enX GROUP LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 2001/029771/06)
JSE share code: ENX ISIN: ZAE000195723
("**enX**")

ACQUISITION OF EQSTRA's FLEET MANAGEMENT AND INDUSTRIAL EQUIPMENT DIVISIONS, A STRATEGIC INVESTMENT IN EQSTRA AND WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

1. INTRODUCTION AND RATIONALE

Introduction

Further to the cautionary announcements released by enX on SENS on 11 April 2016 and 25 May 2016, shareholders are advised that enX has concluded an agreement with Eqstra Holdings Limited ("**Eqstra**") (the "**Eqstra transaction agreement**") in terms of which, *inter alia*:

- enX will acquire 100% of the equity in a newly incorporated subsidiary of Eqstra ("**Eqstra NewCo**") that will own all of the companies comprising Eqstra's Industrial Equipment business (the "**IE division**") and all of the companies comprising Eqstra's Fleet Management and Logistics business (the "**FML division**") (collectively the "**IE and FML acquisitions**");
- enX will be constituted as a shareholder of reference of Eqstra (which, post the disposal by Eqstra of the IE division and FML division, will have as its sole remaining operations its Contract Mining and Plant Rental business (the "**CMPR division**")) through a recapitalisation of Eqstra to the value of R1.4 billion by way of enX:
  - subscribing for 101 400 000 Eqstra ordinary shares at R1.00 per Eqstra ordinary share (the "**Eqstra ordinary share subscription**") at an aggregate subscription price of R101 400 000 representing approximately 20% of the enlarged issued share capital of Eqstra;
  - subscribing for 400 cumulative fixed rate, redeemable preference shares at R1 500 000 each for an aggregate subscription price of R600 million in MCC Contracts Proprietary Limited (a wholly-owned subsidiary of Eqstra) ("**MCC**") having the rights and privileges more fully detailed in paragraph 3.2 below (the "**MCC preference shares**"); and
  - lending R700 million to MCC on the terms more fully detailed in paragraph 3.4 below (the "**enX loan**");
- enX has been granted a call option to subscribe for R600 000 000 of Eqstra ordinary shares at R1.50 per Eqstra ordinary share, which call option can be exercised at any time after all of the MCC preference shares have been redeemed or within 30 days after the 5^{th} year from the date of issue of the MCC preference shares, if the MCC preference shares have not been redeemed by the expiry of the 5^{th} year from the date thereof. The call option expires 30 days after the 5th year from the date of issue of the MCC preference shares;
- Eqstra will change its name so as to exclude the word "Eqstra"; and
- the existing debt obligations of Eqstra and its subsidiaries (the "**Eqstra group**") are to be restructured on the terms fully detailed in paragraph 4 below,

(the "**Eqstra transaction**").

The Eqstra transaction consideration of approximately R7.8 billion will be discharged by enX by:

- allotting and issuing 52 715 390 enX shares (the "**enX consideration shares**") to Eqstra at R21.00 per enX share (post a consolidation of the existing share capital of enX on a 11:1 basis as more fully detailed below);
- assuming approximately R5.2 billion of Eqstra group's debt obligations, of which R4.8 billion is currently within the IE and FML divisions; and
- undertaking an equity capital raise of R1.5 billion.

The enX consideration shares will be distributed to Eqstra shareholders, by way of an unbundling transaction to be effected in terms of section 46 of the Income Tax Act, 58 of 1962, as one of several transaction steps required to implement the Eqstra transaction.

The Eqstra transaction is to be implemented by way of an indivisible series of sequential transaction steps. Each step is contingent upon the other in order to achieve:

- the internal Eqstra group restructure required to establish Eqstra Newco;
- the restructuring of the Eqstra group's debt and funding arrangements; and
- the Eqstra transaction being implemented in accordance with the agreed terms.

If any individual step in the transaction process cannot or is not completed in accordance with the transaction requirements, the Eqstra transaction will not be implemented. In this regard shareholders are referred to the announcement released by Eqstra on Sens on the same date as this announcement for additional information on the Eqstra transaction and the salient terms and conditions of the Eqstra group internal restructuring and process steps that are to be implemented by the Eqstra group in order to give effect to the Eqstra transaction.

Rationale

enX's stated goal is to build a substantial industrial company. The Eqstra transaction represents an opportunity that takes a significant step towards achieving this goal. It will establish enX as a sizeable industrial platform well positioned for growth.

The IE and FML divisions introduce stable, established and profitable businesses with strong market positions and good growth prospects. The CMPR division is a leader in its industry and, despite challenging trading conditions, presents a levered exposure to any improvement in commodity prices and realisation or redeployment of its idle fleet.

The FML division is a leading integrated fleet management solutions provider offering leasing, rentals and customised value-added services for both passenger and commercial vehicles in Sub-Saharan Africa. Commercial vehicle operations are supported by a nationwide network of workshops and panel repair shops.

The IE division distributes mobile capital equipment and offers leasing and rental solutions for the materials handling, industrial, construction, agriculture and mining sectors in Sub-Saharan Africa, UK and Ireland. The division offers recognised brands, excellent after-market and value-added services for a unique one-stop solution.

The Eqstra transaction is structured in such a way so as to address and overcome issues that, in enX's view, are suppressing value in each division and place them on a sustainable growth path:

- The introduction of a significant amount of new equity enables the restructuring of the borrowings of each division (and in the case of the CMPR division results in a material reduction in third party borrowings) so that it more closely matches their respective operational risks, capital expenditure requirements and cash flow profiles. The equity introduction and restructuring removes the liquidity risks currently being faced by the divisions;
- The IE and FML divisions are separated from the CMPR division, with both now having dedicated boards and operational management and different points of entry for equity investors; and
- Wild Rose Capital Proprietary Limited and enX's strategic empowerment shareholder CapLeverage Proprietary Limited are established as anchor shareholders to drive the direction of the businesses going forward.

enX operational realignment

Post the completion of the Eqstra transaction, the enX businesses will be arranged and managed under three clusters, namely:

- Industrial Equipment, which will comprise the IE division and enX's existing power and wood businesses;

- Fleet Management, which will comprise the FML division; and
- Fuel and Chemicals, which will comprise enX's oil lubricants business and the chemicals distribution business of recently acquired West Africa International Proprietary Limited (the "**WAI group acquisition**").

Directors and executive management

Paul Mansour will, with effect from the completion of the Eqstra transaction, assume the role of Executive Deputy Chairman of enX and Jannie Serfontein, the current Chief Executive Officer of Eqstra, will assume the role of enX's Chief Executive Officer. The key executives of each of the underlying businesses will continue in their current roles.

The Board of Eqstra will be reconstituted and the Board of enX bolstered by the addition of certain existing Eqstra board members. Details of the proposed candidates will be included in the circulars to shareholders giving notice of a meeting to consider the resolutions necessary to give effect to the Eqstra transaction.

enX share consolidation and increase in authorised capital

The existing share capital of enX is to be consolidated on an 11:1 basis (the "**enX share consolidation**") and its authorised share capital increased to 1 000 000 000 shares. These amendments to the enX capital structure will be implemented independently of the Eqstra transaction. References in this announcement to numbers of enX shares reflect share numbers post the enX share consolidation.

enX capital raise and issue of shares

enX is to fund the IE and FML acquisitions and its investment in Eqstra by:

- issuing the enX consideration shares to Eqstra pursuant to an acquisition issue; and
- raising R1.5 billion of cash to fund (i) the Eqstra ordinary share subscription, (ii) the MCC preference share subscription, (iii) the enX loan into MCC and (iv) approximately R100 million for enX transaction costs and general corporate purposes. The capital raise is to be implemented by way of the allotment and issue of enX shares pursuant to a specific authority to issue shares for cash. The capital raise has been fully underwritten.

2. CONDITIONS PRECEDENT TO THE EQSTRA TRANSACTION

The Eqstra transaction is conditional upon, *inter alia*, the following:

- the securing of all approvals required by the Competition Act, 89 of 1998 and applicable anti-trust legislation in various sub-Saharan African countries in which the IE and FML divisions currently operate, to enable the Eqstra transaction to be implemented on an unconditional basis or on conditions reasonably acceptable to Eqstra and enX;
- the securing of all approvals, to the extent legally required, from all regulatory authorities (including the JSE Limited ("**JSE**") and the Takeover Regulation Panel ("**TRP**")) required to implement the Eqstra transaction;
- the requisite majority/ies of shareholders of each of MCC, enX and Eqstra approving all ordinary and special resolutions required to be passed in terms of the Companies Act, 71 of 2008 (the "**Companies Act**") and the JSE Listings Requirements to give effect to the Eqstra transaction;
- the requisite majority of shareholders of enX approving the special resolutions required to give effect to the enX consolidation and increase in enX's authorised share capital;
- the securing of the requisite approval of the JSE for the listing on the JSE of all shares to be issued by enX pursuant to the implementation of the Eqstra transaction;
- the Eqstra group's bankers furnishing all required consents and waivers required for the implementation of the Eqstra transaction;
- to the extent necessary, minority shareholders in Eqstra subsidiaries waiving any pre-emptive or similar rights that they may enjoy and which may otherwise be triggered by implementation of the Eqstra transaction;

- the conclusion of credit agreements with Eqstra's principal bankers which will refinance existing facilities;
- Eqstra delivers to enX a copy of duly signed extension letters or agreements which have become unconditional and have the effect of extending the duration of certain material agreements;
- to the extent required, counter parties to certain material agreements to which the Eqstra group is a party, furnishing any required agreements, consents and approvals in order to ensure that the relevant agreements are extended, renewed and/or are not subject to cancellation or amendment or any other adverse or contractual consequence that may otherwise be triggered as a result of or pursuant to the implementation of the Eqstra transaction;
- that the requisite majority of noteholders under Eqstra Corporation Limited's R8 billion Domestic Medium Term Note Programme (the "**Eqstra Note Programme**") (and representing not less than 66.67% of the value of all outstanding notes under the Eqstra Note Programme) approve of such amendments to the terms of the Eqstra Note Programme as will be required as a consequence of the implementation of the Eqstra transaction and as more fully detailed in paragraph 4 below;
- that the requisite majority of the Series 176 and Series 191 noteholders under the Eqstra Note Programme (and representing not less than 66.67% of the value of each of the Series 176 and Series 191 notes respectively under the Eqstra Note Programme) approve of certain amendments to the pricing supplements of the Series 176 and Series 191 notes, as will be required upon the implementation of the Eqstra transaction, as more fully detailed in paragraph 4 below;
- each of the various other transaction agreements required to implement the Eqstra transaction becomes unconditional in accordance with its terms; and
- prior to the implementation of the Eqstra transaction, there will not have arisen or occurred (or might reasonably be expected to arise or occur) any event, circumstance or matter which has or is likely to have or could reasonably be expected to have a material adverse effect on the validity or enforceability of the Eqstra transaction agreement and/or the business, properties, condition (financial or otherwise), operations, performance or prospects of:
    - the Eqstra group; and/or
    - the enX group.

The conditions precedent are required to be fulfilled by no later than 31 March 2017.

3. MATERIAL TERMS OF THE EQSTRA TRANSACTION AGREEMENT

3.1. Eqstra ordinary share subscription

enX will subscribe for 101 400 000 ordinary shares in the share capital of Eqstra for an aggregate subscription price of R101 400 000, which new Eqstra ordinary shares will on issue constitute approximately 20% of the enlarged issued ordinary share capital of Eqstra. These monies shall be applied in full by the Eqstra group to reduce its debt obligations to its existing lenders.

3.2. The MCC preference shares

enX will subscribe for the MCC preference shares at an aggregate subscription price of R600 million (constituting 100% of the issued preference share capital of MCC). These monies shall be applied in full by the Eqstra group to reduce its debt obligations to its existing lenders.

The MCC preference shares will comprise unlisted cumulative, redeemable, preference shares that will have the following salient rights and privileges:

- the holders of the preference shares will be entitled to a coupon equivalent to an after tax rate of 13% n.a.c.q.;
- the preference shares will be subordinate to bank debt but will rank *pari passu* as to payment with the enX loan and will rank ahead of the Eqstra ordinary shares;
- no dividends may be declared or paid on any Eqstra ordinary share for so long as any dividend on the MCC preference shares is in arrears and for so long as the MCC preference shares have not been redeemed in full;
- the MCC preference shares may be redeemed at the option of enX after the third anniversary plus one day of the date of their issue;

- MCC shall on any date be entitled to voluntarily redeem the MCC preference shares;
- the MCC preference shares shall be compulsorily redeemed on the fifth anniversary of the date of their issue;
- the MCC preference shares will not have voting rights unless, *inter alia*, (i) the MCC preference shares are not redeemed in accordance with their terms; or (ii) a special resolution of MCC is proposed or a resolution is proposed which affects the rights of the MCC preference shares or the interest of the MCC preference shareholder, in which event the MCC preference shares shall in aggregate carry that number of votes which would entitle the MCC preference shareholder to exercise, in aggregate, 95% of the total votes exercisable at general meetings of MCC.

3.3. **enX Call Option**

enX has, in the Eqstra transaction agreement, been granted a call option to subscribe for R600 000 000 of Eqstra ordinary shares at R1.50 per Eqstra ordinary share (the "**enX call option**"). The enX call option can be exercised by enX at any time after all of the MCC preference shares have been redeemed or, if the MCC preference shares have not been redeemed by the 5th anniversary after their issue date, by no later than 30 days after the expiry of the 5th anniversary. The enX call option will expire on the 30th day after the 5th year from the date of issue of the MCC preference shares.

3.4. **The enX loans**

enX will lend and advance R700 million to MCC which shall be applied by the Eqstra group to reduce its debt obligations to its existing lenders. The enX loan shall be subject to the following principal terms:

- the loan shall benefit from a revisionary security package second ranking to the security for the bank debt;
- the loan shall accrue interest at the rate of 3 month JIBAR + 450 bps; and
- the loan and interest shall be repayable from the proceeds of free cash flow of the CMPR division.

In addition to the aforementioned, MCC will use R1.8 billion of new bank borrowings to *pro tanto* repay Eqstra Corporation the amount owing by MCC to Eqstra Corporation leaving a net balance owing by MCC which currently amounts to approximately R760 million which shall be subject to the same terms and conditions as the enX loan to MCC.

3.5. **Exclusivity, material adverse consequences and break fee provisions**

Eqstra has undertaken:

- not to enter into any discussions, negotiations, agreement or arrangement in respect of any transaction or restructuring in competition with the Eqstra transaction (a "**competing offer**"), or take any action which could prevent, hamper or delay the conclusion of the Eqstra transaction, or any part thereof (the "**exclusivity undertakings**"); and
- to notify enX if Eqstra has received a competing offer or made any information available to a *bona fide* offeror pursuant to a competing offer.

If Eqstra receives a competing offer, enX will be entitled to match or better such competing offer. Irrespective of whether or not enX submits a matching or better offer, Eqstra will still be obliged to put the Eqstra transaction or any improved offer made by enX to Eqstra shareholders for their approval.

A break fee of R12.5 million shall become payable by Eqstra to enX if (i) Eqstra breaches its exclusivity undertakings, (ii) the Eqstra board withdraws its support or approval of the Eqstra transaction or recommends any competing offer, (iii) the shareholders of Eqstra do not approve with the requisite majority the resolutions required to implement each step of the Eqstra transaction, or (iv) Eqstra breaches its material obligations in terms of the Eqstra transaction agreement and fails to remedy any such breach timeously following receipt of a breach of notice.

enX will be liable for a break fee of R12.5 million to Eqstra if (i) the shareholders of enX do not approve with the requisite majority of those resolutions necessary to approve the implementation of the Eqstra transaction, (ii) if the capital raising is not implemented prior to the implementation of the Eqstra transaction, (iii) enX breaches its material obligations in terms of the Eqstra transaction agreement and fails to remedy any such breach timeously following receipt of a breach notice, or (iv) the credit agreements which will refinance existing facilities with Eqstra's principal bankers (complying with the agreed term sheets) are not concluded as a result of enX.

3.6. **enX support agreement**

In terms of a services agreement to be concluded between enX and Eqstra, following final close of the Eqstra transaction, enX will provide certain management services to Eqstra to enable Eqstra to continue to run and operate the CMPR division.

3.7. **Ancillary provisions**

The Eqstra transaction agreement includes warranties, indemnities and undertakings which are normal for a transaction of this nature.

4. EQSTRA DEBT RESTRUCTURE

Pursuant to the Eqstra transaction, Eqstra NewCo (which will on implementation of the Eqstra transaction be constituted as a member of the enX group) will enter into new borrowings from South African banks of up to R2,357 million, assume noteholder debt of approximately R1,700 million in terms of the Eqstra Note Programme and assume off-shore debt of approximately GBP45.25 million. A new liquidity facility of R600 million will be provided by South African banks which is to be used exclusively for note holder maturities coming due in April 2017 and April 2018. Finally, an undrawn general banking facility of R400 million and indirect banking facilities for general corporate purposes will also be provided.

Subject to the requisite majority of the noteholders voting in favour thereof in accordance with the terms of the Eqstra Note Programme, the (i) terms of the Eqstra Note Programme will be amended such that Eqstra and its remaining subsidiaries will be released as guarantors in respect of the Eqstra Note Programme and Eqstra NewCo and enX (in time) will replace Eqstra as the parent guarantor; and (ii) terms of the unsecured floating rate notes issued in April 2012 (Series 176) and April 2013 (Series 191), which are due to be finally redeemed in April 2017 and April 2018 respectively, will be amended such that the principal amount outstanding will amortise over three years on a straight line basis commencing on 25 April 2017 and 9 April 2018 respectively and the final redemption dates will be extended to 25 April 2019 and 9 April 2020 respectively.

Eqstra and MCC will retain South African bank term debt of approximately R400 million and off-shore debt of approximately R600 million.

Proceeds from the Eqstra ordinary share subscription, the MCC preference shares and the enX loan, will be applied by the Eqstra group to reduce its South African bank debt obligations, such that the Eqstra group shall retain South African bank term debt of approximately R400 million immediately following the implementation of the Eqstra transaction. MCC and/or Eqstra’s bankers will provide undrawn general banking facilities of R200 million and indirect banking facilities for general corporate purposes.

Long form credit approved term sheets have been concluded with the relevant lenders.

Approximately R500 million is currently due to lenders in Botswana and Mozambique in respect of the CMPR division. Memoranda of understanding have been entered into between Eqstra and each of these lenders which sets out the framework for restructuring and amortising these facilities.

5. enX *PRO FORMA* FINANCIAL EFFECTS

The *pro forma* financial information (the “**financial effects**”) of the transaction on enX’s net asset value per share, net tangible asset value per share, earnings per share, diluted earnings per share, headline earnings per share and diluted headline earnings per share for the 6 months ended 29 February 2016 are set out below. The financial effects are the responsibility of the directors of enX and have been prepared for illustrative purposes only to provide enX’s shareholders with information on how the transaction may have impacted on the historical financial results of enX for the six months ended 29 February 2016. Due to their nature, the financial effects may not give a fair reflection of enX's financial position, changes in equity, results of operations and cash flows subsequent to the transaction.

The financial effects are presented in accordance with the JSE Listings Requirements, the Guide on *Pro Forma* Financial Information issued by The South African Institute of Chartered Accountants and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS").

The financial effects have been prepared using accounting policies that are consistent with IFRS and with the basis on which the historical financial information has been prepared in terms of enX's accounting policies as at 31 August 2015.

The table below reflects the financial effects of the transaction on an enX shareholder:

	enX last published results	enX after post balance sheet events	Effects % of the post balance sheet events	Before Eqstra transaction	After Eqstra transaction	Effects % of the Eqstra transaction
Earnings per share (cents)	3.1	4.5	45%	49.5	470.1	850%
- Continued operations	3.1	4.5	45%	49.5	528.3	967%
- Discontinued operations	-	-	-	-	(58.2)	-
Headline earnings per share (cents)	3.1	4.5	45%	49.5	25.1	(49)%
- Continued operations	3.1	4.5	45%	49.5	76.6	55%
- Discontinued operations	-	-	-	-	(51.5)	-
Diluted earnings per share (cents)	3.1	4.4	42%	47.5	464.0	877%
- Continued operations	3.1	4.4	42%	47.5	521.5	998%
- Discontinued operations	-	-	-	-	(57.5)	-
Diluted headline earnings per share (cents)	3.1	4.4	42%	47.5	24.8	(48)%
- Continued operations	3.1	4.4	42%	47.5	75.6	59%
- Discontinued operations	-	-	-	-	(50.8)	-
Net asset value per share (cents)	123.1	127.7	4%	1 404.3	2 448.4	74%
Net tangible asset value per share (cents)	91.1	72.7	(20)%	799.8	2 113.0	164%
Number of shares in issue (000's)	562 327	600 016		54 547	178 691	

Notes and assumptions:

1. The figures set out in the "enX last published results" column above have been extracted from the unaudited interim results of enX as at 29 February 2016.
2. The figures set out in the "enX after post balance sheet events" column above reflect the *pro forma* effects on the last enX published results after the following matters were assumed:
   - 2.1. The 'Shares issued for cash' totalling 7,6 million shares for an aggregate subscription amount of R17,5 million, as noted in the SENS announcement dated 8 April 2016, have been issued on 1 September 2015 for earnings per share, diluted earnings per share, headline earnings per share and diluted headline earnings per share purposes and on 29 February 2016 for net asset value per share and tangible net asset value per share purposes.
   - 2.2. The acquisition of all the issued shares and shareholders claims in West African International Proprietary Limited and its subsidiaries ("**WAI Group**") for a preliminary purchase consideration of R250 million as noted in the SENS announcement dated 19 February 2016.
     - 2.2.1. The WAI Group acquisition is assumed to have been implemented on 1 September 2015 for earnings per share, diluted earnings per share, headline earnings per share and diluted headline earnings per share purposes and on 29 February 2016 for net asset value per share and tangible net asset value per share purposes.
     - 2.2.2. The WAI Group figures have been extracted from the management accounts of the WAI Group for the six months ended 31 December 2015. enX management is satisfied with the quality of these management accounts.

2.2.3. All the shares to be issued and the funding required for the transaction have been raised. An effective after tax interest rate of 7.8% per annum on the proposed funding raised has been recorded for the six months ended 29 February 2016, which adjustment will have a continuing effect.

2.2.4. The excess of R117.6 million of the purchase consideration over WAI Group tangible net asset value has been allocated to goodwill (R83.8 million) and intangible assets (R47.0 million), based on a preliminary purchase price assessment. A deferred tax liability is recognised to take into account the difference in tax base arising as a result of the intangible assets recognised on acquisition.

2.2.5. Intangible assets arising from the WAI Group acquisition are not amortised as management believe that they have an indefinite useful life.

2.2.6. In terms of the calculation for the number of diluted shares, the 30 day VWAP at 29 February 2016 of R1.92 was used.

3. The figures set out in the "Before Eqstra transaction" column above reflect the *pro forma* effects on the 'enX Post Balance sheet events' resulting from the enX share consolidation on a 11:1 basis, which will take place prior to the Eqstra transaction. The effect of this will be that 600 million shares in issue, after the post balance sheet events, will be consolidated to 54.5 million shares.

4. The figures set out in the "After Eqstra transaction" column above reflect the *pro forma* effects on the 'Before Eqstra transaction' resulting from the Eqstra transaction agreement.

   4.1. The Eqstra transaction is assumed to have been implemented on 1 September 2015 for earnings per share, diluted earnings per share, headline earnings per share and diluted headline earnings per share purposes and on 29 February 2016 for net asset value per share and tangible net asset value per share purposes.

   4.2. The Eqstra IE and FML figures have been extracted from the interim accounts of the Eqstra IE and FML divisions for the six months ended 31 December 2015. enX management is satisfied with the quality of these interim accounts.

   4.3. enX's has equity accounted its stake in Eqstra's ordinary shares, using the extracted figures from the interim accounts of Eqstra CMPR division for the six months ended 31 December 2015. enX management is satisfied with the quality of these interim accounts.

   4.4. enX's funding instruments into Eqstra CMPR division have been fairly valued, using market data at 29 February 2016.

   4.5. Interest income of R42.5 million and preference dividends of R39 million due to enX from the funding instruments into Eqstra CMPR division have been fully accounted for.

   4.6. enX has raised R1.5 billion of cash *via* an issue of shares, which is used to fund its commitments in terms of the Eqstra transaction. Any excess money raised from the issue of shares, after estimated once off transaction costs of R18 million are deducted, will be used to settle enX's existing debt and will result in an after tax interest saving of 7.6% per annum. This interest saving adjustment will have a continuing impact.

   4.7. The excess purchase consideration arising on the Eqstra transaction has been allocated to negative goodwill (R1.1 billion), intangible assets (R163 million) and MCC preference shares (R7 million) based on a preliminary purchase price assessment. A deferred tax liability (R81 million) is recognised to take into account the difference in tax base arising as a result of the intangible assets recognised on acquisition.

   4.8. Intangible assets arising from the Eqstra transaction are amortised over an average period of 8.8 years due to the nature of the intangibles.

   4.9. Negative goodwill arising on the Eqstra transaction has been accounted for in terms of IFRS 3 (*Business combinations*).

5. There are no other subsequent events that require adjustments to the *pro forma* financial information.

6. enX PROFIT FORECAST

Set out below is the forecast revenue, operating profit before financing costs and tax ("**EBIT**"), earnings per share ("**EPS**"), headline earnings per share ("**HEPS**") and adjusted HEPS for enX, after the Eqstra transaction, for the years ending 31 August 2017 and 31 August 2018, prepared in terms of section 8.43 of the JSE Limited Listings Requirements.

The forecasts, including the assumptions on which they are based and the financial information from which they are prepared, are the responsibility of the directors.

The forecasts have been prepared in compliance with IFRS and in accordance with enX's accounting policies.

		Year ending 31 August 2017	**Year ending 31 August 2018**
Revenue	R'bn	6,1	7,8
EBIT	R'bn	0,7	1,1
EPS	cents	964	349
HEPS	cents	249	349
Adjusted HEPS	cents	270	362

Notes and assumptions

1. The information used to prepare the profit forecast is based on forecasts to 31 August 2017 and 31 August 2018, for each of the underlying businesses including anticipated cost savings, as prepared by the respective management teams. In the case of IE and FML the forecasts of EBIT have been approved by the Eqstra board of directors. Finance charges reflect the anticipated post transaction borrowings of the enX group. The forecast includes earnings from continuing operations and does not take into account any proceeds from the sale of discontinued operations. This assumption is not under the control of the directors.
2. In respect of the forecast period ending 31 August 2017, effective dates of the WAI Group acquisition and Eqstra transaction have been estimated as 1 July 2016 and 1 December 2016 respectively. Their respective earnings from these dates have been consolidated and equity accounted respectively. This assumption is not under the control of the directors.
3. No adjustments have been made in respect of any IFRS 2 (*Share based payments*) charges, as it is dependent on the future enX share price. This assumption is not under the control of the directors.
4. The profit forecasts have used the following key assumptions:
   4.1. Exchange rates:
      4.1.1. USD:ZAR of 1:15.64;
      4.1.2. EUR:ZAR of 1:15.43
      4.1.3. GBP:ZAR of 1:20.94
      4.1.4. JPY:ZAR of 1:7.54
   4.2. Interest and inflation rates:
      4.2.1. range of interest rates of 8.05% - 10.22%; and
      4.2.2. range of inflation rates of 6.5% - 7.0%;
   4.3. These assumptions are not under the control of the directors.
5. Preliminary purchase price allocations have been performed on the WAI Group acquisition and the Eqstra transaction. The excess purchase consideration has been allocated to intangibles, and intangible asset amortisation has been included in the profit forecast. The amortisation expense, post-tax, in the 2017 and 2018 financial years amount to R17,9 million and R23,9 million respectively, which have been adjusted for in terms of note 10 below. This assumption is under the control of the directors.
6. No further impairments relating to the continuing operations of CMPR have been included in the profit forecast. Based on this assumption no impairments have been taken on the MCC preference shares and enX loans into MCC. To the extent that there are impairments to the continuing operations of MCC, these would not be reflected in HEPS. This assumption is not under the control of the directors.
7. No further fair value adjustments have been taken into account in the forecast periods for the MCC preference share and enX Call Option, post the acquisition. This assumption is not under the control of the directors.
8. An estimated amount of R1.1 billion, which has been based on the *pro forma* amount at 29 February 2016, in respect of the negative goodwill, has been included for the year ending 31 August 2017. The final

amount can only be accurately calculated on the effective date of the transaction. This amount would not be reflected in HEPS. This assumption is under the control of the directors.

9. A portion of the profit forecasts relate to the following:
   9.1. Interest earned on the enX loans to MCC;
   9.2. Dividends earned on the MCC preference shares, taking into account an assessment of recoverability;
   9.3. Associate earnings from CMPR division. The CMPR division forecasts of EBIT have been approved by the Eqstra board of directors. Finance charges reflect the anticipated post transaction borrowings of MCC; and
   9.4. These assumptions are not under the control of the directors.
10. The adjusted HEPS number removes the impact of negative goodwill, transaction costs and intangible asset amortisation. This assumption is under the control of the directors.
11. The profit forecasts have been reviewed and reported on by the company's reporting accountants. The unmodified reporting accountant's report on the forecasts is available for inspection at enX's registered address.

7. enX CAPITAL RAISING PROCESS

The R1.5 billion of cash required by enX to fund its commitments in terms of the Eqstra transaction will be raised by way of a specific issue of shares for cash.

All enX shareholders (registered as such on a date to be announced) will be invited to participate in the capital raising process. Subject to a commitment to place a minimum of 35 714 286 new enX shares with certain of the co-underwriters of the enX capital raise, the remaining new shares that are to be offered by enX under a specific issue of shares for cash authority will, based on shareholder demand, be preferentially allocated in the first instance to existing enX shareholders and only to the extent that there is insufficient demand amongst existing enX shareholders will shares be place with other market participants. The placement process in respect of shares to be issued under a specific issue of shares for cash authority will be undertaken on an accelerated bookbuild basis (to be managed by Java Capital as bookrunner) immediately preceding the date on with the Eqstra transaction closes. A further announcement dealing with the accelerated bookbuild process will be made in due course.

8. SHAREHOLDER AND NOTEHOLDER SUPPORT

Irrevocable undertakings in respect of 81.3% of enX shares in issue to vote in favour of all resolutions required to conclude and implement the Eqstra transaction have been provided by enX shareholders, including 1.3% held by enX directors.

Irrevocable undertakings and indications of support in respect of 52.85% of Eqstra shares in issue to vote in favour of all resolutions required to conclude and implement the Eqstra transaction have been provided, including 0.6% held by Eqstra directors.

Holders of more than 81.43% of the value of all outstanding notes under the Eqstra Note Programme, 85.85% of the value of the Series 176 notes and 71.69% of the value of all the Series 191 notes have furnished irrevocable undertakings to approve such amendments to the Eqstra Note Programme and the price supplements of each series of notes to facilitate the implementation of the Eqstra transaction.

9. CATEGORISATION OF THE EQSTRA TRANSACTION

The Eqstra transaction will constitute a category 1 acquisition for enX in terms of the JSE Listings Requirements. Full details of the Eqstra transaction will be set out in a category 1 transaction circular which will be distributed by enX to enX shareholders in due course and will include a notice of general meeting of enX shareholders to approve the Eqstra transaction and the applicable salient dates and times, including the date of the general meeting of enX shareholders.

The Eqstra transaction will also constitute a reverse takeover of enX by Eqstra NewCo in terms of the JSE Listings Requirements, requiring revised listing particulars in respect of the enlarged enX group, pursuant to the Eqstra transaction. Revised listing particulars will be distributed by enX to enX shareholders together with the category 1 circular.

10. WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

Following the release of this announcement, the cautionary announcement originally published by enX on 11 April 2016, and renewed on 25 May 2016, is hereby withdrawn and caution is no longer required to be exercised by shareholders of enX when dealing in enX shares.

30 June 2016

Corporate advisor, sponsor and bookrunner

JAVA CAPITAL

Legal advisor

ENSAFRICA

Independent reporting accountants

Deloitte.