

AVENG LIMITED

Incorporated in the Republic of South Africa

(Registration number: 1944/018119/06)

ISIN: ZAE000111829

SHARE CODE: AEG

("Aveng" or "the Company")



DECLARATION ANNOUNCEMENT IN RESPECT OF THE AVENG RIGHTS OFFER

Shareholders are hereby advised that Aveng intends to raise an amount of R300 000 000 by way of a fully co-underwritten renounceable rights offer ("**Rights Offer**") of up to 20 000 000 000 ordinary no par value shares in Aveng and as many class A shares as may be required to be issued to the underwriters of the rights offer in the place of ordinary shares in order to ensure that the minima of the Rights Offer as required by the underwriters is attained ("**Rights Offer Shares**"). The Rights Offer will be made to qualifying shareholders at a subscription price of 1.5 cents per Rights Offer Share ("**Rights Offer Price**"), in the ratio of 103.12203 Rights Offer Shares for every 100 Aveng ordinary shares held on the Rights Offer record date ("**Ratio of Entitlement**"), which is anticipated to be on or about Friday, 5 February 2021 ("**Record Date**").

RATIONALE FOR THE RIGHTS OFFER

Following a multi-year journey, the Company will engage in the restructuring of its balance sheet which will allow the Aveng group ("**Group**") to reset its capital structure, deleveraging its balance sheet by more than R1 billion, extending the Group's maturity profile to three years, and simultaneously materially improving the Group's South African liquidity pool. Following this transformational event, Aveng believes that the remaining debt is sustainable and the remaining balance is forecast to be repaid over the next three years. Importantly, this transaction not only provides Aveng the capital structure flexibility to complete its non-core asset sale programme and to wind down its remaining exposure to discontinued businesses, but also sets the Group on a path to pursue its strategy around the Group's core businesses, McConnell Dowell and Moolmans, which have returned to profitability and where Aveng sees further business improvement prospects and growth opportunities.

An amount of R300 000 000 will be received by Aveng pursuant to the Rights Offer, which amount will be utilised by Aveng to (i) settle the cash amounts payable to iNguza Investments (RF) Limited ("**iNguza**") to early settle iNguza debts amounting to a minimum value of R142 000 000 and a maximum of R163 000 000, depending on the election of certain holders of notes in the R25 000 000 000 asset-backed note programme dated 12 February 2019 (as amended), who have not, as at the date hereof, provided irrevocable undertakings to Aveng in respect of their election; (ii) make payment to certain lenders amounting to R55 241 903; and (iii) any balance will be retained by Aveng to improve liquidity to allow for Aveng to meet its debt repayment requirements ("**Transaction**").

The Transaction, among other things, will result in the reduction of the debt levels by an amount of R1 098 397 639 and an increase in the equity of Aveng by the same amount.

SALIENT TERMS OF THE RIGHTS OFFER

In terms of the Rights Offer, the Rights Offer Shares will be issued to Aveng shareholders recorded in Aveng's share register at the close of business on the Record Date, at the Rights Offer Price in the Ratio of Entitlement. Aveng will raise an amount of R300 000 000 in terms of the Rights Offer.

The Rights Offer Price represents a discount of 39.5% to the 30 day volume weighted average traded price of Aveng's ordinary shares of 2.478 cents as at 27 November 2020.

Excess applications for Rights Offer Shares will not be allowed and any Rights Offer Shares that are not accepted, renounced or sold shall revert to the underwriters. The Rights Offer is conditional on the underwriters receiving a collective minimum issue to them of R203 000 000.

The Rights Offer Shares issued will rank *pari passu* with the existing issued shares of Aveng, save in respect of the A shares which will not carry any voting rights save for voting rights on matters affecting that class of shares.

IRREVOCABLE COMMITMENT AND UNDERWRITING

Highbridge Tactical Credit Master Fund, L.P., Highbridge SCF Special Situations SPV, L.P (collectively "**Highbridge Funds**"), Whitebox Multi Strategy Partners L.P., Whitebox GT Fund L.P., Pandora Select Partners L.P. and Whitebox Caja Blanca Fund L.P. (collectively, "**Whitebox Funds**" and with the Highbridge Funds, "**the Underwriters**"). The Highbridge Funds currently hold 19.07%, and the Whitebox Funds hold 11.99%, of the issued share capital of Aveng.

The Underwriters have provided Aveng with an irrevocable commitment to follow their rights in terms of the Rights Offer and to subscribe for all of the ordinary shares to which they are entitled under the Rights Offer. The balance of the Rights Offer will also be underwritten by the Underwriters representing 68.94% of the Rights Offer Shares. The aforesaid commitment and underwriting fee will constitute 3%, excluding value-added tax, of the amount underwritten.

SALIENT DATES AND TIMES

	2021
Special resolution regarding the amendment of the memorandum of incorporation of Aveng to create the Aveng A shares is registered with the Companies and Intellectual Property Commission	Wednesday, 27 January
SENS announcement to Shareholders regarding the registration amendment of the memorandum of incorporation of Aveng to create the Aveng A shares with the Companies and Intellectual Property Commission	Thursday, 28 January
Finalisation announcement released on SENS (before 11:00), on	Thursday, 28 January
Circular to be made available on Aveng website	Monday, 1 February
Last day to trade in shares in order to participate in the Rights Offer (<i>cum entitlement</i>)	Tuesday, 2 February
Shares commence trading ex-entitlement at 09:00 on	Wednesday, 3 February
Listing of and trading in the letters of allocation under code AEGN and ISIN ZAE000295481 on the JSE commences at 09:00 on	Wednesday, 3 February
Circular and a form of instruction, where applicable, posted to qualifying certificated shareholders on	Thursday, 4 February
Record date at 17:00 on	Friday, 5 February
Rights Offer opens at 09:00 on	Monday, 8 February
In respect of qualifying certificated shareholders, letters of allocation credited to an electronic account held with the transfer secretaries at 09:00 on	Monday, 8 February
Circular emailed to qualifying dematerialised shareholders	Monday, 8 February
In respect of qualifying dematerialised shareholders, CSDP or broker accounts credited with letter of allocation at 09:00 on	Monday, 8 February

Last day to lodge form of instruction with the transfer secretaries in respect of qualifying certificated shareholders (or their renouncees) wishing to sell all or some of their letters of allocation by (12:00) on	Tuesday, 9 February
Last day to trade letters of allocation on the JSE	Tuesday, 16 February
Listing of Rights Offer Shares and trading therein on the JSE commences at 09:00 on	Wednesday, 17 February
Rights Offer closes at 12:00 on	Friday, 19 February
Payment to be made and form of instruction to be lodged with the transfer secretaries by qualifying certificated shareholders wishing to renounce or subscribe for all or part of their entitlement at 12:00 on	Friday, 19 February
Record date for letters of allocation on	Friday, 19 February
Rights Offer Shares issued on	Monday, 22 February
In respect of qualifying dematerialised shareholders (or their renouncees), CSDP or broker accounts debited with the aggregate Rights Offer Price and updated with Rights Offer Shares at 09:00 on	Monday, 22 February
In respect of qualifying certificated shareholders (or their renouncees), share certificates in respect of Rights Offer Shares posted on or about	Monday, 22 February
Results of the rights offer announced on SENS on	Monday, 22 February
Results of the rights offer published in the press on	Monday, 22 February

Notes:

1. If you are a qualifying dematerialised shareholder you are required to notify your duly appointed CSDP or broker of your acceptance of the Rights Offer in the manner and time stipulated in the agreement governing the relationship between yourself and your CSDP or broker.
2. CSDPs effect payment on a delivery *versus* payment method in respect of qualifying dematerialised shareholders.
3. Shareholders may not dematerialise or rematerialise their Ordinary Shares between Wednesday, 3 February 2021, and Friday, 5 February 2021, both dates inclusive.
4. All times are South African times.
5. Share certificates will be posted by registered post at the risk of the qualifying certificated shareholders (or their renouncees).

TAXATION

Shareholders are advised to consult their tax and financial advisors regarding any taxation implications pertaining to them regarding the acceptance of their rights in terms of the Rights Offer.

FRACTIONAL ENTITLEMENT

The number of rights to subscribe for Rights Offer Shares to which qualifying shareholders will become entitled will be determined by the Ratio of Entitlement. Only even whole numbers of Rights Offer Shares will be issued and shareholders will be entitled to subscribe for rounded numbers of Rights offer Shares once the Ratio of Entitlement has been applied. Fractional entitlements and all odd numbers will be rounded up to the nearest even number. The reason even numbers are required is that the Rights Offer Price is 1.5 cents and therefore an even number is required to make it a full cent.

FOREIGN SHAREHOLDERS

Any shareholder resident outside the common monetary area who receives the Rights Offer circular and form of instruction, should obtain advice as to whether any governmental and/or any other legal consent is required and/or any other formality must be observed to enable such a subscription to be made in terms of such form of instruction.

The Rights Offer does not constitute an offer in any jurisdiction in which it is illegal to make such an offer and the Rights Offer circular and form of instruction should not be forwarded or transmitted by recipients thereof to any person in any territory other than where it is lawful to make such an offer.

The Rights Offer Shares have not been and will not be registered under the Securities Act of the United States of America. Accordingly, the Rights Offer Shares may not be offered, sold, resold or delivered or transferred, directly or indirectly, in or into the United States or to, or for the account or benefit of, United States persons, except pursuant to exemptions from the Securities Act. The Rights Offer circular and accompanying documents are not being, and must not be, mailed or otherwise distributed or sent in, into or from the United States. The Rights Offer circular does not constitute an offer of any securities for the sale in the United States of America or to United States persons.

The Rights Offer contained in the Rights Offer circular does not constitute an offer in the District of Colombia, the United States, the Dominion of Canada, the Commonwealth of Australia, Japan or in any other jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. Non-qualifying shareholders should consult their professional advisors to determine whether any governmental or other consents are required or other formalities need to be observed to allow them to take up the Rights Offer, or trade their entitlement.

Shareholders holding Aveng shares on behalf of persons who are non-qualifying shareholders are responsible for ensuring that taking up the Rights Offer, or trading in their entitlements under that offer, do not breach regulations in the relevant overseas jurisdictions.

To the extent that non-qualifying shareholders are not entitled to participate in the Rights Offer, such non-qualifying shareholders should not take up their Rights Offer entitlement or trade in their Rights Offer entitlement and should allow their rights in terms of the Rights Offer to lapse.

Johannesburg
26 January 2021

JSE Sponsor



Transaction advisor

DGCAPITAL

Legal advisor

**Baker
McKenzie.**