, at any time prior to the commencement of voting on the resolutions at the General Meeting, be entitled to lodge the form of proxy with the chairman of the General Meeting.

Shareholders holding Dematerialised Shares, other than in own name registration, 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 the 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 do not wish to attend the General Meeting or 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 Shares 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.

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 meeting by way of telephone conference call and, if they wish to do so:

- must contact the Company Secretary by no later than 09:00 on Wednesday, 14 November 2018 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 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 Aveng Board

AH Macartney
Chief Financial Officer

9 October 2018

Leaders in infrastructure

AVENG LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 1944/018119/06)
Share code on the JSE: AEG ISIN: ZAE000111829

FORM OF PROXY

If you are a Shareholder holding Dematerialised Shares, other than with own name registration, do not use this form. Shareholders holding Dematerialised Shares, 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)

Telephone number: Mobile number:

Email:

of (please state address)

being the holder(s) of Shares in the issued share capital of the Company, do hereby appoint

(see notes 3 and 5)

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 the Company which will be held on the at a boardroom of the Company, Block A, Aveng Park, 1 Jurgens Street, Jet Park, Boksburg, 1459 on Friday, 16 November 2018, or any other adjourned or postponed date, for the purpose of considering and, if deemed fit, passing, with or without modification, the ordinary resolutions to be proposed at the General Meeting, and to vote on the ordinary resolutions in respect of the Shares registered in my/our name(s) in accordance with the following instructions (see note 6):

	Insert an "X" or number of Shares		
	For	**Against**	**Abstain**
Ordinary Resolution 1 Approval of the Proposed Transaction			
Ordinary Resolution 2 Authority to any Director or Aveng Group Secretary			

Signed at on 2018

Signature

Assisted by me (where applicable)

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

Please read the following summary of the rights contained in section 58 of the Companies Act and the following notes to this form of proxy.

SUMMARY OF RIGHTS CONTAINED IN SECTION 58 OF THE COMPANIES ACT

In terms of section 58 of the Companies Act:

- a shareholder of a company may, at any time and in accordance with the provisions of section 58 of the Companies Act, appoint any individual (including an individual who is not a Shareholder) as a proxy to participate in, and speak and vote at, a shareholders' meeting on behalf of such shareholder;
- a proxy may delegate her or his authority to act on behalf of a shareholder to another person, subject to any restriction set out in the instrument appointing such proxy (see note 12 below);
- irrespective of the form of instrument used to appoint a proxy, the appointment of a proxy is suspended at any time and to the extent that the relevant shareholder chooses to act directly and in person in the exercise of any of such shareholder's rights as a shareholder (see note 6 below);
- any appointment by a shareholder of a proxy is revocable, unless the form of instrument used to appoint such proxy states otherwise;
- if an appointment of a proxy is revocable, a shareholder may revoke the proxy appointment by (i) cancelling it in writing, or making a later inconsistent appointment of a proxy and (ii) delivering a copy of the revocation instrument to the proxy and to the relevant company;
- a proxy appointed by a shareholder is entitled to exercise, or abstain from exercising, any voting right of such shareholder without direction, except to the extent that the relevant company's memorandum of incorporation, or the instrument appointing the proxy, provides otherwise (see note 3 below);
- if the instrument appointing a proxy or proxies has been delivered by a shareholder to a company, then, for so long as that appointment remains in effect, any notice that is required in terms of the Companies Act or such company's Memorandum of Incorporation to be delivered to a shareholder must be delivered by such company to:
  - the relevant shareholder; or
  - the proxy or proxies, if the relevant shareholder has: (i) directed such company to do so, in writing and (ii) paid any reasonable fee charged by such company for doing so; and
- if a company issues an invitation to its shareholders to appoint one or more persons named by the company as a proxy, or supplies a form of proxy instrument:
  - the invitation must be sent to every shareholder entitled to notice of the meeting at which the proxy is intended to be exercised;
  - the invitation or form of proxy instrument supplied by the company must:
    - bear a reasonably prominent summary of the rights established in section 58 of the Companies Act;
    - 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
    - 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;
  - the Company must not require that the proxy appointment be made irrevocable; and
  - the proxy appointment remains valid only until the end of the meeting at which it was intended to be used, subject to the above.

Notes to the form of proxy:

1. The form of proxy must only be used by Certificated Shareholders or Dematerialised Shareholders with "own name" registration.
2. Each Shareholder entitled to attend and vote at the General Meeting may appoint one or more persons as proxies to attend, participate in and vote at the General Meeting in the place of the Shareholder. A proxy need not be a Shareholder.
3. A Shareholder is entitled to one vote on a show of hands and, on a poll, one vote in respect of each Share held. A Shareholder's instructions to the proxy must be indicated by inserting the relevant number of votes exercisable by the Shareholder on a poll in the appropriate box(es). Failure to comply with this 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 the Shareholder's votes. Further, should any further resolution(s) or any amendment(s) which may properly be put before the General Meeting be proposed, the proxy shall be entitled to vote as he/she thinks fit.
4. A vote given in terms of an instrument of proxy shall be valid in relation to the General Meeting notwithstanding the death of the person granting it, or the revocation of the proxy, or the transfer of the Aveng Shares in respect of which the vote is given, unless notification in writing of such death, revocation or transfer shall have been received by the Company or the Transfer Secretary before the commencement of the General Meeting or adjourned General Meeting at which the proxy is used.
5. The chairperson of the General Meeting may reject or accept any form of proxy which is completed and/or received other than in compliance with these notes.
6. 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 thereat to the exclusion of any proxy appointed in terms hereof, should such Shareholder wish to do so.
7. Documentary evidence establishing the authority of a person signing the form of proxy in a representative capacity must be attached to this form of proxy, unless previously recorded by the Company or unless this requirement is waived by the chairperson of the General Meeting.
8. A minor or any other person under legal incapacity must be assisted by his/her parent or guardian, as applicable, unless the relevant documents establishing his/her capacity are produced or have been registered by the Company.
9. Where there are joint holders of ordinary Shares:
   i. any one holder may sign the form of proxy;
   ii. the vote(s) of the senior Shareholders (for that purpose seniority will be determined by the order in which the names of Shareholders appear on the Register) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint Shareholder(s).
10. Forms of proxy should be delivered or mailed to Computershare Investor Services Proprietary Limited Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 to be received by no later than 09:00 on Wednesday, 14 November 2018 (or 48 hours before any adjournment of the General Meeting which date, if necessary, will be notified in the press). Any form of proxy not returned to Computershare Investor Services Proprietary Limited by such time may be handed to the chairperson of the General Meeting any time before the appointed proxy exercises any of the Shareholder's rights at the General Meeting (or any adjournment thereof).
11. Any alteration or correction made to this form of proxy, other than the deletion of alternatives, must be initialled by the signatory/ies.
12. Any proxy appointed pursuant to this form of proxy may not delegate his/her authority to act on behalf of the relevant Shareholder.
13. In terms of section 58 of the Companies Act, unless revoked, an appointment of a proxy pursuant to this form of proxy remains valid only until the end of the General Meeting or any adjournment of the General Meeting.
14. If the General Meeting is adjourned or postponed, valid forms of proxy for the initial General Meeting will remain valid in respect of any adjournment or postponement of the General Meeting.

INDEPENDENT VALUER'S REPORT

The Directors
Aveng Limited
Aveng Park, 1 Jurgens Street
Jet Park
Boksburg
1459

9 October 2018

Dear Sirs

RE: INDEPENDENT PROPERTY VALUERS' REPORT OF THE PROPERTY FOR AVENG LIMITED ("AVENG") FOR WHICH THERE IS A DETAILED VALUATION REPORT HELD BY AVENG

In accordance with your instruction of 13 August 2018, I confirm that we have visited and inspected the property described herein ("the property") during August 2018 (section 13.23(a)(iii)) and have received all necessary details required to perform a valuation in order to provide you with my opinion of the property's market value as at 1 June 2018 (section 13.23(c)).

1. INTRODUCTION

The valuation of the property has been carried out by the valuer who has carefully considered all aspects of all the property. A detailed valuation report has been delivered to the management of Aveng. The report includes commentary on the current economy, nature of the property, locality, market rentals, risk profile, forward rent and earning capability and exposure to future expenses and property risk. All these aspects have been considered in the valuation report of the property. The detailed report has further addressed the income capability and reasonable expenditure for the property. The value thus indicates the fair market value for the property as detailed in the report.

1.1 BASIS OF VALUATION

The valuation is based on market value.

Market value means the best price, at which the sale of an interest in a property may reasonably be expected to have been completed, unconditionally for a cash consideration on the date of valuation, assuming:

1.1.1 a willing seller and a willing buyer in a market;

1.1.2 that, prior to the date of valuation, there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the property, for the agreement of price and terms and for the completion of the sale; and

1.1.3 that the state of the market, level of values and other circumstances are, on any earlier assumed date of exchange of contracts, the same as on the date of the valuation.

1.2 PROPERTY DESCRIPTION

The property is made up of Portions 301 and 302 (portions of the Farm Witkoppie 64), registered on 22 July 2016 in freehold tenure in the name of Pybus 108 (Pty) Ltd and fully described as follows:

Certificate of Registered Title T56636/2016:

Portion 301 (a portion of Portion 6) of the Farm Witkoppie 64, Registration Division IR, in extent 9.4133 hectares.

Certificate of Registered Title T56637/2016:

Portion 302 (a portion of Portion 6) of the Farm Witkoppie 64, Registration Division IR, in extent 8.4949 hectares.

2. VALUE CALCULATION

The calculation of the market value of the property has been based on income capitalisation. This is the fundamental basis on which commercial income-producing properties are traded on the market in South Africa. This is also due to there being strong supporting evidence of open market rental rates and capitalisation rates which are evidenced by sales in the market and reported on by reputable property commentators, including SAPOA (South African Property Owners Association) (section 13.23(d)).

Properties traded in the current market reflect a yield rate relationship between revenue and capital value. This rate is an accurate determinant of the capitalisation rate.

Up and to the date of valuation, the property has been owner occupied and no part of the property is let out to 3rd party tenants. There is thus no reason to apply a holding period and related discounted cash flow calculations to the valuation as a possible check to ensure that the capitalised value calculated is consistent with market norms and expectations.

The considerations for the capitalised valuation is as follows:

2.1 calculating the gross market rental value across the Lettable Area of the property, based on comparable rentals prevailing in the neighbourhood area and similar industrial precincts for properties of a similar scale, quality and condition;

2.2 calculating the reasonable annual property expenses likely to be incurred by the property owner on the basis of a Gross Rental lease agreement as well as consideration for future capital expenditure to which the property may be exposed;

2.3 the property is currently fully occupied by the owner. In order to apply a conservative approach, I have deducted approximately 4% of the net income as a provision for rental that may not be collected as a consequence of future vacancies and rental income loss for any reason. The current vacancy is market-related. The void provision used in the valuation is therefore adequate (section 13.23(f)(i));

2.4 there is no loss of rental due to renovations or refurbishments currently being carried out on the buildings. There is, however, ongoing external maintenance work. There is no loss of rental as a result of these activities (section 13.23(f)(ii));

2.5 this market rental has been determined by comparing similar buildings in comparable areas to the property valued, in terms of a rental per square metre. The rental rate has also been checked against various published indices including the Rode Report. This is provided that the economy remains in a slow recovery pattern as currently being experienced as that there are no major economic fluctuations which may upset the economy (section 13.23(f)(iii));

2.6 capitalising the net contractual income derived from the property for a period of one year in advance, calculated from 1 June 2018; and

2.7 the valuation has considered published market statistics regarding rental rates and expenditure for the different types of properties. It has also considered the sales and prices paid per square metre of gross lettable area for comparison purposes.

3. SPARE LAND

The south portion of the property is developed with a mix of service workshops, warehouse/storage and ancillary service buildings and open storage. From our market research, the highest and best use of this component is considered to be as vacant industrial land which demonstrated a value in excess of the capitalised net rental value of the lettable area here. Accordingly, a land value, net of the cost to clear the site, has been applied to this component which measures 114 455m² in extent. This value has been arrived at by reference to comparable land values.

No future development has been planned in respect of the spare land and accordingly no planning permission has been applied for in respect of the spare land.

4. BRIEF DESCRIPTION

The overall office component is laid out in an office park format with dual access control off Jurgens Street featuring three guard offices and boom control. The offices are laid out over five freestanding buildings; two x 'A' Grade blocks over two levels; two x 'A' Grade blocks over three levels, each with passenger lifts and constructed between 2002 and 2004. The fifth block, built around 1982, rises over three levels and is finished internally to 'B' Grade standards with refurbishment needed to the exterior elevations. All buildings are served by adjacent open and shaded parking. The driveways are tarmacadam paved and curbed with road markings, speed bumps, and fire hydrants. Open areas are landscaped and incorporate a dedicated staff canteen and garden seating area at the north-west corner; open visitor parking and fixed roof and shadecloth parking.

The buildings have been well constructed with modern elevations, sufficient parking facilities and are capable of being multi-tenanted. The property is generally highly visible and dominates this north section.

5. VALUATION QUALIFICATIONS

The southern portion of the property, being approved unregistered Erven 642 and 645, demonstrates a higher and better use value if released for sale as vacant land (as opposed to the capitalised rental value of the yard and industrial top structure which dates back to the 1980s). The valuation for this component is thus based on the 'bare land' value and assumes this portion will be cleared and decontaminated, as required, for General Industrial redevelopment by the present owner.

Approved, unregistered Erven 641 and 647 will be cleared and made available for road access to future development across the above southerly component.

All planning permissions and subdivision approvals and/or registration will be the responsibility of the present owner. No deductions are thus made to the valuation for these.

I have, to the best of my knowledge, considered all of these aspects in the valuation of the property.

The valuer is, however, not responsible for the competent daily management of these properties that will ensure that this status is maintained, or for the change of any laws, services by local authority or economic circumstances that may adversely impact on the integrity of the buildings or the tenant profile.

6. OPTIONS OR BENEFIT/DETRIMENT OF CONTRACTUAL ARRANGEMENTS

To my knowledge there are no contractual arrangements on the property that have a major benefit or are detrimental to the fundamental value base of the property (section 13.23(g)).

To the best of my knowledge, there are no options in favour of any parties for any purchase of the property (section 13.23(h)).

7. INTRA-GROUP OR RELATED PARTY LEASES (Section 13.23(a)(xi))

The property is owner occupied. There are thus no 3rd party leases in operation.

8. CURRENT STATE OF DEVELOPMENT

There are no portions of the property which are currently being developed. Note, however, that there is spare land capacity for expansion on the south component as described elsewhere in this summary (sections 13.24 and 13.25).

9. EXTERNAL PROPERTY

The property is situated inside the Republic of South Africa (section 13.28).

10. OTHER GENERAL MATTERS AND VALUATION SUMMARY (Sections 13.30 and 13.31)

A full valuation report is available on a property by property basis detailing tenancy, town planning, valuer's commentary, expenditure and other details. This has been given to the directors of Synergy.

11. ALTERNATIVE USE FOR A PROPERTY (13.27)

The property has been valued in accordance with its existing use which represents the market value. Other than the potential for re-development across the south portion (within the present Planning provisions under the existing Industrial zoning), no alternative use for the property has been considered in determining the value.

12. OTHER COMMENTS

Our valuation excludes any amounts of Value-added Tax, transfer duty, or securities transfer duty.

13. CAVEATS

13.1 Source of information and verification (section 13.23(a)(xiii))

Information on the properties has been provided to me by the current owners. I have further compared certain expenditures given to me, to the market norms of similar properties. This has also been compared to historic expenditure levels of the properties themselves.

This valuation has been prepared on the basis that full disclosures of all information and factors that may affect the valuation have been made to myself.

I have to the best of my ability researched the market as well as taken the steps detailed in paragraph 13.2 below.

13.2 Leases (section 13.23(a)(ix))

Not applicable.

13.3 Lessee's credibility

Not Applicable.

13.4 Mortgage bonds, loans, etc.

The properties have been valued as if wholly-owned with no account being taken of any outstanding monies due in respect of mortgage bonds, loans and other charges. No deductions have been made in our valuation for costs of acquisition.

The valuation is detailed in a completed state and no deductions have been made for retention or any other set-off or deduction for any purposes which may be made at the discretion of the purchaser when purchasing the properties.

13.5 Calculation of areas

All areas quoted within the detailed valuation reports are those stated in the information furnished and verified where plans were available. To the extent that plans were not available, reliance was placed on the information submitted by the managing agents.

Updated plans were not available for all the properties in respect of internal configuration. The properties generally appear to have the stated square meterage which could only be more accurately determined if re-measured by a professional. The reported square meterage is therefore considered as correct as possible without full a re-measurement exercise being undertaken.

13.6 Structural condition

The properties have been valued in their existing state. I have not carried out any structural surveys, nor inspected those areas that are unexposed or inaccessible, neither have I arranged for the testing of any electrical or other services.

13.7 Contamination

The valuation assumes that a formal environmental assessment is not required and further that none of the properties are environmentally impaired or contaminated, unless otherwise stated in our report.

13.8 Town planning (sections 13.23(a)(vi) and (vii))

Full town planning details and title deeds have been supplied in the detailed valuation report including conditions and restrictions and the property have been checked against such conditions. This is to ensure that they comply with town planning regulations and title deeds. There do not appear to be any infringements of local authority regulations or deeds by any of the property.

The valuation has further assumed that the improvements have been erected in accordance with the relevant Building and Town Planning Regulations and on inspection it would appear that the improvements are in accordance with the relevant town planning regulations for these properties.

There is no contravention of any statutory regulation, or town planning local authority regulation or contravention of title deed relating to any of the properties which infringement could decrease the value of the properties as stated.

14. MARKET VALUE

I am of the opinion that the aggregate market value of the properties as at 1 June 2018 is ZAR215 000 000 (two hundred and fifteen million Rands), excluding VAT.

To the best of my knowledge and belief there has been no material change in circumstances between the date of the valuation and the date of the valuation report which would affect the valuation.

I have more than 28 years' experience in the valuation of all nature of property and I am qualified to express an opinion on the fair market value of the property.

I trust that I have carried out all instructions to your satisfaction and thank you for the opportunity of undertaking this valuation on your behalf.

Yours faithfully

for Knight Frank Gauteng (Pty) Ltd

Roger Martin Fitchet
MRICS FIV(SA)
Registered Professional Valuer (no. 1373)

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