

This circular is important and requires your immediate attention

The definitions commencing on page 4 this circular apply, *mutatis mutandis*, to this front cover.

Action required

1. If you are in any doubt as to the action you should take in relation to this circular, please consult your stockbroker, banker, attorney, accountant or other professional adviser immediately.
2. If you have disposed of your shares in Group Five, please forward this circular to the purchaser of such Group Five shares or the stockbroker, banker or agent through whom the disposal was effected.



Group Five Limited

(Incorporated in the Republic of South Africa on 2 January 1969)
(Registration number 1969/000032/06)
Share code: GRF ISIN: ZAE 000027405

Circular to Group Five shareholders

Regarding:

- **the amended BEE transaction**
 - the establishment of the Black Professionals Staff Trust;
 - the establishment of the Izakhiwo Imfundo Trust;
 - the acquisition by the Black Professionals Staff Trust and the Izakhiwo Imfundo Trust of the Lexshell shares and their substitution for Lexshell as parties to the historic Mvelaphanda transaction;
 - the amendment to the terms of the historic Mvelaphanda transaction approved by Group Five shareholders in 2005 as a consequence of and pursuant to the black Professionals Staff Trust and the Izakhiwo Imfundo Trust acquiring the Lexshell shares;
 - the authority required for the conclusion and implementation of the amended BEE transaction;
 - authority for the provision of financial assistance by the Group for purposes of or in connection with the amended BEE transaction;
 - approval of the related-party transaction between the company and Lexshell; and
- **the adoption of the Group Five Long Term Incentive Plan.**

Investment bank and sponsor



Attorneys



Independent reporting accountants and auditors



Independent expert



Date of issue: 29 October 2012

This circular is available in English only. Copies may be obtained from the registered office of Group Five and the offices of the investment bank and sponsor whose addresses are set out in the "Corporate information and advisor" section of the circular between 29 October 2012 and 27 November 2012.

CORPORATE INFORMATION AND ADVISORS

Group secretary and registered office

N Katamzi
371 Rivonia Boulevard
Rivonia
Sandton
2128
(PO Box 5016, Rivonia, 2128)

Investment bank and sponsor to Group Five

Nedbank Capital, a division of Nedbank Limited
(Registration number 1951/000009/06)
3rd Floor, Corporate Place, Nedbank Sandton
135 Rivonia Road
Sandton, 2196
(PO Box 1144, Johannesburg, 2000)

Independent expert to Group Five

KPMG Services (Proprietary) Limited
85 Empire Road
Parktown
Johannesburg
South Africa
(Private Bag 9, Parkview, 2122)

Independent reporting accountants and auditors to Group Five

PricewaterhouseCoopers Inc.
(Registration number 1998/012055/21)
Chartered Accountants (SA)
Registered Auditors
2 Eglin Road
Sunninghill, 2157
(Private Bag X36, Sunninghill, 2157)

Attorneys to Group Five

Webber Wentzel
10 Fricker Road
Illovo Boulevard
Johannesburg, 2196
(PO Box 61771, Marshalltown, Johannesburg, 2107)

Prinsloo, Tindle & Andropoulos Inc.
(Registration number 1998/021593/21)
1st Floor, 17 Fricker Road,
Illovo Boulevard, Illovo,
Johannesburg, 2196
(PO Box 55024, Northlands, 2116)

Transfer secretaries

Computershare Investor Services (Proprietary) Limited
(Registration number 2004/003647/07)
Ground Floor, 70 Marshall Street
Johannesburg, 2001
(PO Box 61051, Marshalltown, 2107)

ACTION REQUIRED BY GROUP FIVE SHAREHOLDERS

The definitions commencing on page 4 of this circular apply, *mutatis mutandis*, to this "Action required by Group Five shareholders".

Please take careful note of the following provisions regarding the action required by Group Five shareholders:

1. If you have disposed of all of your Group Five shares, this circular should be handed to the purchaser of such Group Five shares or the broker, CSDP, banker, accountant, attorney or other agent who disposed of your Group Five shares.
2. If you are in any doubt as to what action to take, please consult your broker, CSDP, banker, accountant, attorney or other professional adviser immediately.
3. This circular contains information relating to the amended BEE transaction and the adoption of the LTIP. You should carefully read through this circular and decide how you wish to vote on the resolutions to be proposed at the general meeting.
4. The general meeting, convened in terms of the notice incorporated in this circular, will be held at the registered office of Group Five, 371 Rivonia Boulevard, Rivonia, Sandton on Tuesday, 27 November 2012, at 12:00.

5. GENERAL MEETING

5.1 If you hold dematerialised Group Five shares

5.1.1 *Own-name registration*

You are entitled to attend in person, or be represented by proxy, at the general meeting.

If you are unable to attend the general meeting but wish to be represented at that meeting, you must complete and return the attached form of proxy, in accordance with the instructions contained therein, to be received by the transfer secretaries, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) by no later than 23 November 2012 at 12:00.

5.1.2 *Other than own-name registration*

You are entitled to attend, or be represented by proxy, at the general meeting. You must advise your CSDP or broker timeously if you wish to attend, or be represented at the general meeting. If you do wish to attend or be represented at the general meeting, your CSDP or broker will be required to issue you with the necessary letter of representation to enable you to attend or to be represented at the general meeting.

You do **not have to** complete the attached form of proxy.

If your CSDP or broker has not contacted 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 regarding this circular, they will be obliged to act in terms of the mandate you furnished to them.

5.2 If you hold certificated Group Five shares

5.2.1 You are entitled to attend, or be represented by proxy, at the general meeting.

5.2.2 If you are unable to attend the general meeting, but wish to be represented at the general meeting, you must complete and return the attached form of proxy, in accordance with the instructions contained therein, to be received by the transfer secretaries, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) by no later than 23 November 2012 at 12:00.

CONTENTS

	Page
CORPORATE INFORMATION AND ADVISORS	Inside front cover
ACTION REQUIRED BY GROUP FIVE SHAREHOLDERS	1
SALIENT DATES AND TIMES	3
DEFINITIONS	4
CIRCULAR TO SHAREHOLDERS	12
1. Introduction	12
2. Purpose of this circular	13
3. Background and history	13
4. Salient terms of the historic Mvelaphanda transaction	13
5. Introduction and rationale of the historic transaction amendments	14
6. Details of the historic transaction amendments	14
7. Summary of the amended forward sale appendix	14
8. Implementation of the amended BEE transaction	15
9. The Black Professionals Staff Trust	16
10. The Izakhiwo Imfundo Trust	17
11. Result of the amended BEE transaction	19
12. Unaudited <i>pro forma</i> financial information of the Group	19
13. Introduction and rationale for the Group Five Long Term Incentive Plan	20
14. Overview of the LTIP	20
15. Conditions Precedent	22
16. Salient information on Group Five	22
17. Transaction expenses and issue expenses	25
18. Material change statement	25
19. Material contracts	25
20. Litigation	26
21. General meeting	26
22. Directors' responsibility statement	27
23. Consents	27
24. JSE approval	27
25. Opinions, recommendation and undertakings	27
26. Documents for inspection	27
ANNEXURE I: Unaudited <i>pro forma</i> financial information of Group Five	29
ANNEXURE II: Independent reporting accountants' limited assurance report on the unaudited <i>pro forma</i> financial information of Group Five	34
ANNEXURE III: Fairness opinion by independent expert	36
ANNEXURE IV: Share price history relating to Group Five	40
ANNEXURE V: Salient features of the LTIP	42
NOTICE OF ANNUAL GENERAL MEETING	44
FORM OF PROXY (YELLOW)	Attached

SALIENT DATES AND TIMES

The definitions commencing on page 4 of the circular apply, *mutatis mutandis*, to this "Salient dates and times" section.

2012

Circular posted to shareholders on	Monday, 29 October
Last day to trade to be eligible to vote at the general meeting	Friday, 9 November
Record date to be eligible to vote at the general meeting	Friday, 16 November
Forms of proxy to be received by 12:00 on	Friday, 23 November
General meeting to be held at the registered office of Group Five, 371 Rivonia Boulevard, Rivonia, Sandton at 12:00 on	Tuesday, 27 November
Results of the general meeting released on SENS on	Tuesday, 27 November
Results of the general meeting published in the press on	Wednesday, 28 November

Notes:

1. All dates and times shown in the circular are South African dates and times.
2. The above dates and times are subject to amendment. Any such amendment will be released on SENS and published in the South African press.
3. The general meeting will be held at the registered office of Group Five, 371 Rivonia Boulevard, Rivonia, Sandton on Tuesday, 27 November 2012, at 12:00.

DEFINITIONS

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

"allocation formula"	the formula used to allocate distributable income to each Black Professionals Staff Trust beneficiary as set out in the Black Professionals Staff Trust deed;
"amended BEE transaction"	the revised and restated historic Mvelaphanda transaction after substitution of Lexshell by (i) in the first instance, the Black Professionals Staff Trust and (ii) in the second instance, the Izakhiwo Imfundo Trust and the implementation of the historic transaction amendments;
"amended end date"	<p>the earliest occurring of the following dates:</p> <ul style="list-style-type: none">• the anniversary date; and• the date of occurrence of any one or more of a number of prescribed events of default as contained in the revised and restated subscription and sale agreement; and• the date on which Group Five, on the provision of not less than 90 business days prior written notice to either the Black Professionals Staff Trust or the Izakhiwo Imfundo Trust, nominates as constituting the amended end date, pursuant to the occurrence of any amendment, modification, replacement or novation of the BEE legislation; <p>the date on which either the Black Professionals Staff Trust or the Izakhiwo Imfundo Trust, on the provision of not less than 90 business days prior written notice to Group Five, is nominated as constituting the amended end date, provided that such date may never precede the 13th anniversary of the commencement date;</p>
"amended formula"	the formula set out in paragraph 7 of this circular;
"amended forward sale"	<p>in relation to:</p> <ul style="list-style-type: none">• The Black Professionals Staff Trust, that element of the amended BEE transaction, comprising the sale by the Black Professionals Staff Trust to Group Five, of such number of Group Five shares, with effect from the amended end date, at a price of R0.01 per Group Five share, as is determined by reference to the amended formula on the amended end date; and• The Izakhiwo Imfundo Trust, that element of the amended BEE transaction, comprising the sale by the Izakhiwo Imfundo Trust to Group Five, of such number of Group Five shares, with effect from the amended end date, at a price of R0.01 per Group Five share, as is determined by reference to the amended formula on the amended end date;
"amended forward sale appendix"	the appendix to the revised and restated subscription and sale agreement which records, <i>inter alia</i> , the amended formula and the methodology to be applied in determining the number of Group Five shares to be sold in terms of the amended forward sale;
"amended further subscription right"	that element of the amended BEE transaction, comprising the grant of the right by Group Five to the trusts, to subscribe in cash on the amended end date, for such number of Group Five shares at the market value thereof at the amended end date, as are equal to the number of Group Five shares sold by the trusts to Group Five, in terms of the amended forward sale;
"amended notional funding"	the notional funding attaching to the Lexshell shares held by the Black Professionals Staff Trust and the Izakhiwo Imfundo Trust and as more fully described in the revised and restated subscription and sale agreement;

"amended notional rate"	9% naca;
"AMOGÉ"	annual multiple of guaranteed earnings;
"anniversary date"	the earlier of: <ul style="list-style-type: none"> • the 15th anniversary of the commencement date; and • that date on which all BEE legislation ceases to be of force and effect, provided that such date may never precede the 13th anniversary of the commencement date;
"annual remuneration"	the gross annual remuneration earned by a Black Professionals Staff Trust beneficiary in respect of employment with the Group;
"Bands"	those salary grade bands applied by the Group to its employees from time to time and within which Black Professionals Staff Trust beneficiaries must be employed in order to participate as beneficiaries under the Black Professionals Staff Trust deed, being the Peromnes salary bands numbers 6, 7, 8, 9 and 10 and following the replacement thereof by the Group with the Paterson salary band classification system, salary bands C2 to C5, and D1 and D2, together with any other salary grade bands which Group Five determines should be included from time to time;
"BEE"	black economic empowerment as contemplated in the BEE legislation;
"the BEE Act"	the Broad-Based Black Economic Empowerment Act, No. 53 of 2003, as amended from time to time;
"BEE legislation"	collectively or individually as the context may require, the BEE Act, the charter, the Codes of Good Practice, and any other sector charter, transformation charter, sector code and/or legislation pertaining to BEE, as amended or substituted from time to time;
"beneficiary allocations"	the allocation of distributable income to Black Professionals Staff Trust beneficiaries, as determined in accordance with the allocation formula;
"beneficiary elected trustees"	the trustees elected, from time to time, by the Black Professionals Staff Trust beneficiaries;
"black people"	the meaning assigned to such term in the BEE legislation and "black person" and "black" shall have corresponding meanings;
"Black Professionals Staff Trust "	the Group Five Limited Black Professionals Staff Trust to be established in accordance with the Group Five Limited Black Professionals Staff Trust deed;
"Black Professionals Staff Trust beneficiary(ies)"	any black employee of the Group who: <ul style="list-style-type: none"> • falls within the Bands; and • has, pursuant to the most recent performance rating process preceding the distribution date, obtained a performance score of 3 or more in terms the Group's performance rating process;
"Black Professionals Staff Trust deed"	the deed establishing and governing the Black Professionals Staff Trust, as amended from time to time;
"Black Professionals Staff Trust notional opening balance"	the opening balance of the notional funding pertaining to the Black Professionals Staff Trust, calculated on each anniversary of the commencement date during the period between the commencement date and the amended end date;
"Black Professionals Staff Trust notional terminal amount"	the balance of the notional funding pertaining to the Black Professionals Staff Trust on the amended end date calculated as follows: <ul style="list-style-type: none"> • the Black Professionals Staff Trust notional opening balance in Year 1; plus • an amount determined for each year, utilising the historic notional rate for the period between the commencement date and the substitution date, and the notional rate for the period between the substitution date and the amended end date by multiplying the applicable rate for such year, by the Black Professionals Staff Trust notional opening balance for that year;

"Black Professionals Staff trustees"	a person appointed as a trustee of the Black Professionals Staff Trust from time to time in accordance with the Black Professionals Staff Trust deed;
"Black Professionals Staff Trust shares"	the 10 356 865 Group Five shares to be acquired by the Black Professionals Staff Trust in terms of the sale agreement, excluding the Izakhiwo Imfundo Trust shares, and any other Group Five shares held by the Black Professionals Staff Trust from time to time;
"business day"	a day other than a Saturday, Sunday or official public holiday in South Africa;
"cents"	South African cents, a denomination of the official currency of South Africa;
"certificated shareholder(s)"	Group Five shareholder(s) who hold certificated Group Five shares;
"certificated share(s)"	Group Five share(s) represented by a share certificate(s) or other physical document(s) of title, which have not been surrendered for dematerialisation in terms of the requirements of Strate;
"charter"	the Construction Sector Charter as a Sector Code on BEE in terms of Section 9(1) of the BEE Act;
"the/this circular"	this bound circular, dated Monday, 29 October 2012, including all annexures, the notice of general meeting and the form of proxy (<i>yellow</i>) attached hereto;
"closed period"	a closed period as defined in the JSE Listings Requirements, as applicable to the company from time to time;
"Codes of Good Practice"	the Codes of Good Practice on BEE as promulgated in terms of the BEE Act from time to time and as amended from time to time;
"commencement date"	the 1st day of November 2005;
"Companies Act"	the Companies Act, 71 of 2008, as amended;
"Computershare" or "transfer secretaries"	Computershare Investor Services Proprietary Limited (Registration number 2004/003647/07), a private company incorporated and registered in South Africa, the transfer secretaries of Group Five;
"conditions precedent"	the conditions precedent as set out in paragraph 15 of this circular;
"CSDP"	a central securities depository participant appointed by the shareholders for the purpose of, and regarding, dematerialisation in terms of the Securities Services Act, No. 36 of 2004;
"dematerialisation"	the process whereby documents of title in a tangible form are dematerialised into an electronic record for purposes of Strate;
"dematerialised shareholders"	Group Five shareholders who have replaced paper share certificates or other documents of title with electronic records for purposes of Strate;
"dematerialised share(s)"	Group Five share(s) that have been dematerialised through a CSDP or broker and are held on the sub-register of shareholders administered by CSDPs in electronic form;
"distributable income"	the income received by the Black Professionals Staff Trust less any expenditure incurred by the Black Professionals Staff Trust in any particular financial year;
"distribution date"	the date upon which the Black Professionals Staff trustees make a distribution to the Black Professionals Staff Trust beneficiaries in accordance with the Black Professionals Staff Trust deed;
"distribution subscription obligation"	that element of the historic Mvelaphanda transaction, comprising the obligation imposed on Lexshell by Group Five, to utilise the proceeds of all Group Five distributions in cash (and the proceeds of the Group Five distributions <i>in specie</i> converted to cash), received by Lexshell from Group Five by virtue of Lexshell's holding of Group Five shares, during the period between the commencement date and the historic end date, to subscribe for Group Five shares at the market value thereof as at the date of such subscription;

"documents of title"	share certificates, certified transfer deeds, balance receipts and any other documents of title acceptable to Group Five in respect of Group Five shares;
"EPS"	earnings or loss per share;
"first trustees"	Moegamat Junaid Allie and Cristina Maria Teixeira being the first trustees of the Black Professionals Staff Trust;
"general meeting"	the general meeting of shareholders to be held at the registered office of Group Five, 371 Rivonia Boulevard, Rivonia, Sandton on Tuesday, 27 November 2012, at 12:00;
"Group"	Group Five and its subsidiaries;
"group appointed trustees"	the trustees appointed, from time to time, by the Group to the Black Professionals Staff Trust;
"Group Five" or "the company"	Group Five Limited, registration number 1969/000032/06, a public company incorporated under the Companies Act, the issued ordinary share capital of which is listed on the JSE;
"Group Five board" or "the board"	the board of directors of Group Five, the members of which are listed in page 12 of this circular;
"Group Five Construction"	Group Five Construction (Proprietary) Limited, a private company incorporated under the Companies Act under registration number 1974/003166/07 and a wholly owned subsidiary of Group Five;
"Group Five Construction loan agreement"	the loan agreement to be entered into between the Black Professionals Staff Trust and Group Five Construction, in terms of which Group Five Construction shall lend and advance an amount of R30 000 000 to the Black Professionals Staff Trust, to be used by the Black Professionals Staff Trust to acquire the Izakhiwo Imfundo Trust shares and the Black Professionals Staff Trust shares from Lexshell;
"Group Five distributions"	the distributions which Group Five makes to its shareholders, from time to time, whether by way of a capital distribution, or whether by way of a distribution out of any reserve of Group Five;
"HEPS"	headline earnings per share;
"historic dividend shares"	1 878 203 Group Five shares allotted and issued to Lexshell as a distribution by Group Five to Lexshell, in terms of the historic subscription and sale agreement subsequent to the commencement date but prior to the substitution date in relation to the Black Professionals Staff Trust;
"historic end date"	in relation to Lexshell, the earliest of: <ul style="list-style-type: none"> • the 10th anniversary of the commencement date; • that date on which all BEE legislation ceases to be of force and effect, provided that such date may never precede the 7th anniversary of the commencement date; • the date of occurrence of any one or more of a number of prescribed events of default in relation to Lexshell or Mvelaphanda; • the date on which Group Five, on the provision of not less than 90 business days prior written notice to Lexshell, nominates as constituting the historic end date, pursuant to the occurrence of any amendment, modification, replacement or novation of the BEE legislation; • the date which Lexshell, on the provision of not less than 90 business days prior written notice to Group Five, nominates as constituting the historic end date, provided that such date may never precede the 7th anniversary of the commencement date;
"historic formula"	the following formula: $\text{Number of forward sale shares} = \frac{\text{historic notional terminal amount}}{\text{market value per Group Five share}};$

"historic forward sale"	that element of the historic Mvelaphanda transaction, comprising the sale by Lexshell to Group Five, of such number of Group Five shares, with effect from the historic end date, and at a price of R0.01 per Group Five share, as is determined by reference to the historic formula on the historic end date;
"historic forward sale appendix"	the appendix to the historic subscription and sale agreement which records, <i>inter alia</i> , the historic formula and the methodology to be applied in determining the number of Group Five shares to be sold in terms of the historic forward sale;
"historic further subscription right"	that element of the historic Mvelaphanda transaction, comprising the grant of the right by Group Five to Lexshell, to subscribe in cash on the historic end date, for such number of Group Five shares at the market value thereof as at the historic end date, as are equal to the number of Group Five shares sold by Lexshell to Group Five, in terms of the historic forward sale;
"historic Mvelaphanda transaction"	the series of transactions involving Lexshell, Mvelaphanda and Group Five, recorded in the historic Mvelaphanda transaction agreements, in terms of which Lexshell acquired the Lexshell shares;
"historic Mvelaphanda transaction agreements"	collectively or individually as the context may require: <ol style="list-style-type: none"> 1. the historic subscription and sale agreement; 2. the pledge and cession agreement executed in writing on or about 9 August 2005 by Lexshell in favour of Group Five in terms of which Lexshell pledged and ceded to Group Five all the Group Five shares which are held or at any time acquired by Lexshell whether in terms of the historic subscription and sale agreement, or otherwise, as security for the due and punctual fulfilment of all obligations and the due and punctual payment of all sums of money which may at any time be or become owing by Lexshell to Group Five in terms of such historic subscription and sale agreement;
"historic notional commencement amount"	in relation to Lexshell R151 175 663 equivalent to a 10% discount to the reference price (R16.03) per historic subscription share which is approximately R14.43 per subscription share;
"historic notional funding"	the notional funding attaching to the historic subscription shares and historic dividend shares in terms of the historic subscription and sale agreement;
"historic notional opening balance in year 1"	the historic notional commencement amount less the issue price per historic subscription share paid by Lexshell, being R151 070 876;
"historic notional rate"	12% naca;
"historic subscription and sale agreement"	the written agreement dated 9 August 2005, entered into between Lexshell, Mvelaphanda and Group Five, recording: <ol style="list-style-type: none"> 1. the terms and conditions governing the initial subscription; 2. the terms and conditions governing the historic forward sale; 3. the terms and conditions governing the further subscription right; 4. the distribution subscription obligation; and 5. various matters ancillary to the matters recorded in subparagraphs to 1, 2, 3 and 4 above;
"historic subscription price"	the price at which Lexshell subscribed for shares in Group Five, namely, one cent per share;
"historic subscription shares"	10 478 662 Group Five shares issued to Lexshell in terms of the historic Mvelaphanda transaction;

"historic transaction amendments"	the substitution of Lexshell by the Black Professionals Staff Trust and the Izakhiwo Imfundo Trust and the additional amendments required to give effect to the amended BEE transaction. As contemplated in the sale agreement, revised and restated subscription and sale agreement, the inter-trust sale agreement, the Group Five Construction loan agreement, the Black Professionals Staff Trust deed and the Izakhiwo Imfundo Trust deed;
"historic transaction term"	the period between the commencement date and the historic end date;
"IFRS"	International Financial Reporting Standards;
"iLima Consortium"	iLima Consortium (Proprietary) Limited, a private company incorporated under the Companies Act under registration number 2004/030312/07;
"iLima transaction"	the transaction between iLima Consortium and Group Five involving the acquisition by iLima Consortium of Group Five shares on substantially the same terms and conditions applicable to the historic Mvelaphanda transaction;
"Income Tax Act"	the Income Tax Act, 58 of 1962, as amended;
"initial subscription"	the element of the historic Mvelaphanda transaction, comprising the subscription for the historic subscription shares at an aggregate historic subscription price of R104 787;
"inter-trust sale agreement"	the inter-trust sale agreement to be concluded between the Black Professionals Staff Trust and the Izakhiwo Imfundo Trust in terms of which the Izakhiwo Imfundo Trust will purchase, for a consideration of R20 000, and the Black Professionals Staff Trust will sell, the Izakhiwo Imfundo Trust shares to the Izakhiwo Imfundo Trust on loan account;
"Izakhiwo Imfundo Trust"	the Izakhiwo Imfundo Trust to be established in accordance with the Izakhiwo Imfundo Trust deed;
"Izakhiwo Imfundo Trust beneficiaries"	the beneficiaries of the Izakhiwo Imfundo Trust from time to time, being persons selected by the Izakhiwo Imfundo trustees, upon the recommendation of the selection committee, in accordance with the provisions of the Izakhiwo Imfundo Trust deed and taking into account the selection criteria set out in the Izakhiwo Imfundo Trust deed and any other information the selection committee and/or the Izakhiwo Imfundo trustees deem relevant from time to time;
"Izakhiwo Imfundo Trust deed"	the deed establishing and governing the Izakhiwo Imfundo Trust, as amended from time to time;
"Izakhiwo Imfundo trustees"	a person appointed by Group Five from time to time as a trustee of the Izakhiwo Imfundo Trust in accordance with the Izakhiwo Imfundo Trust deed;
"Izakhiwo Imfundo Trust shares"	the 2 000 000 Group Five shares acquired by the Izakhiwo Imfundo Trust in terms of the inter-trust sale agreement and any other Group Five shares held by the Izakhiwo Imfundo Trust from time to time;
"Izakhiwo Imfundo Trust notional opening balance"	the opening balance of the notional funding pertaining to the Izakhiwo Imfundo Trust, calculated on each anniversary of the commencement date during the period between the commencement date and the amended end date;
"Izakhiwo Imfundo Trust notional terminal amount"	the balance of the notional funding pertaining to the Izakhiwo Imfundo Trust on the amended end date calculated as follows: <ul style="list-style-type: none"> • the Izakhiwo Imfundo Trust notional opening balance in Year 1; plus • an amount determined for each year, utilising the historic notional rate for the period between the commencement date and the substitution date, and the notional rate for the period between the substitution date and the amended end date by multiplying the applicable rate for such year, by the Izakhiwo Imfundo Trust notional opening balance for that year;

"JSE"	JSE Limited (Registration number 2005/022939/06), a company duly registered and incorporated with limited liability under the company laws of South Africa, licensed as an exchange under the Securities Services Act;
"KPMG"	KPMG Services Proprietary Limited, a private company incorporated under the Companies Act under registration number 1999/012876/07;
"last practicable date"	the last practicable date prior to the finalisation of this circular, being 15 October 2012;
"Lexshell"	Lexshell 650 Investments (Proprietary) Limited, a private company incorporated under the Companies Act under registration number 2005/007315/07 and a wholly owned subsidiary of Mvelaphanda;
"Lexshell shares"	12 356 865 Group Five shares beneficially held by Lexshell and to be sold by Lexshell to the Black Professionals Staff Trust in terms of the sale agreement. These include the historic subscription shares and the historic dividend shares;
"Listings Requirements"	the JSE Listings Requirements;
"LTIP"	the Group Five Long Term Incentive Plan for senior and executive management;
"market value"	in relation to any date, the VWAP at which a Group Five share traded on the JSE, during the 30-day period immediately preceding such date, duly reduced on a Rand for Rand basis, to take account of Group Five distributions in respect of such Group Five share during such 30-day period;
"Mvelaphanda"	Mvelaphanda Group Limited (Registration number 1995/004153/06), the issued ordinary share capital of which is listed on the JSE;
"naca"	nominal annual compounded annually;
"NAV"	net asset value;
"Nedbank"	Nedbank Limited (Registration number 1951/00009/06), a public company incorporated and registered in South Africa and a wholly owned subsidiary of the JSE listed Nedbank Group Limited;
"Nedbank Capital"	a division of Nedbank Limited, the investment bank and sponsor to Group Five;
"Paterson"	the Paterson salary band classification system;
"PBO"	Public Benefit Organisation registered as such in terms of sections 30 and 18A of the Income Tax Act;
"Peromnes"	the salary band classification system currently used by Group Five;
"PricewaterhouseCoopers Inc."	PriceWaterhouseCoopers Inc. (Registration number 1998/012055/21), a registered auditor;
"Prinsloo, Tindle & Andropoulos Inc."	Prinsloo, Tindle & Andropoulos Inc. Attorneys;
"Public Benefit Activities"	a public benefit activity as defined in section 30(1) of the Income Tax Act, read with paragraph 4(o) of Part I and paragraph 3(o) of Part II of the Ninth Schedule to the Income Tax Act;
"Rand" or "R"	the South African Rand, the lawful currency of South Africa;
"register"	the register of shareholders of Group Five;
"revised and restated subscription and sale agreement"	the revised and restated subscription and sale agreement to be entered into between Group Five, the Black Professionals Staff Trust and acceded to by the Izakhiwo Imfundo Trust, the terms of which shall, <i>inter alia</i> , regulate the Black Professionals Staff Trust's and the Izakhiwo Imfundo Trust's relationships with Group Five in respect of the Black Professionals Staff Trust shares and the Izakhiwo Imfundo Trust shares respectively;

"sale agreement"	the agreement entered into in writing on 15 October 2012 between Lexshell, Mvelaphanda, Group Five and Group Five Construction, which records the terms and conditions on which subject to the fulfilment of various conditions including the Black Professionals Staff Trust substituting Group Five Construction as "Purchaser" under that agreement, (i) Lexshell sells the Lexshell shares to the Black Professionals Staff Trust and (ii) Lexshell and Mvelaphanda respectively cede and delegate to the Black Professionals Staff Trust, all of their rights and obligations under the historic subscription and sale agreement;
"SAR"	Share Appreciation Rights;
"SARS"	South African Revenue Service;
"selection committee"	the committee to be constituted by the Izakhiwo Imfundo trustees in accordance with the Izakhiwo Imfundo Trust deed;
"SENS"	Securities Exchange News Service of the JSE;
"shareholders" or "Group Five shareholders"	holders of Group Five shares from time to time;
"shares" or "Group Five shares"	ordinary shares of no par value in the authorised and issued share capital of Group Five, listed on the JSE;
"South Africa"	the Republic of South Africa;
"Strate"	Strate Limited (Registration number 1998/022242/06), a public company incorporated in South Africa and which is a registered central securities depository responsible for the electronic custody and settlement system used by the JSE;
"substitution date"	in relation to: <ul style="list-style-type: none"> • the Black Professionals Staff Trust, the date on which Group Five shares are acquired by the Black Professionals Staff Trust from Lexshell under the sale agreement; and • the Izakhiwo Imfundo Trust, the date on which the Izakhiwo Imfundo Trust shares are acquired by the Izakhiwo Imfundo Trust from the Black Professionals Staff Trust under the inter-trust sale agreement;
"TNAV"	tangible net asset value;
"trusts"	collectively, the Black Professionals Staff Trust and the Izakhiwo Imfundo Trust;
"VWAP"	volume weighted average price;
"warehousing period"	the period during which the Black Professionals Staff Trust will hold the Izakhiwo Imfundo Trust shares for the benefit of the Izakhiwo Imfundo Trust until such time as the Izakhiwo Imfundo Trust is formed and registered as an approved PBO; and
"Webber Wentzel"	Webber Wentzel, attorneys.



Group Five Limited

(Incorporated in the Republic of South Africa on 2 January 1969)

(Registration number 1969/000032/06)

Share code: GRF ISIN: ZAE 000027405

Directors

LE Bakaro #^

P Buthelezi (*Chairperson*) #^

Baroness L Chalker of Wallasey **^

JL Job #^

OA Mabandla #

SG Morris #^^

KK Mpinga † #^

DDS Roberston **^

CMF Teixeira (*Chief Financial Officer*)

M Upton (*Chief Executive Officer*)

* British

† Congolese

Non-executive

^ Independent

^^ Lead independent

CIRCULAR TO SHAREHOLDERS

1. INTRODUCTION

Group Five is fully committed to its broad-based black economic empowerment goals and targets. Several factors, as set out in paragraph 3 below, necessitated Group Five reviewing its BEE ownership status and in terms of this review process, Group Five considered several alternatives prior to formulating the proposals set out in this circular.

Group Five believes its employees, particularly its professional staff are key to its success and future growth. In recognition of this it is believed that the introduction of the Black Professionals Staff Trust will entrench a sense of ownership amongst the Black Professionals Staff Trust beneficiaries as well as assist in the incentivisation and retention of these employees.

Further, key to the sustainability and growth of the construction industry, is the education and training of suitably qualified staff. The Izakhiwo Imfundo Trust will complement Group Five's existing endeavours in this regard by providing funding for the education of the Izakhiwo Imfundo Trust beneficiaries.

Accordingly, the board is proposing the establishment of the Black Professionals Staff Trust and the Izakhiwo Imfundo Trust, which will acquire the 12 356 865 Group Five shares held by Lexshell (Mvelaphanda), representing 11.16% of Group Five's shares in issue in order to ensure that Group Five continues to achieve meaningful BEE ownership.

This circular also proposes the adoption of the Group Five Long Term Incentive Plan which is aimed at the incentivisation of senior and executive management. The participants of the LTIP will not form part of the Black Professionals Staff Trust beneficiaries. While the LTIP serves to incentivise and retain relevant staff it is not intended to form part of Group Five's BEE ownership strategy.

2. PURPOSE OF THIS CIRCULAR

The purpose of this circular is to provide Group Five shareholders with the relevant information regarding the historic transaction amendments, the adoption of the LTIP and the implications thereof in order to enable shareholders to make an informed decision as to whether or not to vote in favour of the requisite resolutions to give effect thereto and as set out below:

- 2.1 the establishment of the Black Professionals Staff Trust;
- 2.2 the establishment of the Izakhiwo Imfundo Trust;
- 2.3 the acquisition by the Black Professionals Staff Trust and the Izakhiwo Imfundo Trust of the Lexshell shares and their substitution for Lexshell as parties to the Mvelaphanda Transaction;
- 2.4 the amendment to the terms of the historic Mvelaphanda transaction approved by Group Five shareholders in 2005 as a consequence of and pursuant to the Black Professionals Staff Trust and the Izakhiwo Imfundo Trust acquiring the Lexshell shares;
- 2.5 the authority required for the conclusion and implementation of the amended BEE transaction;
- 2.6 authority for the provision of financial assistance by the Group for purposes of or in connection with the amended BEE transaction;
- 2.7 approval of the related-party transaction between the company and Lexshell; and
- 2.8 the adoption of the LTIP.

3. BACKGROUND AND HISTORY

Group Five introduced direct BEE ownership in 2005. Shareholders are referred to the circular which set out details thereof, dated 6 September 2005, the terms of which were subsequently approved by Group Five shareholders.

That transaction comprised of three components, namely the:

- broad-based employee scheme, comprising 0.6% of Group Five's shares in issue at the time;
- black management scheme, comprising 3.9% of Group Five's shares in issue at the time; and
- iLima transaction and historic Mvelaphanda transaction, comprising 21.6% of Group Five's shares in issue at the time.

With regard to the iLima transaction, Group Five announced in June 2009 that the iLima transaction would unwind and that the shares held by the iLima Consortium would be returned to the Group. In September 2009, Group Five made an application to the Johannesburg High Court for an order compelling the return of these shares. The application was made as a result of the iLima Consortium not fulfilling certain conditions and/or breaching certain terms to which the iLima transaction was subject. The judgment handed down by the Johannesburg High Court in April 2010, found in favour of Group Five and as a result the 11 015 959 Group Five shares held by the iLima Consortium were returned to Group Five and cancelled. The unwinding of the iLima transaction was a disappointment to Group Five, however the Group remains committed to the advancement of broad-based black economic empowerment.

Further to the above, the broad-based employee scheme has been wound up and the black management scheme is approaching its conclusion.

The historic Mvelaphanda transaction remains in effect and over the period since the commencement date, Group Five has issued 1 878 203 historic dividend shares to Lexshell in terms of the distribution subscription obligation and as a result Lexshell currently holds 12 356 865 Group Five shares, representing 11.16% of Group Five's shares in issue.

4. SALIENT TERMS OF THE HISTORIC MVELAPHANDA TRANSACTION

In terms of the historic subscription and sale agreement entered into between Lexshell, Mvelaphanda and Group Five:

- 4.1 Lexshell subscribed for the 10 478 662 historic subscription shares, at a subscription price of R0.01 per share;
- 4.2 the historic subscription shares were issued at a notional price of R14.43 per share. The difference between the notional price and the subscription price is subject to the historic notional funding, at the historic notional rate, over the historic transaction term;
- 4.3 in terms of the distribution subscription obligation, Lexshell is obliged to utilise the proceeds of all Group Five distributions received by it to subscribe for additional Group Five shares at the market value at the date of such distribution;

- 4.4 at the historic end date, Lexshell will sell to Group Five such number of Group Five shares, at the subscription price of R0.01 required to settle the historic notional funding; and
- 4.5 for a period of 30 business days succeeding the historic end date, Lexshell has the right to subscribe for the same number of Group Five shares repurchased by Group Five in terms of paragraph 4.4 at the then market value thereof.

5. INTRODUCTION AND RATIONALE OF THE HISTORIC TRANSACTION AMENDMENTS

Mvelaphanda has committed to a process of realising value of its assets for its shareholders, including its interest in Group Five. This presented an opportunity to Group Five to engage in discussions with Mvelaphanda to negotiate the sale of Lexshell’s interest in Group Five for utilisation in the amended BEE transaction. In this regard, Group Five and Mvelaphanda have negotiated the sale agreement in terms of which, and subject to shareholder approval, Lexshell shall dispose of its interest in Group Five for R30 million to the Black Professionals Staff Trust, which will, subsequent to the warehousing period, sell the Izakhiwo Imfundo Trust shares to the Izakhiwo Imfundo Trust.

In terms of the historic transaction amendments, Group Five is proposing to substitute Lexshell with the Black Professionals Staff Trust and the Izakhiwo Imfundo Trust which will result in the introduction of key broad-based participants, an overall enhancement to the company’s BEE ownership credentials due to the beneficiary profiles of the trusts and an extension to the period during which these benefits will accrue to Group Five, with minimal additional dilution to existing shareholders.

6. DETAILS OF THE HISTORIC TRANSACTION AMENDMENTS

In order to facilitate the historic transaction amendments it is proposed that the following principal changes to the historic subscription and sale agreement be approved and along with additional minor alterations be embodied in the revised and restated subscription and sale agreement:

- 6.1 substituting each reference to Lexshell and Mvelaphanda with a reference to the Black Professionals Staff Trust and the Izakhiwo Imfundo Trust;
- 6.2 substituting each reference to the historic end date with the reference to the amended end date. The anniversary date being no later than the 1st day of November 2020;
- 6.3 deletion of the distribution subscription obligation and in its stead provide that Group Five distributions are to be utilised by the trusts in such manner as is set out in paragraphs 9 and 10 of this circular;
- 6.4 reduce the historic notional rate from 12% naca to the amended notional rate, being 9% naca, with effect from the substitution date; and
- 6.5 remove certain inconsistencies between the provisions of the historic subscription and sale agreement and the provisions of the historic forward sale appendix and amend the historic forward sale appendix to reflect details as set out in paragraph 7 of this circular.

7. SUMMARY OF THE AMENDED FORWARD SALE APPENDIX

In relation to each of the trusts, the number of Group Five shares constituting the amended forward sale shares shall be calculated as follows:

$$\text{Number of amended forward sale shares} = \frac{\text{notional terminal amount}}{\text{market value} - \text{R0.01}}$$

In relation to the respective trusts, the notional terminal amount is calculated as follows:

- 7.1 the notional opening balance, being R122 236 870 in respect of the Black Professionals Staff Trust and R28 834 000 in respect of the Izakhiwo Imfundo Trust; plus
- 7.2 an amount determined for each year of the period between the commencement date and the amended end date, by multiplying the notional rate applicable for such year, by the notional opening balance of the notional funding for that year:
 - 7.2.1 the historic notional rate will be applicable during the period between the commencement date and substitution date; and
 - 7.2.2 the amended notional rate will be applicable during the period between the substitution date and the amended end date.

In the event that the amended end date occurs pursuant to the occurrence of any one or more of a number of prescribed events of default as contained in the revised and restated subscription and sale agreement, the number of forward sale shares, shall be equal to the total number of Group Five shares held by such trust on the amended end date.

8. IMPLEMENTATION OF THE AMENDED BEE TRANSACTION

Subject to the fulfilment of the conditions precedent set out in paragraph 15 it is proposed that the historic transaction amendments be implemented as set out below:

8.1 The Black Professionals Staff Trust

- 8.1.1 The Black Professionals Staff Trust, to be formed pursuant to a nominal contribution of R1 000 by Group Five, will enter into the sale agreement in terms of which the Black Professionals Staff Trust will acquire from Lexshell, for a purchase consideration of R30 million, the Black Professionals Staff Trust shares and the Izakhiwo Imfundo Trust shares.
- 8.1.2 The purchase consideration will be provided to the Black Professionals Staff Trust by Group Five Construction in the form of a loan as governed by the Group Five Construction loan agreement. The Group Five Construction loan will be funded from cash resources of the Group, accrue interest at a rate of 9% naca and be repayable, including accrued interest, following the amended end date.
- 8.1.3 The Black Professionals Staff Trust will simultaneously enter into the revised and restated subscription and sale agreement and hold the Izakhiwo Imfundo Trust shares for the benefit of the Izakhiwo Imfundo Trust during the warehousing period.

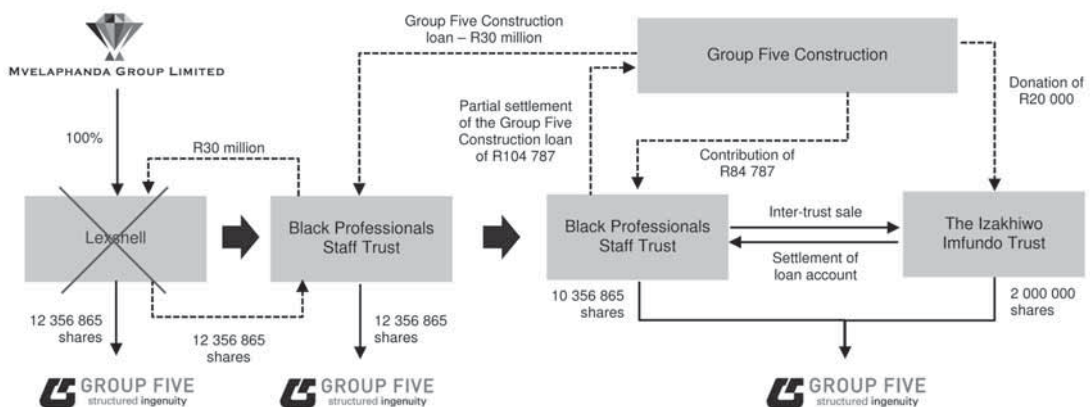
8.2 The Izakhiwo Imfundo Trust

- 8.2.1 Following formation, pursuant to a nominal contribution of R1 000 by Group Five, and registration as a PBO by SARS, the Izakhiwo Imfundo Trust will enter into the inter-trust sale agreement and will acquire the Izakhiwo Imfundo Trust shares (together with any Group Five distributions declared in respect thereof during the warehousing period) from the Black Professionals Staff Trust, on loan account, for a purchase consideration of R20 000.
- 8.2.2 The Izakhiwo Imfundo Trust will thereafter accede to the revised and restated subscription and sale agreement.

8.3 Group Five Construction contribution

- 8.3.1 Group Five Construction will make a donation of R20 000 to the Izakhiwo Imfundo Trust and a contribution of R84 787 to the Black Professionals Staff Trust (aggregate amount of R104 787).
- 8.3.2 The Izakhiwo Imfundo Trust will utilise the donation to settle the amount owing to the Black Professionals Staff Trust on loan account for the Izakhiwo Imfundo Trust shares.
- 8.3.3 The Black Professionals Staff Trust will in turn utilise the funds it receives from the Izakhiwo Imfundo Trust as well as the contribution received from Group Five Construction to settle a portion of the Group Five Construction loan.

Set out below is a graphical representation of the proposed implementation of the amended BEE transaction:



Following implementation of the amended BEE transaction, Lexshell will no longer hold any Group Five shares. The Black Professionals Staff Trust will hold 10 356 865 shares (9.35% of Group Five's shares in issue) which comprises of 8 478 662 historic subscription shares and 1 878 203 historic dividend shares. The Izakhiwo Imfundo Trust will hold 2 000 000 historic subscription shares (1.81% of Group Five's shares in issue). The Lexshell shares held by the trusts will be subject to the amended notional funding.

9. THE BLACK PROFESSIONALS STAFF TRUST

9.1 Establishment of the Black Professionals Staff Trust

Upon approval by shareholders, Group Five will make a contribution of R1 000 for purposes of establishing the Black Professionals Staff Trust. Provisions set out in the Black Professionals Staff Trust deed shall govern the Black Professionals Staff Trust.

9.2 Objective of the Black Professionals Staff Trust

The Black Professionals Staff Trust will be established to facilitate the participation of Black Professionals Staff Trust beneficiaries by holding the Black Professionals Staff shares and distributing distributable income to the Black Professionals Staff Trust beneficiaries in terms of the Black Professionals Staff Trust deed from time to time.

9.3 Beneficiary allocations

Once the Black Professionals Staff trustees have exercised their discretion to make a distribution in terms of the Black Professionals Staff Trust deed, the Black Professionals Staff trustees shall distribute distributable income to the Black Professionals Staff Trust beneficiaries who are employed by the Group on the applicable distribution date in accordance with the allocation formula as fully described in the Black Professionals Staff Trust deed.

The allocation formula takes into account the band and annual remuneration of each Black Professionals Staff Trust beneficiary and the total number of Black Professionals Staff beneficiaries and will determine the allocation based on a fixed factor allocation per band. Pursuant to this, Black Professionals Staff Trust beneficiaries in higher bands will receive a proportionally higher percentage of annual remuneration in comparison to those in lower bands.

No obligations are imposed on Black Professionals Staff Trust beneficiaries in terms of the Black Professionals Staff Trust deed. Black Professionals Staff Trust beneficiaries may not sell, assign or in any way encumber his/her rights as a Black Professionals Staff Trust beneficiary.

9.4 Trustees

9.4.1 There shall at all times be a minimum of two trustees. The first trustees, to be appointed by Group Five, will be Moegamat Junaid Allie and Cristina Maria Teixeira.

9.4.2 The first trustees shall take all steps necessary in order to procure the appointment of the group appointed trustees and the election of the beneficiary elected trustees by no later than the first anniversary of the registration of the Black Professionals Staff Trust deed or such later date as the first trustees may reasonably agree to in writing.

9.4.3 The Group shall, from time to time, appoint at least two individuals to serve as group appointed trustees. The first such group appointed trustees are those persons referred to in 9.4.1 above. The Group shall at any time be entitled to withdraw its nomination of the appointment of a group appointed trustee, or once appointed, on simple notice to the Black Professionals Staff trustees replace any group appointed trustee.

9.4.4 Within the period stipulated in paragraph 9.4.2, the Black Professionals Staff trustees shall procure that the Black Professionals Staff Trust beneficiaries elect as many trustees as the number of group appointed trustees appointed by the Group with effect from the same date as the group appointed trustees are appointed. The trustees so appointed will be the beneficiary elected trustees until replaced or re-elected at the next meeting of the Black Professionals Staff Trust beneficiaries convened in accordance with the Black Professionals Staff Trust deed.

9.5 Exercising of voting rights attaching to the Black Professionals Staff Trust shares

Before exercising any votes attaching to the Black Professionals Staff Trust shares in favour or against any resolution proposed to be passed at a meeting of shareholders of Group Five, the Black Professionals Staff trustees shall convene a meeting of the Black Professionals Staff Trust beneficiaries, at the time, for the purposes

of determining whether or not to vote in favour of the applicable proposed resolutions. For the purposes of this meeting each Black Professionals Staff Trust beneficiary shall be entitled to one vote and decisions will be taken by simple majority. The Black Professionals Staff trustees shall thereafter cause the voting rights attaching to the Black Professionals Staff Trust shares to be exercised in accordance with such decision. Should the requisite majority vote of the Black Professionals Staff Trust beneficiaries, either in favour of or against any particular resolution, not be obtained, then the Black Professionals Staff trustees may not exercise the voting rights attaching to the Black Professionals Staff Trust shares on the relevant resolution.

9.6 Warehousing of Izakhiwo Imfundo Trust shares

The Black Professionals Staff Trust shall, using the proceeds in terms of the Group Five Construction loan agreement, acquire and hold the Izakhiwo Imfundo Trust shares for the Izakhiwo Imfundo Trust until such time as the Izakhiwo Imfundo Trust is registered as an approved PBO.

Neither the Black Professionals Staff Trust nor the Black Professionals Staff Trust beneficiaries shall derive any benefit from the Izakhiwo Imfundo Trust shares. The Black Professionals Staff Trust shall cede and assign all voting rights attaching to the Izakhiwo Imfundo Trust shares to the Izakhiwo Imfundo Trust until such time as the Izakhiwo Imfundo Trust becomes the registered holder of the Izakhiwo Imfundo Trust shares.

9.7 Termination of the Black Professionals Staff Trust

The Black Professionals Staff Trust will, subject to any provision of the Black Professionals Staff Trust deed providing for earlier termination, continue until:

9.7.1 the Black Professionals Staff trustees and the Group resolve to terminate the Black Professionals Staff Trust, whether pursuant to proposed material changes to the shareholding of Group Five or changes to BEE legislation; or

9.7.2 the Black Professionals Staff Trust sell, transfers or otherwise disposes of all of the Black Professionals Staff Trust shares.

Upon termination of the Black Professionals Staff Trust, the Black Professionals Staff trustees will wind-up the affairs of the Black Professionals Staff Trust, will discharge the liabilities of the Black Professionals Staff Trust, and will distribute the remaining assets to Black Professionals Staff Trust beneficiaries in accordance with the beneficiary allocations.

9.8 Salient features of the Black Professionals Staff Trust deed

The salient features of the Black Professionals Staff Trust deed are available on Group Five's website, www.g5.co.za.

10. THE IZAKHIWO IMFUNDO TRUST

10.1 Establishment of the Izakhiwo Imfundo Trust

Upon fulfilment of the relevant conditions precedent, Group Five will make a contribution of R1 000 for purposes of establishing the Izakhiwo Imfundo Trust on the terms set out in the Izakhiwo Imfundo Trust deed.

10.2 Registration as PBO

Following formation of the Izakhiwo Imfundo Trust an application will be made to SARS for registration of the Izakhiwo Imfundo Trust as a PBO.

10.3 Objective of the Izakhiwo Imfundo Trust

10.3.1 The principal object of the Izakhiwo Imfundo Trust is to provide scholarships, bursaries and awards in a field of study which is aligned to the requirements of the construction industry.

10.3.2 The Izakhiwo Imfundo Trust shall carry on its Public Benefit Activities in a non-profit manner and with an altruistic or philanthropic intent.

10.4 Selection of Izakhiwo Imfundo Trust beneficiaries

Izakhiwo Imfundo Trust beneficiaries shall be selected by Izakhiwo Imfundo trustees acting on the recommendation of the selection committee and with reference to the selection criteria set out below and contained in Annexure A of the Izakhiwo Imfundo Trust deed.

An Izakhiwo Imfundo Trust beneficiary must:

- 10.4.1 be a black person;
- 10.4.2 intend to pursue further education at a university or other educational institution approved of by the Izakhiwo Imfundo trustees from time to time and in a field of study which is in line with the current and future business and skills needs of the construction industry;
- 10.4.3 have proven academic merit or performance; and
- 10.4.4 meet all of the selection criteria stipulated by the relevant university or institution, or has been accepted for study by the relevant university or institution.

The Izakhiwo Imfundo trustees will endeavour to ensure the benefits are spread equitably amongst black men and black women.

All scholarships, awards or bursaries by the Izakhiwo Imfundo Trust in respect of overseas study, research or teaching must be subject to an undertaking by the Izakhiwo Imfundo Trust beneficiary to whom the scholarship, award or bursary is granted to apply the knowledge obtained within six months of completion thereof, in South Africa, for a period equal to at least the period of the study, research or training in question, failing which the full amount of the scholarship, bursary or award must be refunded to the Izakhiwo Imfundo Trust.

10.5 Trustees

- 10.5.1 The Izakhiwo Imfundo trustees shall, from time to time, be appointed by Group Five. The initial Izakhiwo Imfundo trustees will be appointed by no later than 30 November 2012.
- 10.5.2 No person may be appointed as an Izakhiwo Imfundo trustee unless that person holds a degree, diploma or other professional qualification approved of by Group Five from time to time.
- 10.5.3 Group Five shall endeavour to procure that persons appointed as Izakhiwo Imfundo trustees have the requisite skills and prior experience in a role which bears a fiduciary responsibility such as a director or trustee in order to discharge their duties under this deed as well as an interest in skills development.
- 10.5.4 There shall be a minimum of three Izakhiwo Imfundo trustees in office.
- 10.5.5 The majority of the Izakhiwo Imfundo trustees must be black people and at least 25% of the Izakhiwo Imfundo trustees must be black women.
- 10.5.6 More than 50% of the Izakhiwo Imfundo trustees will be independent of Group Five.
- 10.5.7 No Izakhiwo Imfundo trustee shall have a direct or indirect beneficial interest in the Izakhiwo Imfundo Trust.

10.6 Costs and remuneration

The Izakhiwo Imfundo trustees shall be entitled to remuneration for their services, provided that the total administrative costs of the Izakhiwo Imfundo Trust together with any remuneration paid to the Izakhiwo Imfundo trustees in any financial year shall not exceed 15% of the income of the Izakhiwo Imfundo Trust in that financial year.

10.7 Decisions of trustees and exercising of voting rights attaching to the Izakhiwo Imfundo Trust shares

The Izakhiwo Imfundo trustees are entitled to exercise the voting rights attaching to the Izakhiwo Imfundo Trust shares in accordance with the decisions taken at a meeting of the Izakhiwo Imfundo trustees.

At any meeting of Izakhiwo Imfundo trustees each Izakhiwo Imfundo trustee will have one vote, exercisable as he or she shall determine in his or her discretion.

All decisions of the Izakhiwo Imfundo trustees regarding or arising from the Izakhiwo Imfundo Trust deed shall be decided by a majority vote. Accordingly, no single person shall control the decision-making powers of the Izakhiwo Imfundo Trust.

10.8 Termination of the Izakhiwo Imfundo Trust

- 10.8.1 The Izakhiwo Imfundo Trust will, subject to any provision of the Izakhiwo Imfundo Trust deed providing for earlier termination, continue until the Izakhiwo Imfundo trustees and Group Five resolve to terminate the Izakhiwo Imfundo Trust, whether pursuant to proposed material changes to the shareholding of Group Five or changes to BEE legislation or the Income Tax Act or otherwise, provided that the Izakhiwo Imfundo trustees and Group Five will not resolve to terminate the Izakhiwo Imfundo Trust whilst there are outstanding obligations owed to Izakhiwo Imfundo Trust beneficiaries.

- 10.8.2 Upon termination of the Izakhiwo Imfundo Trust, no further business will be conducted by the Izakhiwo Imfundo Trust except for such action as may be necessary for the winding-up of the affairs of the Izakhiwo Imfundo Trust and the distribution of the Izakhiwo Imfundo Trust assets in accordance with the Izakhiwo Imfundo Trust deed.
- 10.8.3 On termination of the Izakhiwo Imfundo Trust, the Izakhiwo Imfundo Trust shall transfer its assets to:
- 10.8.3.1 any public benefit organisation which has been established for the benefit of a similar class of beneficiaries as the Izakhiwo Imfundo Trust beneficiaries and/or has similar objectives to the Izakhiwo Imfundo Trust and which has been approved in terms of section 30 of the Income Tax Act;
 - 10.8.3.2 any institution, board or body which is exempt from tax in terms of section 10(1)(cA)(i) of the Income Tax Act, which has as its sole or principal object the carrying on of any Public Benefit Activity, or which has been established for the benefit of a similar class of beneficiaries as the Izakhiwo Imfundo Trust beneficiaries and/or has similar objectives to that of the Izakhiwo Imfundo Trust, and which is required to use those assets solely for purposes of carrying on one or more Public Benefit Activities; or
 - 10.8.3.3 the government of the Republic of South Africa in the national, provincial or local sphere, contemplated in section 10(1)(a) of the Income Tax Act, which is required to use those assets solely for purposes of carrying on one or more Public Benefit Activities with similar objectives to that of the Izakhiwo Imfundo Trust.

10.9 Salient features of the Izakhiwo Imfundo Trust deed

The salient features of the Izakhiwo Imfundo Trust deed are available on Group Five's website, www.g5.co.za.

11. RESULT OF THE AMENDED BEE TRANSACTION

The result of the amended BEE transaction, subject to shareholder approval, is as follows:

- 11.1 Mvelaphanda exit their shareholding in Group Five, for R30 million paid in cash by the Black Professionals Staff Trust, funded by Group Five Construction;
- 11.2 the Black Professionals Staff Trust and the Izakhiwo Imfundo Trust replace Mvelaphanda as Group Five shareholders;
- 11.3 as set out in this circular, certain amendments are made to the historic Mvelaphanda transaction which extend the value and longevity of BEE ownership in Group Five until 2020 and will allow the Black Professionals Staff Trust and the Izakhiwo Imfundo Trust to fulfil their obligations to their respective beneficiaries;
- 11.4 the interest of the trusts as long-term shareholders of Group Five, and that of the trusts' beneficiaries, are wholly aligned with the professional staff retention and ownership intentions of Group Five and education and training priorities of the construction industry at large; and
- 11.5 the total costs of implementation of the amended BEE transaction are considered fair and reasonable to current shareholders, as confirmed by the independent expert's opinion included as Annexure III of this circular.

12. UNAUDITED *PRO FORMA* FINANCIAL INFORMATION OF THE GROUP

The unaudited *pro forma* income statement and statement of financial position of the Group as included in Annexure I and unaudited *pro forma* financial effects included below (together the "unaudited *pro forma* financial information") as of and for the year ended 30 June 2012 have been prepared for illustrative purposes to show the impact of the Group entering into the historic transaction amendments, as if the historic transaction amendments had occurred on 1 July 2011, for purposes of the *pro forma* income statement, and on 30 June 2012, for purposes of the *pro forma* statement of financial position. The unaudited *pro forma* financial information is presented for illustrative purposes only and because of its nature may not fairly reflect the Group's results or financial position nor the effect and impact of the amended BEE transaction going forward. The unaudited *pro forma* financial information should be read in conjunction with the independent reporting accountant's limited assurance report included in Annexure II.

The unaudited *pro forma* financial information has 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 the accounting policies adopted by the Group.

The board is responsible for the compilation, contents and preparation of the unaudited *pro forma* financial information contained in the circular and for the financial information from which it has been prepared. Its responsibility includes determining that: the unaudited *pro forma* financial information has been properly compiled on the basis stated; the basis is consistent with the accounting policies of the Group; and the *pro forma* adjustments are appropriate for the purposes of the unaudited *pro forma* financial information disclosed in terms of the Listings Requirements.

12.1 Financial effects

The tables below set out the unaudited *pro forma* financial effects of the amended BEE transaction on the EPS, HEPS, NAV per share and TNAV per share of the Group based on the audited financial results for the year ended 30 June 2012.

Consolidated	Before ⁽¹⁾	After ⁽²⁾	Change %
EPS (Rand)	(2.88)	(3.09)	(7.3)
Diluted EPS (Rand)	(2.88)	(3.09)	(7.3)
HEPS (Rand)	1.16	0.87	(25.0)
Diluted HEPS (Rand)	1.15	0.87	(24.3)
NAV per share (Rand)	18.72	17.98	(3.95)
TNAV per share (Rand)	18.72	17.98	(3.95)

Notes:

- (1) Based on the Group Five Limited audited consolidated financial statements for the year ended 30 June 2012.
- (2) Represents the financial effects after the historic transaction amendments have been implemented.
- (3) Adjustments are based on the following principal assumptions:
 - a. Cash settled share-based payment charge is calculated over the assumed vesting period to November 2020 for the Black Professionals Staff Trust and a once off equity settled share-based payment expense of R12.7 million recognised on the Izakhiwo Imfundo Trust based on current inputs. The actual share-based payment charge will be calculated with reference to the share price, volatility and risk-free rate based on the market information on the actual grant date.
 - b. The Black Professionals Staff Trust is controlled by the Group and consolidated, as a result there is no increase in the number of shares for per share calculations. The Izakhiwo Imfundo Trust is not controlled by the Group hence the shares issued to the Izakhiwo Imfundo Trust increases the number of shares issued for per share calculations.
 - c. Non-recurring transaction costs of R6.1 million reduced earnings.
 - d. Interest forfeited on the R30 million payment made to Mvelaphanda and on the R6.1 million non-recurring transaction costs paid net of tax reduced earnings based on a 3.25% interest rate earned on current accounts for the year ended 30 June 2012.

13. INTRODUCTION AND RATIONALE FOR THE GROUP FIVE LONG TERM INCENTIVE PLAN

The LTIP has been developed in line with global best practice and emerging South African practice. The LTIP provides for the inclusion of a number of performance conditions, designed to align the interests of participants with those of Group Five's shareholders, and to reward company and individual performance in dynamic market conditions.

The LTIP will provide for the inclusion of a number of performance conditions, designed to align the interests of participants with those of Group Five's shareholders, and to reward company and individual performance, more so than merely the performance of the economy or the sector in which the company operates.

The expected reward is no different to that of the current Group Five Share Appreciation Rights Plan, which anticipated a 15% compounded annual growth rate of Group Five shares over a three year period. The LTIP retains the same reward expectation but offers greater flexibility in its elements and allocation.

The rationale for introducing the LTIP is to attract, retain, motivate and reward executives and senior managers who are able to directly influence the performance of Group Five and its subsidiaries, on a basis which aligns their interests with those of the company's shareholders.

14. OVERVIEW OF THE LTIP

14.1 Details of the LTIP

The LTIP will be made up of two primary elements namely:

- SAR
- Full value shares:
 - Performance Shares; and
 - Bonus Shares.

Annually the executives and selected managers of the company will be offered a weighted combination of these elements.

Offers will be governed by Group Five's reward philosophy and strategy in which, *inter alia*, the expected value of incentive rewards is set for defined categories of executives and senior management.

It is envisaged that the combined, weighted implementation of the above long term incentive elements will allow Group Five to remain competitive in annual and share-based incentives, reward long term sustainable company performance, act as a retention tool and ensure that executives share a significant level of personal risk with the company's shareholders.

14.1.1 **SAR Allocations**

The SAR element is the same as that in the existing Group Five Share Appreciation Rights Plan approved by shareholders in 2005, but with a number of minor variations to bring it in line with the remuneration guidelines of King III and the Listings Requirements. In the past, annual allocations have been made using a set, seniority determined, AMOGE divided by the VWAP to determine the face value and number of SAR to be issued. In the LTIP the same methodology will be used, however the set AMOGE will be reduced to accommodate the additional elements introduced.

When a participant exercises a SAR, the benefit value that accrues to the participant is the positive gain/difference (appreciation) between the share price at the time of such exercise and the original strike or issue price.

Settlement can (at the election of the board) be either in shares via the issue or transfer of that number of shares that in aggregate equals the value of the appreciation, or in cash by the granting of an equivalent value cash bonus.

14.1.2 **Full value shares**

Full value shares differ from SAR in that the value to the participant is not determined by the difference between the strike price and the exercise price; rather the benefit accruing to the participant on vesting will be the full market value of the share. Full value shares will therefore naturally always have a measurable value at any point in time and as such will not be so reliant on share price growth (appreciation), sensitive to the volatility of share prices, timing of offers or the external factors that drive share prices, as much as the company's performance.

Full value shares will either be awarded as performance shares with vesting only occurring to the extent that the company's performance warrants it, or as bonus shares which are effectively a defined number of shares granted to a participant in recognition of that individual's past performance. These shares will become available to the employee to trade at a defined point in the future and are not tied additionally to the company's future performance.

14.1.2.1 *Performance Shares*

Performance Shares closely align the interests of shareholders and executives by rewarding superior shareholder and financial performance in the future. Performance Shares will be awarded predominantly to executives who can influence and impact the long term strategic performance of the company. Settlement of Performance Shares can, at the election of the board, be either in shares via the issue or transfer of that number of shares awarded, or in cash by the granting of a cash bonus equivalent to the aggregate market value of the shares so awarded.

14.1.2.2 *Bonus shares*

Bonus Shares provide for share-based retention and are based on the past financial year's performance. Bonus Shares are issued to those senior managers who, through their performance, have demonstrated their value to the company. Bonus Shares provide for a guaranteed pay-out based on the number of shares so granted at the share price available in the market at a defined future date subject only to the participant being present in the organisation at that date, for example, three years from date of grant.

Settlement of Bonus Shares can, at the election of the board, be either in shares via the issue or transfer of that number of shares granted, or in cash by the granting of a cash bonus equivalent to the aggregate market value of the shares so granted.

Bonus Shares will be predominantly granted to high performing senior managers whom the company wants to retain and will form a critical part of the company's talent management strategy.

It is believed that the combining of a full value share plan element in its two variations, with the existing Group Five Share Appreciation Rights Plan, will serve to reward the required attributes of shareholder alignment and address the retention of key talent and long term, sustained performance.

14.2 Salient features of the LTIP

The salient features of the LTIP are set out in Annexure V to this circular.

15. CONDITIONS PRECEDENT

The adoption of the LTIP is subject to the following condition precedent, by no later than 31 December 2012:

- 15.1 the resolution required for the adoption of the LTIP, as set out in the notice of general meeting forming part of this circular, shall have been approved by the requisite majority of Group Five shareholders.

The historic transaction amendments are subject to the following conditions precedent.

By no later than 27 March 2013:

- 15.2 all resolutions required to effect the historic transaction amendments, as set out in the notice of general meeting forming part of this circular, shall have been approved by the requisite majority of Group Five shareholders;
- 15.3 the first trustees of the Black Professionals Staff Trust shall have been issued letters of authority by the Master of the South Gauteng High Court, Johannesburg and that the Black Professionals Staff Trust shall have acceded to the revised and restated subscription and sale agreement and the Group Five Construction loan agreement;
- 15.4 the first trustees of the Izakhiwo Imfundo Trust shall have been issued letters of authority by the Master of the South Gauteng High Court, Johannesburg; and
- 15.5 regulatory approvals, if any, required for the amended BEE transaction have been received.

In relation to the acquisition of the Izakhiwo Imfundo Trust shares by the Izakhiwo Imfundo Trust, by no later than 31 December 2013:

- 15.6 the Izakhiwo Imfundo Trust shall have been registered as an approved PBO and shall have acceded to the revised and restated subscription and sale agreement and the inter-trust sale agreement.

16. SALIENT INFORMATION ON GROUP FIVE

16.1 Incorporation and history

Group Five was incorporated on 2 January 1969 in the Republic of South Africa.

The registered office of Group Five is 371 Rivonia Boulevard, Rivonia. Group Five's transfer secretaries are Computershare Investor Services, Ground Floor, 70 Marshall Street, Johannesburg, 2001.

Group Five is a diversified construction, infrastructure concessions and services group, these activities can be broadly classified into four categories, namely Investments and Concessions, Manufacturing, Construction and Engineering and Construction Services. These operations are undertaken through Group Five subsidiaries, associates and joint ventures with operations in South Africa, the rest of Africa, Eastern Europe and the Middle East.

16.2 Directors and management

16.2.1 *Directors of Group Five*

Lindiwe E Bakaro (38)

Business address: Bakoro Capital Partners (Proprietary) Limited, 1 Oakdale Road, the Cottage Oval, Newlands, 7735

Qualifications: BCom, post-graduate diploma in Accounting, CA(SA), HDip Tax Law, MCom

Function: Independent non-executive director

Philiswe Buthelezi (48) (Chairperson)

Business address: West Block, 187 Rivonia Road, Morningside

Qualification: BCom

Function: Independent non-executive director

Baroness Lynda Chalker of Wallasey (70) (British)

Business address: Group Five, 371 Rivonia Boulevard, Sandton

Qualifications: Fellow of the Institute of Statisticians, recipient of nine UK honorary degrees

Function: Independent non-executive director

John L Job (67)

Business address: Group Five, 371 Rivonia Boulevard, Sandton

Qualifications: BSc (Hons), PhD in Physical Chemistry

Function: Independent non-executive director

Oyama A Mabandla (49)

Business address: Group Five, 371 Rivonia Boulevard, Sandton

Qualifications: Juris Doctor (JD), BA Political Science

Function: Non-executive director

Stuart G Morris (66)

Business address: Group Five, 371 Rivonia Boulevard, Sandton

Qualifications: BCom, CA(SA)

Function: Independent non-executive director

Kalaa K Mpinga (51) (Democratic Republic of the Congo)

Business address: 1st Floor, Block B, Sandton Place, 100 West Street, Sandton

Qualifications: BSc (Agricultural Economics), MSc (International Agricultural Development)

Function: Independent non-executive director

Struan DD Robertson (62) (British)

Business address: Group Five, 371 Rivonia Boulevard, Sandton

Qualifications: BSc (Mech) Eng, MBA

Function: Independent non-executive director

Mike R Upton (57)

Business address: Group Five, 371 Rivonia Boulevard, Sandton

Qualifications: BSc Electrical Engineering, Professional Engineering (Pr Eng), Business Management Diploma (UK), FSAIEE

Function: Chief Executive Officer

Cristina M Teixeira (39)

Business address: Group Five, 371 Rivonia Boulevard, Sandton

Qualifications: BCom, BCompt (Hons), CA(SA)

Function: Chief Financial Officer

16.2.2 Executive Committee of Group Five**Mike R Upton (57)**

Business address: Group Five, 371 Rivonia Boulevard, Sandton

Qualifications: BSc Electrical Engineering, Professional Engineering (Pr Eng), Business Management Diploma (UK), FSAIEE

Function: Chief Executive Officer

Cristina M Teixeira (39)

Business address: Group Five, 371 Rivonia Boulevard, Sandton

Qualifications: BCom, BCompt (Hons), CA(SA)

Function: Chief Financial Officer

Junaid M Allie (42)

Business address: Group Five, 371 Rivonia Boulevard, Sandton

Qualification: BPharm

Function: Executive director: Group Human Resources

Paul le Sueur (55)

Business address: Group Five, 371 Rivonia Boulevard, Sandton

Qualifications: Bsc QS, MAQS, RQS, RICS, MSc Building Management

Function: Executive director: Strategic Project Development

Andrew J McJannet (49)

Business address: Group Five, 371 Rivonia Boulevard, Sandton

Qualifications: BSc Eng (Civil), BA (PPE), MA, Pr Eng, MSAICE

Function: Executive director: Construction

Guy D Mottram (46)

Business address: Group Five, 371 Rivonia Boulevard, Sandton

Qualifications: BCom, LLB

Function: Executive director: Group Risk Officer

Eric CJ Vemer (47)

Business address: Group Five, 371 Rivonia Boulevard, Sandton

Qualifications: BSc Eng (Civil) (Hons), MBA

Function: Executive director: Investments and Concessions

John Wallace (54)

Business address: Group Five, 371 Rivonia Boulevard, Sandton

Qualifications: BCom, Hons Programme in Advanced Marketing and Executive Management Programme

Function: Executive director: Manufacturing businesses

Willie I Zeelie (50)

Business address: Group Five, 371 Rivonia Boulevard, Sandton

Qualifications: Higher National Diploma Electrical Engineering, Pr Tech Eng, MSAIEE

Function: Executive director: Engineering and Construction

16.3 Share capital in the company

The table below details the authorised and issued share capital of Group Five as at the last practicable date. The historic transaction amendments, post implementation, will not have an effect on the share capital in the company:

Stated capital before the Transaction

Stated capital	R'000
<i>Authorised</i>	
150 000 000 ordinary shares of no par value	
<i>Issued</i>	
110 709 478 ordinary shares of no par value	1 314

16.4 Major shareholders

The table below details the major shareholders with a beneficial interest of 5% or more in the shares of Group Five as at the last practicable date:

Name	Number of shares	%
Government Employees Pension Fund	19 496 694	17.62
Coronation Fund Managers	13 708 595	12.39
Mvelaphanda Group Limited	12 356 865	11.16
Sanlam	9 505 022	8.59
	55 067 176	49.76

16.5 Director's interest in securities

The table below details the directors' interest in Group Five as at the last practicable date:

Name	Direct	%
MR Upton	160 000	0.14
CMF Teixeira	1 000	0.00
Total	161 000	0.14

All interests are held beneficially

16.6 Director's interest in transactions

Mike R Upton and Cristina M Teixeira will participate in the LTIP. Apart from this, the directors of Group Five have not had any material beneficial interest, whether direct or indirect, in transactions that were effected by Group Five during the current or immediately preceding financial year or during an earlier financial year which remain in any respect outstanding or unperformed.

17. TRANSACTION EXPENSES AND ISSUE EXPENSES

The expenses relating to the historic transaction amendments and adoption of the LTIP are estimated at approximately R6 145 000, exclusive of VAT, and comprise:

Description	R
Investment bank and sponsor fee	3 000 000
JSE documentation fee	12 774
Independent reporting accountants fee	300 000
Independent expert fee	350 000
Legal advisors fee – Webber Wentzel	970 000
Legal advisors fee – Prinsloo, Tindle & Andropoulos	422 100
Printing, publication, distribution and advertising expenses	71 678
Securities transfer tax	911 661
Contributions to the Trusts	106 787

18. MATERIAL CHANGE STATEMENT

There have been no material changes in the financial position or trading position of Group Five between 30 June 2012 and the last practicable date.

19. MATERIAL CONTRACTS

Save as disclosed in the circular, no material contracts, other than in the ordinary course of business, have been entered into at any time containing an obligation or settlement that is material to the Group as at the last practicable date.

20. LITIGATION

To the best of their knowledge and belief, the directors, whose names are set out on page 12 of this circular, are not aware of any legal or arbitration proceedings, including any such proceedings that are pending or threatened, that may have, or have in the previous 12 months, had a material effect on Group Five's financial position.

21. GENERAL MEETING

21.1 Notice of general meeting

A notice convening a general meeting of Group Five shareholders is attached to the circular. The general meeting, convened in terms of the notice incorporated in the circular, will be held at the registered office of Group Five, 371 Rivonia Boulevard, Rivonia, Sandton on Tuesday, 27 November 2012, commencing at 12:00, to consider and, if deemed fit, pass, with or without modification the requisite special and ordinary resolutions.

21.2 If you have dematerialised ordinary shares

21.2.1 *Own-name registration*

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 at that meeting, you must complete and return the attached form of proxy, in accordance with the instructions contained therein, to be received by the transfer secretaries, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) by no later than Friday 23 November 2012 at 12:00.

21.2.2 *Other than own-name registration*

If your CSDP or broker has not contacted 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 act in terms of your mandate furnished to them.

You must not complete the attached form of proxy (*yellow*). In accordance with the mandate 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 you with the necessary letter of representation to enable you to attend or to be represented at, the general meeting.

21.3 If you hold certificated ordinary shares

21.3.1 You are entitled to attend, or be represented by proxy, and may vote at the general meeting.

21.3.2 If you are unable to attend the general meeting, but wish to be represented at the general meeting, you must complete and return the attached form of proxy, in accordance with the instructions contained therein, to be received by the transfer secretaries, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) by no later than Friday 23 November 2012 at 12:00.

21.4 Group Five shareholder approval

21.4.1 Ordinary Resolution Number 1, Ordinary Resolution Number 2, Ordinary Resolution Number 3 and Ordinary Resolution Number 4 are subject to the approval of more than 50% of Group Five shareholders present or represented by proxy at the general meeting and entitled to vote;

21.4.2 Ordinary Resolution Number 5 in terms of the Listings Requirements, is subject to the approval of at least 75% of Group Five shareholders present or represented by proxy at the general meeting and entitled to vote; and

21.4.3 Special Resolution Number 1 and Special Resolution Number 2 are subject to the approval of at least 75% of Group Five shareholders present or represented by proxy at the general meeting and entitled to vote.

21.5 Voting Rights

All issued Group Five shares rank *pari passu* with each other.

At the general meeting, every Group Five shareholder present or represented by proxy share has one vote on a show of hands, and on poll, one vote for every Group Five share held.

Lexshell shall not be eligible to vote on the resolutions pertaining to the historic transaction amendments.

22. DIRECTORS' RESPONSIBILITY STATEMENT

The directors of Group Five, whose names are set out in page 12 of this circular:

- collectively and individually, accept full responsibility for the accuracy of the information provided in this circular;
- certify that, to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement in this circular false or misleading;
- have made all reasonable enquiries to ascertain such facts; and
- certify that, to the best of their knowledge and belief, the circular, contains all information required by the Listings Requirements.

23. CONSENTS

Nedbank Capital, Webber Wentzel, Prinsloo, Tindle & Andropoulos, KPMG, Computershare and PricewaterhouseCoopers Inc. have provided their written consents to act in the capacity stated and to their name being used and have not withdrawn their consents prior to the publication of the circular.

24. JSE APPROVAL

The LTIP has been submitted to and approved by the JSE.

25. OPINIONS, RECOMMENDATION AND UNDERTAKINGS

25.1 Fairness opinion relating to the amended BEE transaction

In terms of section 10 of the Listings Requirements, the amended BEE transaction requires a fairness opinion from an independent expert as Lexshell is a material shareholder of Group Five and hence a related-party. KPMG has provided a fairness opinion to the board that the terms and conditions of the amended BEE transaction are fair and reasonable to Group Five shareholders.

25.2 Directors' recommendations in respect of the amended BEE transaction and adoption of the LTIP

After taking into consideration the opinion of the independent expert, the board is of the opinion that the amended BEE transaction is in the best interest of Group Five shareholders and recommends that Group Five shareholders vote in favour of the requisite resolutions. Further the board is of the opinion that the adoption of the LTIP will be beneficial to Group Five and its shareholders and recommend that shareholders vote in favour of the necessary resolution.

25.3 As a result of his directorship with Mvelaphanda, Oyama A Mabandla, has recused himself from all deliberations of the board of directors of Group Five relating to the amended BEE transaction and did not vote on any resolutions of the board of directors of Group Five in this regard.

26. DOCUMENTS FOR INSPECTION

The following documents will be available for inspection by shareholders during office hours from 29 October 2012 at 12:00 at the registered office of Group Five:

- a signed copy of the circular;
- independent reporting accountants limited assurance report on the unaudited *pro forma* financial information of Group Five as set out in Annexure II to this circular;
- the signed independent experts report as set out in Annexure III to this circular;
- the memorandum of incorporation of Group Five and its subsidiaries;
- an execution copy of the revised and restated subscription and sale agreement;
- a signed copy of the sale agreement;
- an execution copy of the inter-trust sale agreement;
- an execution copy of the Black Professionals Trust deed;
- an execution copy of the Izakhiwo Imfundo Trust deed;
- an execution copy of the Group Five Construction loan agreement;
- a copy of the circular to shareholders dated 6 September 2005;

- copies of service agreements with directors, managers or secretary/ies, underwriters, vendors and promoters entered into during the last three years;
- signed copy of the historic subscription and sale agreement;
- last three years annual financial statements; and
- the written consents of Nedbank Capital, Webber Wentzel Attorneys, Prinsloo, Tindle & Andropoulos, KPMG, Computershare and PricewaterhouseCoopers Inc. as set out in paragraph 23 of the circular.

The circular is signed at Rivonia on behalf of all the directors in terms of a board resolution dated 11 October 2012.

For and on behalf of

Group Five Limited
Mike R Upton
Chief Executive Officer
29 October 2012

Registered office

371 Rivonia Boulevard
Rivonia
Sandton
2128

Transfer secretaries

Computershare Investor Services (Proprietary) Limited
(Registration number 2004/003647/07)
Ground Floor
70 Marshall Street
Johannesburg, 2001
(PO Box 61051, Marshalltown, 2107)

UNAUDITED *PRO FORMA* FINANCIAL INFORMATION OF GROUP FIVE

The tables below set out the unaudited *pro forma* consolidated financial information of the amended BEE transaction based on the published audited results of Group Five for the year ended 30 June 2012. The unaudited *pro forma* financial information has been prepared for illustrative purposes only and because of its nature may not fairly present Group Five's financial position, changes in equity, results of operations or cash flows, nor the effect and impact of the amended BEE transaction going forward.

The board is responsible for the compilation, contents and preparation of the unaudited *pro forma* financial information of the amended BEE transaction. The board's responsibility includes determining that the unaudited *pro forma* financial information has been properly compiled on the basis stated, which is consistent with the accounting policies of Group Five and the *pro forma* adjustments are appropriate for the purposes of the unaudited *pro forma* financial information disclosed pursuant to the Listings Requirements. The unaudited *pro forma* financial information is presented in a manner consistent in all respects with IFRS, with the SAICA Guide on *Pro Forma* Financial Information and with the basis on which the historical financial information has been prepared in terms of accounting policies of Group Five as at 30 June 2012.

The unaudited *pro forma* financial information should be read in conjunction with the Independent Reporting Accountants' limited assurance report thereon as presented in Annexure II.

The unaudited *pro forma* consolidated statement of financial position below presents the effects of the amended BEE transaction on the published audited results of Group Five for the year ended 30 June 2012 on the assumption that the amended BEE transaction was effective on 30 June 2012.

	Before the amended BEE transaction	Execution of the sales agreement	Black Professionals Staff Trust	Izakiwo Imfundo Trust	Transaction cost	After the amended BEE transaction
R'000	Note 1	Note 2	Note 3	Note 4	Note 5	
ASSETS						
Non-current assets						
Property, plant and equipment	884 367	–	–	–	–	884 367
Investment property	9 025	–	–	–	–	9 025
Investment in associates	33 892	–	–	–	–	33 892
Loan to associates	8 314	–	–	–	–	8 314
Investments in service concessions	296 635	–	–	–	–	296 635
Investments in property developments	8 716	–	–	–	–	8 716
Pension fund surplus	137 049	–	–	–	–	137 049
Deferred taxation	55 743	–	–	–	–	55 743
Non-current trade receivables	116 245	–	–	–	–	116 245
	1 549 986	–	–	–	–	1 549 986
Current Assets						
Inventories	288 181	–	–	–	–	288 181
Contracts in progress	541 869	–	–	–	–	541 869
Trade and other receivables	2 667 980	–	–	–	–	2 667 980
Cash and cash equivalents	2 268 226	(30 000)	–	–	(6 145)	2 232 081
	5 766 256	(30 000)	–	–	(6 145)	5 730 111
Non-current assets classified as held for sale	272 928					272 928
Total assets	7 589 170	(30 000)	–	–	(6 145)	7 553 025
EQUITY AND LIABILITIES						
Equity attributable to equity holders of the parent						
Stated capital	1 219 119	(30 000)	–	12 713	–	1 201 832
Retained earnings	709 979	–	–	(12 713)	(6 145)	691 121
Other components of equity	(120 362)	–	–	–	–	(120 362)
	1 808 736	(30 000)	–	–	(6 145)	1 772 591
Non-controlling interest	67 968	–	–	–	–	67 968
	1 876 704	(30 000)	–	–	(6 145)	1 840 559
Non-current Liabilities						
Interest-bearing borrowings	613 464	–	–	–	–	613 464
Provision for employment obligations	33 935	–	–	–	–	33 935
Provision for environmental rehabilitation	4 000	–	–	–	–	4 000
Deferred taxation	15 921	–	–	–	–	15 921
Non-current trade payables	59 270	–	–	–	–	59 270
	726 590	–	–	–	–	726 590

	Before the amended BEE transaction	Execution of the sales agreement	Black Professionals Staff Trust	Izakhiwo Imfundo Trust	Transaction cost	After the amended BEE transaction
R'000	Note 1	Note 2	Note 3	Note 4	Note 5	
Current Liabilities						
Excess billings over work	828 113	–	–	–	–	828 113
Trade and other payables	3 778 412	–	–	–	–	3 778 412
Derivative financial instrument	854	–	–	–	–	854
Contract related provisions	59 294	–	–	–	–	59 294
Current taxation payable	38 956	–	–	–	–	38 956
Current portion of non-current interest-bearing borrowings	63 240	–	–	–	–	63 240
Short term borrowings	38 646	–	–	–	–	38 646
	4 807 515	–	–	–	–	4 807 515
Liabilities associated with non-current assets classified as held for sale						
	178 361	–	–	–	–	178 361
Total liabilities	5 712 466	–	–	–	–	5 712 466
Total equity and liabilities	7 589 170	(30 000)	–	–	(6 145)	7 553 025
Net number of shares issued to the public as at 30 June 2012						
	96 600 761	–	–	2 000 000	–	98 600 761
NAV and TNAV	1 808 736					1 772 591
NAV and TNAV per share [R]	18.72					17.98

Notes:

- Based on the Group Five audited consolidated statement of financial position as at 30 June 2012.
- R30 million is paid by the Group to indirectly acquire the shares held by Mvelaphanda. This is a transaction with shareholders and is therefore accounted for in equity.
- The share-based payment benefit provided to employees through the Black Professionals Staff Trust is recognised as a cash settled share-based payment transaction in terms of IFRS 2 *Share-based payments*, vesting over the life of the scheme from the effective date of this transaction to the assumed end date of November 2020. On the grant date no vesting has occurred, hence there is no *pro forma* impact on the statement of financial position.
- The share-based payment benefit provided to the Izakhiwo Imfundo Trust is recognised as a non-recurring equity settled share-based payment in terms of IFRS 2 *Share-based payments*, with no vesting period. The full charge of R12.7 million is recognised on grant date through the income statement with no tax benefits. The share-based payment charge was calculated based on the following key inputs:
 - 2 000 000 shares;
 - market price of R25.40 per share being the spot on 28 September 2012;
 - volatility of 25.11% based on a 1 year trailing spot rate;
 - risk-free rate of 6.585%;
 - dividend yield of 2.15%; and
 - assumed end date November 2020.

The actual share-based payment charge will be calculated with reference to the share price, volatility and risk-free rate based on the market information on the grant date.
- The transaction cost of R6.1 million is non-recurring and is expensed as incurred and is reflected in retained earnings. No tax deductions for these costs are assumed as it is capital in nature.

The unaudited *pro forma* consolidated income statement below presents the effects of the amended BEE transaction on the published audited results of Group Five for the year ended 30 June 2012 on the assumption that the amended BEE transaction was effective on 1 July 2011.

	Before the amended BEE transaction	Execution of the sales agreement	Black Professionals Staff Trust	Izakhiwo Imfundo Trust	Transaction cost	After the amended BEE transaction
R'000	Note 1	Note 2	Note 3	Note 4	Note 5	
Construction revenue	7 111 310	–	–	–	–	7 111 310
Invoiced value of goods and services supplied	1 644 244	–	–	–	–	1 644 244
Property sales and development fees	27 824	–	–	–	–	27 824
Revenue – continuing operations	8 783 378	–	–	–	–	8 783 378
Cost of material	1 370 182	–	–	–	–	1 370 182
Cost of subcontractors	3 216 699	–	–	–	–	3 216 699
Direct payroll cost	2 232 800	–	8 717	12 713	–	2 254 230
Other staff cost	254 902	–	–	–	–	254 902
Depreciation	165 356	–	–	–	–	165 356
Plant costs	555 363	–	–	–	–	555 363
Manufacturing distribution cost	132 197	–	–	–	–	132 197
Site administration costs	389 637	–	–	–	–	389 637
Other administration cost	202 361	–	–	–	6 145	208 506
Operating expenses before fair value adjustments	8 519 497	–	8 717	12 713	6 145	8 547 072
Operating profit before fair value adjustments	263 881	–	(8 717)	(12 713)	(6 145)	236 306
Fair value adjustment relating to investment in service concessions	56 652	–	–	–	–	56 652
Fair value adjustment relating to investment properties – net	10 865	–	–	–	–	10 865
Operating profit	331 398	–	(8 717)	(12 713)	(6 145)	303 823
Share of profit of associates	1 163	–	–	–	–	1 163
Finance (cost)/income	(3 800)	(975)	–	–	(200)	(4 975)
Finance cost	(79 487)	–	–	–	–	(79 487)
Finance income	75 687	(975)	–	–	(200)	74 512
Profit before taxation	328 761	(975)	(8 717)	(12 713)	(6 345)	300 011
Taxation	(106 032)	273	2 441	–	56	(103 262)
Profit after taxation from continuing operations	222 729	(702)	(6 276)	(12 713)	(6 289)	196 749
Loss for the year from discontinued operations	(452 841)	–	–	–	–	(452 841)
Loss for the year	(230 112)	(702)	(6 276)	(12 713)	(6 289)	(256 092)
(Loss)/profit attributable to:						
Equity shareholders of Group Five	(278 405)	(702)	(6 276)	(12 713)	(6 289)	(304 385)
Non-controlling interest	48 293	–	–	–	–	48 293
	(230 112)	(702)	(6 276)	(12 713)	(6 289)	(256 092)

	Before the amended BEE transaction	Execution of the sales agreement	Black Professionals Staff Trust	Izakhiwo Imfundo Trust	Transaction cost	After the amended BEE transaction
R'000	Note 1	Note 2	Note 3	Note 4	Note 5	
Weighted average number of shares ('000)	96 545	–	–	2 000	–	98 545
Diluted weighted average number of Shares ('000)	96 946	–	–	2 000	–	98 946
Loss per share [Rand]	(2.88)					(3.09)
Fully diluted loss per share [R]	(2.88)					(3.09)
Headline earnings per share [R]	1.16					0.87
Fully diluted headline earnings per share [R]	1.15					0.87

Notes:

- Based on the Group Five audited consolidated income statement for the year ended 30 June 2012.
- R30 million is paid by the Group to indirectly acquire the shares held by Mvelaphanda. This is a transaction with shareholders and therefore does not have a direct income statement impact. However, the interest forfeited on the cash utilised for this transaction is recognised as an expense with a corresponding tax benefit on the reduction in interest income in the income statement. Interest was calculated at a rate of 3.25% for the whole year on the R30 million.
- The share-based payment benefit provided to employees through the Black Professionals Staff Trust is recognised as a cash settled share-based payment transaction in terms of IFRS 2 *Share-based payments* vesting over the life of the scheme from the date of this transaction to the assumed end date of November 2020.

The share-based payment charge was calculated based on the following key inputs for the subscription shares:

- 10 356 865 shares;
- market price of R25.40 per share being the spot on 28 September 2012;
- volatility of 25.11% based on a 1 year trailing spot rate;
- risk-free rate of 6.585%;
- forward value of the notional loan of R 552,172,287;
- forward value of the cash loan of R 55,227,083;
- dividend yield of 2.15%; and
- assumed end date November 2020.

Based on the current assumptions, the total value of the share-based payment charge to be expensed over the vesting period is R71.42 million, resulting in a charge of R8.7 million to earnings. A tax benefit of R2.4 million was recognised against the share-based payment expense.

As this share-based payment is cash settled the total share-based payment valuation will be recalculated at each reporting period and will vary based on changes in the various valuation inputs.

The Group will retain control over the Black Professionals Staff Trust. Shares held by the Black Professionals Staff Trust will therefore be treated as treasury shares and will not impact the number of shares used for the earnings per share calculations.

The calculation of diluted earnings and diluted headline earnings per share at reporting dates is based on the number of shares to be issued for no consideration. This is calculated as the difference between the average market price of the Company shares for the period, less the value of the notional loan at the reporting date and the remainder of unexpensed share-based payment charge. Based on a share price of R25.40 and the fair value of the notional loan, there is no dilution from the subscription and dividend shares.

- The share-based payment benefit provided to the Izakhiwo Imfundo Trust is recognised as an equity settled share-based payment transaction in terms of IFRS 2 *Share-based payments* with no vesting period. The full expense is recognised on grant date through the income statement. The share-based payment charge was calculated with the following key inputs:
 - 2 000 000 shares;
 - market price of R25.40 per share being the spot on 28 September 2012;
 - volatility of 25.11% based on a 1 year trailing spot rate;
 - risk-free rate of 6.585%;
 - forward value of the notional loan of R 130,316,975;
 - dividend yield of 2.15%; and
 - assumed end date November 2020.

No tax benefit was recognised against the share-based payment expense.

The actual share-based payment charge will be calculated with reference to the share price, volatility and risk-free rate based on the market information on the grant date.

The Izakhiwo Imfundo Trust is deemed not to be controlled by the Group. All shares issued to the Izakhiwo Imfundo Trust are therefore included in the earnings per share calculation.

- The transaction cost of R6.1 million is non-recurring and is expensed as incurred and is reflected in retained earnings. No tax deductions for these costs are assumed as capital in nature. Interest forfeited on the cash utilised for the transaction cost is recognised as an expense with a corresponding tax benefit on the reduction in interest income in the income statement. Interest was calculated at a rate of 3.25% for the whole year on the R6.1 million.

INDEPENDENT REPORTING ACCOUNTANTS' LIMITED ASSURANCE REPORT ON THE UNAUDITED *PRO FORMA* FINANCIAL INFORMATION ON GROUP FIVE

Independent reporting accountants' limited assurance report on the unaudited *pro forma* financial information

"The Directors
Group Five Limited
Group Five House
371 Rivonia Boulevard
Sandton

16 October 2012

Dear Sirs

INDEPENDENT REPORTING ACCOUNTANTS' LIMITED ASSURANCE REPORT ON THE UNAUDITED *PRO FORMA* FINANCIAL INFORMATION OF GROUP FIVE LIMITED ("GROUP FIVE")

INTRODUCTION

Group Five is issuing a circular to its shareholders ("the Circular") regarding the BEE transaction amendments ("the Transaction").

At your request and for the purposes of the Circular to be dated on or about 16 October 2012, we present our limited assurance report on the unaudited *pro forma* consolidated statement of financial position, the unaudited *pro forma* consolidated income statement and financial effects ("the unaudited *pro forma* financial information") of Group Five presented in Annexure I and paragraph 12.1 to the Circular.

The unaudited *pro forma* financial information has been prepared in accordance with the JSE Limited ("JSE") Listings Requirements, for illustrative purposes only, to provide information about how the Transaction might have affected the reported historical financial information presented, had the Transaction been undertaken at the commencement of the period or date of the unaudited *pro forma* consolidated statement of financial position being reported on.

DIRECTORS' RESPONSIBILITY

The directors of Group Five are responsible for the compilation, contents and presentation of the unaudited *pro forma* financial information contained in the Circular and for the financial information from which it has been prepared. Their responsibility includes determining that: the unaudited *pro forma* financial information contained in the Circular has been properly compiled on the basis stated; the basis is consistent with the accounting policies of Group Five; and the *pro forma* adjustments are appropriate for the purposes of the unaudited *pro forma* financial information disclosed in terms of the JSE Listings Requirements.

REPORTING ACCOUNTANTS' RESPONSIBILITY

Our responsibility is to express our limited assurance conclusion on the unaudited *pro forma* financial information included in the Circular. We conducted our limited assurance engagement in accordance with ISAE 3000 (Revised): International Standard on Assurance Engagements applicable to *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and the *Guide on Pro Forma Financial Information* issued by South African Institute of Chartered Accountants. This standard requires us to obtain sufficient appropriate evidence on which to base our limited assurance conclusion.

We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited *pro forma* financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

SOURCES OF INFORMATION AND WORK PERFORMED

Our procedures consisted primarily of comparing the unadjusted financial information of Group Five with the source documents, considering the *pro forma* adjustments in light of the accounting policies of Group Five, considering the evidence supporting the unaudited *pro forma* adjustments and discussing the adjusted *pro forma* financial information with the directors of Group Five in respect of the Transaction that are the subject of the Circular.

In arriving at our limited assurance conclusion, we have relied upon financial information prepared by the directors of Group Five and other information from various public, financial and industry sources.

While our work performed involved an analysis of the historical financial information and other information provided to us, our limited assurance engagement does not constitute either an audit or review of any of the underlying financial information conducted in accordance with the *International Standards on Auditing or International Standards on Review Engagements* and, accordingly, we do not express an audit or review opinion.

In a limited assurance engagement, the evidence-gathering procedures are more limited than for a reasonable assurance engagement and therefore less assurance is obtained than in a reasonable assurance engagement. We believe our evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

CONCLUSION

Based on our examination of the evidence obtained, nothing has come to our attention, which causes us to believe that:

- the unaudited *pro forma* financial information has not been properly compiled on the basis stated;
- such basis is inconsistent with the accounting policies of Group Five; and
- the adjustments are not appropriate for the purposes of the unaudited *pro forma* financial information as disclosed pursuant to section 8.17 and 8.30 of the JSE Listings Requirements.

Yours faithfully

PricewaterhouseCoopers Inc.

Director: A Rossouw

Accredited Auditor"

2 Eglin Road

Sunninghill, 2157, South Africa

(Private Bag X36, Sunninghill, 2157)

FAIRNESS OPINION BY INDEPENDENT EXPERT

"The Directors
Group Five Limited
Group Five House
371 Rivonia Boulevard
Sandton

8 October 2012

Dear Sirs

INDEPENDENT FAIR AND REASONABLE OPINION REGARDING THE RELATED-PARTY TRANSACTIONS, AS DEFINED BELOW, OF GROUP FIVE LIMITED

INTRODUCTION

In 2005, Group Five Limited ("Group Five") introduced direct BEE ownership as set out in the circular to the shareholders dated 6 September 2005. Part of that transaction ("the previous transaction") involved the subscription by Mvelaphanda Group Limited ("Mvelaphanda") of Group Five shares through a Black Economic Empowerment ("BEE") structure.

The terms of the previous transaction included:

- Lexshell 650 Investments (Proprietary) Ltd ("Lexshell"), a wholly owned subsidiary of Mvelaphanda, subscribed for 10 478 662 subscription shares, at a subscription price of R0.01 per share;
- these shares were issued at a notional price of R14.43 per share. The difference between the notional price and the subscription price was subject to the notional funding, at the notional rate of 12%, over the transaction term; and
- Lexshell was obliged to utilise the proceeds of all distributions received by it to subscribe for additional Group Five shares at the market value at the date of such distribution.

Mvelaphanda has committed to a process of realising value of its assets for its shareholders, including its interest in Group Five. In order to sustain Group Five's BEE credentials, Group Five is proposing to substitute Lexshell with the Black Professionals Staff Trust and the Izakhiwo Imfundo Trust ("the Transaction"). A payment of R30 million to Mvelaphanda will be made to give effect to this. Details of the Transaction are set out in the Circular dated on or about 29 October 2012 ("the Circular").

In order to facilitate the Transaction, it is proposed that the following principle changes to the historical subscription and sale agreement be approved and, along with additional minor alterations, be embodied in the revised and restated subscription and sale agreement:

- substituting each reference to Lexshell and Mvelaphanda with a reference to the Black Professionals Staff Trust and the Izakhiwo Imfundo Trust;
- substituting each reference to the historical end date with the reference to the amended end date. The termination date being 1 November 2020;
- deleting of the distribution subscription obligation and in its stead provide that distributions are to be utilised by the trusts in such manner as is set out in paragraphs 9 and 10 of the Circular; and
- reducing the historical notional funding rate from 12% nominal annual compounded annually to the amended notional rate, being 9% nominal annual compounded annually, with effect from the substitution date.

SCOPE

An independent fairness opinion is required to be obtained by the board of directors of Group Five ("Group Five Board") in terms of section 10.4 of the Listings Requirements of the JSE Limited ("the JSE Listings Requirements") which requires that if an issuer proposes to enter into a related-party transaction, the board of the directors of the issuer must obtain a fairness opinion on the transaction. Lexshell is a material shareholder of Group Five, holding more than 10% of its issued shares and is therefore classified as a related-party in terms of the JSE Listings Requirements. An independent fair and reasonable opinion in terms of section 44 of the Companies Act is also required to be obtained by the Group Five Board.

KPMG Services (Proprietary) Limited ("KPMG") has been appointed by the Group Five Board as the independent professional expert to advise on whether the terms and conditions of the related-party transactions are fair and reasonable to the shareholders of Group Five.

RESPONSIBILITY

The compliance with the JSE Listings Requirements and the Companies Act is the responsibility of the Group Five Board. Our responsibility is to report on the terms and conditions of the Transaction.

DEFINITION OF THE TERM "FAIR" AND "REASONABLE"

A transaction will generally be considered fair to a company's shareholders if the benefits received by the shareholders, as a result of the transaction, are equal to or greater than the value surrendered by the shareholders.

The assessment of fairness is primarily based on quantitative issues. In this case, the Transaction may be considered fair if the quantifiable benefits to Group Five shareholders resulting from the Transaction are considered to be equal to, or greater than, the total cost of the Transaction.

The assessment of reasonableness is generally based on qualitative considerations surrounding the Transaction. Hence, even though the quantifiable benefits of the Transaction to Group Five shareholders could be evaluated to be less than the total cost of the Transaction, the Transaction may still be reasonable in certain circumstances after considering other significant qualitative factors.

INFORMATION UTILISED AND PROCEDURES PERFORMED

Key fairness considerations

In arriving at our opinion we have undertaken the following procedures in evaluating the fairness of the Transaction:

- considered the rationale for the Transaction, based on discussions with the management and directors of Group Five and its advisors;
- obtained an understanding of the structure and terms and conditions of the previous transaction and the Transaction;
- considered the historical performance of Group Five with reference to its audited financial statements for the financial years ended 30 June 2011 to 2012 and management accounts dated 17 September 2012; and
- held discussions with the directors and management of Group Five to establish its strategy and considered such other matters as we consider necessary, including assessing the prevailing economic, legal and market conditions in the industry.

Pre-Transaction valuation

- obtained an understanding of the process followed in the preparation of the financial forecasts and the reliance placed thereon by Group Five directors;
- reviewed Group Five's financial forecasts for the years 2013 to 2015 and the basis of the assumptions therein as well as the reasonableness of the outlook assumed; and
- based on the above, performed a desktop valuation of the pre-Transaction Group Five shares using:
 - the discounted cash flow methodology as the primary valuation methodology supplemented by the capitalisation of maintainable earnings approach; and
 - consideration of market pricing of Group Five Shares including liquidity, analyst reports and market movements.

Costs of implementing the Transaction

- reviewed relevant agreements and held discussions with management as part of the procedures to determine the costs of implementing the Transaction;
- considered the costs of implementing the Transaction. In this regard we reviewed:
 - the terms and conditions in respect of the legal agreements for the previous transaction and the Transaction, including the notional rate, the period of the agreements and the treatment of distributions;
 - the International Financial Reporting Standards valuation of the costs of implementing the previous transaction and the Transaction in a recognised option pricing model; and
 - the Transaction costs detailed in the Circular.

Quantifiable Transaction benefits

- held discussions with management to identify and understand the impact on Group Five if the Transaction is not concluded;
- from these discussions, we understand that if Mvelaphanda disposed its investment in Group Five, Group Five's BEE credentials would be diluted and it would have a negative impact on the profit of Group Five. This would most likely be the result of a loss of gross profit margin in its local public sector business. An alternative BEE investor would need to be identified and a transaction concluded with such an investor in order to restore Group Five's BEE credentials;

- we therefore undertook the analysis and quantification based on discussions with and information provided by management, considering the impact on revenue from local public sector business and the resultant reduction in profit on a best case scenario;
- we also considered, but not quantified, potential benefits such as the additional costs of structuring a new BEE scheme from inception;
- assessed the reasonableness of the assumptions made by management in the calculations of the scenarios above, with regard to historical trends, disclosures in the June 2012 annual financial statements and current market conditions; and
- based on the above, assessed the net quantifiable benefits to Group Five, of implementing the Transaction, as calculated by Group Five management. In this regard, we assessed the potential business risk, impact on cash flows and, hence, shareholder value of not successfully implementing the Transaction.

Fairness assessment

- compared the pre-Transaction value per Group Five ordinary share to the post-BEE Transaction value per ordinary share, taking into account the fair value of the costs of implementing the transaction and the quantifiable benefits noted above.

Key qualitative considerations

We have also considered the following key qualitative considerations in evaluating the reasonableness of the Transaction:

- based on the rationale for the Transaction, to avoid losing its competitiveness, Group Five has to secure its current equity BEE status. Furthermore, this Transaction operates within the framework of transformation and therefore will support the principles of broad based empowerment; and
- our understanding of the Transaction process and of the extent of the negotiations and resulting agreements in respect of the Transaction.

OPINION

KPMG has considered the terms and conditions of the Transaction and, based upon and subject to the conditions set out herein, is of the opinion that the terms and conditions of the Transaction are fair and reasonable to the Group Five shareholders.

Our opinion is necessarily based upon the information available to us up to 2 October 2012, including in respect of the financial, regulatory, securities market and other conditions and circumstances existing and disclosed to us at the date thereof. We have furthermore assumed that all conditions precedent, including any material regulatory, other approvals and consents required in connection with the Transaction have been or will be timeously fulfilled and/or obtained.

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

LIMITING CONDITIONS

This opinion is provided to the Group Five Board in connection with and for the purposes of the Transactions. This opinion is prepared solely for the Group Five Board and therefore should not be regarded as suitable for use by any other party or give rise to third-party rights. This opinion does not purport to cater for each individual shareholder's perspective, but rather that of the general body of Group Five shareholders. Should a Group Five shareholder be in doubt as to what action to take, he or she should consult an independent adviser.

An individual Group Five shareholder's decision as to whether to vote in favour of any transaction may be influenced by his particular circumstances. The assessment as to whether or not the Group Five Board decides to recommend the Transaction is a decision that can only be taken by the Group Five Board.

We have relied upon and assumed the accuracy of the information used by us in deriving our opinion. Where practical, we have corroborated the reasonability of the information provided to us for the purpose of our opinion, whether in writing or obtained in discussion with management of Group Five, by reference to publicly available or independently obtained information. While our work has involved an analysis of, *inter alia*, the annual financial statements, and other information provided to us, our engagement does not constitute, nor does it include, an audit conducted in accordance with generally accepted auditing standards.

Where relevant, the forecasts of Group Five relate to future events and are based on assumptions that may or may not remain valid for the whole of the forecast period. Consequently, such information cannot be relied upon to the same extent as that derived from audited financial statements for completed accounting periods. We express no opinion as to how closely the actual future results of Group Five will correspond to those projected. Where practicable, we compared

the forecast financial information to past trends and third party estimates as well as discussing the assumptions inherent therein with the management of Group Five. On the basis of these enquiries and such other procedures we consider appropriate to the circumstances, we believe that the forecasts have been prepared with due care and consideration.

We have also assumed that the Transaction will have the legal, accounting and taxation consequences described in discussions with, and materials furnished to us by, representatives and advisors of Group Five and we express no opinion on such consequences. We have assumed that all agreements that will be entered into in respect of the Transaction will be legally enforceable.

INDEPENDENCE

In terms of schedule 5.1(a) of the JSE Listings Requirements, we confirm that we have no direct or indirect interest in Group Five shares or the Transaction.

Furthermore, we confirm that our professional fees of R350 000 are not contingent upon the success of the Transaction.

CONSENT

We consent to the inclusion of this letter and the reference to our opinion in the Circular to be issued to the shareholders of Group Five in the form and context in which it appears.

Yours faithfully

Neeraj Shah

Director – Corporate Finance

KPMG Services (Proprietary) Limited

KPMG Crescent

85 Empire Road

Parktown

2193"

SHARE PRICE HISTORY RELATING TO GROUP FIVE

The high, low and closing price of Group Five shares on the JSE, and the aggregated quarterly volumes and value traded from 30 September 2009 to 30 September 2011 were as follows:

Quarter ended	High (cents per shares)	Low (cents per shares)	Close (cents per shares)	Aggregate value (millions)	Aggregate volume (shares)
30-Sep-09	4 650	3 272	4 395	789.395171	21 307 391
31-Dec-09	4 400	3 290	3 850	936.640701	24 159 247
31-Mar-10	3 999	3 000	3 710	616.577821	18 077 268
30-Jun-10	3 976	3 225	3 450	557.764241	15 586 074
30-Sep-10	3 874	3 189	3 650	635.577926	18 656 883
31-Dec-10	4 100	3 589	3 650	368.351392	9 725 017
31-Mar-11	3 857	2 440	2 730	326.682783	10 456 694
30-Jun-11	3 450	2 645	2 990	388.66114	13 094 049
30-Sep-11	3 200	2 469	2 585	184.746271	6 654 170

The high, low and closing price of Group Five shares on the JSE, and the aggregated monthly volumes and value traded from 30 September 2011 to 30 September 2012 were as follows:

Month ended	High (cents per shares)	Low (cents per shares)	Close (cents per shares)	Aggregate value (millions)	Aggregate volume (shares)
30-Sep-11	2 898	2 469	2 585	68.894252	2 651 602
31-Oct-11	2 640	2 180	2 306	80.31813	3 342 492
30-Nov-11	2 491	2 200	2 286	101.91052	4 445 112
31-Dec-11	2 370	2 226	2 271	82.131654	3 579 668
31-Jan-12	2 549	2 225	2 501	68.276601	2 895 501
29-Feb-12	2 800	2 514	2 751	83.752119	3 153 090
31-Mar-12	3 048	2 688	2 921	76.114804	2 682 407
30-Apr-12	3 195	2 841	2 965	52.380638	1 729 680
31-May-12	3 012	2 350	2 410	119.98076	4 731 204
30-Jun-12	2 478	2 257	2 276	232.56326	9 981 191
31-Jul-12	2 500	2 100	2 278	63.49382	2 770 329
31-Aug-12	2 757	2 267	2 650	80.692973	3 214 803
30-Sep-12	2 950	2 510	2 540	46.061035	1 666 845

The high, low and closing price of Group Five shares on the JSE for each trading day commencing on 3 September 2012 to the last practicable date, and the daily trading volumes and value are as follows:

Daily	High (cents per shares)	Low (cents per shares)	Close (cents per shares)	Aggregate value (millions)	Aggregate volume (shares)
3-Sep-12	2 690	2 598	2 660	0.411077	15 703
4-Sep-12	2 682	2 641	2 650	2.410487	90 758
5-Sep-12	2 690	2 633	2 690	6.053823	226 443
6-Sep-12	2 776	2 640	2 650	3.466815	128 266
7-Sep-12	2 700	2 622	2 700	0.194554	7 206
10-Sep-12	2 778	2 703	2 725	0.426436	15 575
11-Sep-12	2 778	2 655	2 655	0.637339	23 462
12-Sep-12	2 778	2 680	2 749	0.751768	27 612
13-Sep-12	2 778	2 735	2 735	1.587632	57 576
14-Sep-12	2 850	2 790	2 830	8.420769	298 906
17-Sep-12	2 900	2 815	2 900	0.899961	31 085
18-Sep-12	2 919	2 851	2 908	1.491456	51 494
19-Sep-12	2 936	2 898	2 935	3.398406	116 109
20-Sep-12	2 950	2 835	2 885	7.115279	243 935
21-Sep-12	2 885	2 550	2 655	2.812883	101 172
25-Sep-12	2 688	2 563	2 650	1.93784	73 584
26-Sep-12	2 640	2 519	2 580	1.164733	45 210
27-Sep-12	2 561	2 534	2 560	2.118679	82 811
28-Sep-12	2 560	2 510	2 540	0.761098	29 938
1-Oct-12	2 900	2 511	2 645	1.943084	73 536
2-Oct-12	2 700	2 618	2 700	1.662714	62 207
3-Oct-12	2 700	2 657	2 687	0.895117	33 356
4-Oct-12	2 699	2 559	2 605	2.728904	103 828
5-Oct-12	2 673	2 570	2 570	1.303863	49 983
8-Oct-12	2 515	2 421	2 470	9.51349	380 776
9-Oct-12	2 500	2 450	2 500	1.612006	65 269
10-Oct-12	2 500	2 410	2 480	5.989038	239 580
11-Oct-12	2 499	2 480	2 480	7.67415	309 441
12-Oct-12	2 499	2 456	2 499	0.11656	4 706
15-Oct-12	2 471	2 450	2 471	0.441273	17 976

SALIENT FEATURES OF THE LTIP

1. The category of persons eligible for participation in the LTIP ("eligible employees") will be an executive, senior manager and/or key employee of any member company of Group Five, including any present or future executive director holding salaried employee or office, which executive, manager and/or employee shall be selected by the board of directors of Group Five ("the board") from time to time in its sole and absolute discretion, but excluding any non-executive director ("participants").
2. The maximum number of securities which may be acquired by all participants under the LTIP is 12 911 817.
3. The maximum number of securities which may be acquired by any one participant under the LTIP is 2 418 236.
4. No consideration will be payable by eligible employees for a SAR, Bonus Shares or Performance Shares.
5. A participant shall not be entitled to any Group Five distributions and shall have no right to vote in respect of SAR, Bonus Shares and Performance Shares granted to him, unless and until the SAR, Bonus Shares and Performance Shares granted to him are settled in accordance with the provisions of the LTIP.
6. The board may, in its sole and absolute discretion, resolve to grant SAR, Bonus Shares and Performance Shares to eligible employees.

7. TERMINATION OF EMPLOYMENT

7.1 Bonus Shares

7.1.1 If a participant ceases to be employed by Group Five by reason of:

- death;
- injury, disability or ill health;
- dismissal based on operational requirements as contemplated in the Labour Relations Act, 66 of 1995, as amended or substituted;
- retirement on or after his retirement date, being the date on which or age at which a participant can be required to retire or has agreed to take early retirement;
- the company by which he is employed ceasing to be a member company of Group Five; or
- the undertaking in which he is employed being transferred to a transferee which is not a member company of Group Five,

(collectively "No Fault Termination").

7.1.2 The Bonus Shares available to vest shall be deemed to have vested and shall be settled to the participant with effect from the date of termination of employment.

7.1.3 If the board has determined that no deemed vesting has occurred, the Bonus Shares shall be deemed to have been cancelled on the date of termination of employment.

7.1.4 Unless the board determines otherwise, if a participant ceases to be employed by Group by reason of misconduct, poor performance or resignation by the participant, any Bonus Shares which have not vested shall be deemed to have been cancelled.

7.2 Performance Shares

7.2.1 If a participant ceases to be employed by Group Five by reason of No Fault Termination, the Performance Shares available to be settled shall be settled to the participant with effect from the date of termination of employment.

7.2.2 If the board has determined that no settlement shall occur, the Performance Shares shall be deemed to have been cancelled on the date of termination of employment.

7.2.3 Unless the board determines otherwise, if a participant ceases to be employed by Group by reason of misconduct, poor performance or resignation by the participant, any Performance Shares available to be settled shall not be cancelled and shall be settled.

7.3 SAR

- 7.3.1 If a participant ceases to be employed by Group Five by reason of No Fault Termination, the SAR available to vest/be exercised shall be deemed to have vested and been exercised and shall be settled to the participant with effect from the date of termination of employment.
- 7.3.2 If the board has determined that no deemed vesting/exercise has occurred, the Bonus Shares shall be deemed to have been cancelled on the date of termination of employment.
- 7.3.3 Unless the board determines otherwise, if a participant ceases to be employed by Group by reason of misconduct, poor performance or resignation by the participant, any SAR, whether prior to or after vesting, shall be deemed to have been cancelled.

8. ADJUSTMENTS

If the company makes any distribution or undertakes any corporate action affecting the rights of shareholders, then such adjustments shall be made to the rights of participants as may be determined by the board to be fair and reasonable to the participants concerned, provided that any adjustments shall be confirmed by the auditors, the company and to the JSE in writing at the time the adjustment is finalised and should give a participant the entitlement to the same proportion of the share capital as he was previously entitled to.

No adjustments shall be required in the event of the issue of equity securities as consideration for an acquisition, the issue of securities for cash and the issue of securities for vendor consideration placing.

- 9. If, in terms of the LTIP, any SAR, Bonus Share or Performance Share deemed to have been cancelled shall revert to the LTIP.



Group Five Limited

(Incorporated in the Republic of South Africa on 2 January 1969)

(Registration number 1969/000032/06)

Share code: GRF ISIN: ZAE 000027405

NOTICE OF GENERAL MEETING

Notice is hereby given that a general meeting of shareholders of Group Five will be held at the registered office of Group Five, 371 Rivonia Boulevard, Rivonia, Sandton on Tuesday, 27 November 2012, at 12:00, for the purpose of considering, and if deemed fit, of passing, with or without modification, the following resolutions.

The board of directors of Group Five has determined that the record date for the purpose of determining which shareholders are entitled to participate in and vote at the general meeting is Friday, 16 November 2012. Accordingly, the last day to trade in order to be eligible to participate and vote at the general meeting will be Friday, 9 November 2012, at 12:00.

SPECIAL RESOLUTION NUMBER ONE (Relating to the historic transaction amendments)

"RESOLVED that, subject to the passing of Special Resolution Number 2 and Ordinary Resolutions Numbers 2, 3 and 4, the proposed amendments to the historic forward sale, the terms of which were originally approved by the shareholders of Group Five at a general meeting of the shareholders held on 29 September 2005 at 371 Rivonia Boulevard, contemplated by the revised and restated subscription and sale agreement, the details of which are contained in the Circular to which this notice of general meeting is attached, which is to be entered into between Group Five, the Black Professionals Staff Trust and the Izakhiwo Imfundo Trust (the approval for the establishment of which is set out in Ordinary Resolutions numbers 2 and 3 below) a copy of which has been tabled at this general meeting and initialled by the chairperson of the general meeting for purposes of identification, be approved and adopted by the company."

The reason and effect of Special Resolution Number 1 is to authorise the amendment of the terms of the forward sale by, *inter alia*, the extension of the historic end date to the amended end date, and other consequential changes necessary to allow for the substitution of Lexshell as a party to the historic subscription and sale agreement with the Black Professionals Staff Trust and the Izakhiwo Imfundo Trust as parties to the historic Mvelaphanda transaction.

Percentage of voting rights required

The percentage of voting rights that will be required for the adoption of this Special Resolution Number 1 is the support of at least 75% of the voting rights exercised on this special resolution. Lexshell will not be entitled to vote in relation to this resolution.

SPECIAL RESOLUTION NUMBER TWO (Authority to provide financial assistance)

"RESOLVED that, subject to the passing of Special Resolution Number 1 and Ordinary Resolutions Numbers 1, 2 and 3, and subject further to compliance with the Companies Act (specifically the provisions of section 44 and section 45 of the Companies Act), the directors of Group Five be and are hereby authorised to provide financial assistance to the Black Professionals Staff Trust (the approval for the establishment of which is sought from the shareholders in Ordinary Resolution Number 2 below) and the Izakhiwo Imfundo Trust (the approval for the establishment of which is sought from the shareholders in Ordinary Resolution Number 3 below) in terms of the revised and restated subscription and sale agreement, the details of which are contained in the Circular to which this notice of general meeting is attached and a copy of which has been tabled at this general meeting and initialled by the chairperson of the general meeting for purposes of identification, and to conclude the revised and restated subscription and sale agreement with the Black Professionals Staff Trust and the Izakhiwo Imfundo Trust.

The reason for and effect of Special Resolution Number 2 is to authorise the directors of Group Five to provide financial assistance to the Black Professionals Staff Trust and the Izakhiwo Imfundo Trust subject to the provisions of sections 44 and 45 of the Companies Act, in terms of the revised and restated subscription and sale agreement.

Percentage of voting rights required

The percentage of voting rights that will be required for the adoption of this Special Resolution Number 2 is the support of at least 75% of the voting rights exercised on this special resolution. Lexshell will not be entitled to vote in relation to this resolution.

ORDINARY RESOLUTION NUMBER ONE (Approval of related-party transaction)

"RESOLVED that, subject to the passing of Special Resolutions Numbers 1 and 2 and Ordinary Resolutions Numbers 2 and 3, Group Five enter into the sale agreement with Lexshell, Mvelaphanda and Group Five Construction, the details of which are contained in the circular to which this notice of general meeting is attached and a copy of which has been tabled at this general meeting and initialled by the chairperson of the general meeting for purposes of identification, pursuant to which the Black Professionals Staff Trust will acquire 12 356 865 Group Five shares from Lexshell and Lexshell will be released from its obligations in terms of the historic subscription and sale agreement."

The reason for and effect of this Ordinary Resolution Number 1 is to approve, for the purposes of section 10.4 of the Listings Requirements, the conclusion of the sale agreement between Group Five Construction, a wholly owned subsidiary of Group Five, and Lexshell, which is a "related-party" to Group Five in terms of Section 10.1 of the Listings Requirements.

Percentage of voting rights required

The percentage of voting rights that will be required for the adoption of this Ordinary Resolution Number 1 is the support of more than 50% of the voting rights exercised on this ordinary resolution. Lexshell will not be entitled to vote in relation to this resolution.

ORDINARY RESOLUTION NUMBER TWO (Establishment of the Group Five Limited Black Professionals Staff Trust)

"RESOLVED that, subject to the passing of Special Resolutions Numbers 1 and 2 and Ordinary Resolutions Numbers 1 and 3, the Black Professionals Staff Trust, details of which are contained in the Circular to which this notice of general meeting is attached and the draft Black Professionals Staff Trust deed which has been tabled at this general meeting and initialled by the chairperson of the general meeting for the purposes of identification, be approved and established by Group Five."

The reason and effect of Ordinary Resolution Number 2 is to establish the Black Professionals Staff Trust, which will acquire 12 356 865 Group Five shares and become a party to the revised and restated subscription and sale agreement.

Percentage of voting rights required

The percentage of voting rights that will be required for the adoption of the Ordinary Resolution Number 2 is the support of more than 50% of the voting rights exercised on this ordinary resolution. Lexshell will not be entitled to vote in relation to this resolution.

ORDINARY RESOLUTION NUMBER THREE (Establishment of the Izakhiwo Imfundo Trust)

"RESOLVED that, subject to the passing of Special Resolutions Numbers 1 and 2 and Ordinary Resolutions Numbers 1 and 2, the Izakhiwo Imfundo Trust, details of which are contained in the Circular to which this notice of general meeting is attached and the draft Izakhiwo Imfundo Trust deed which has been tabled at this general meeting and initialled by the chairperson of the general meeting for the purposes of identification, be approved and established by Group Five."

The reason and effect of Ordinary Resolution Number 2 is to establish the Izakhiwo Imfundo Trust.

Percentage of voting rights required

The percentage of voting rights that will be required for the adoption of the Ordinary Resolution Number 3 is the support of more than 50% of the voting rights exercised on this ordinary resolution. Lexshell will not be entitled to vote in relation to this resolution.

ORDINARY RESOLUTION NUMBER FOUR (Authority to directors to sign all required documents)

"RESOLVED that, the directors of Group Five be and are hereby authorised to do all such things and to sign all such documents as they consider necessary to give effect to and implement the special and ordinary resolutions set out above."

Percentage of voting rights required

The percentage of voting rights that will be required for the adoption of the Ordinary Resolution Number 4 is the support of more than 50% of the voting rights exercised on this ordinary resolution.

ORDINARY RESOLUTION NUMBER FIVE (Relating to the adoption of the LTIP)

"**RESOLVED** that the Group Five Long-Term Incentive Plan which has been tabled at this annual general meeting and initialled by the chairperson of the general meeting for purposes of identification, be and is hereby approved and adopted by Group Five shareholders."

The Group Five Long Term Incentive Plan will be available for inspection during normal business hours at the registered office of the company from the date of the notice of general meeting, being 29 October 2012, up to and including the date of the general meeting.

Percentage of voting rights required

In terms of the Listings Requirements, the approval of a 75% (seventy five percent) majority of the votes cast by shareholders present or represented by proxy and entitled to vote at the general meeting, is required for this Ordinary Resolution Number Five to become effective.

In terms of section 62(3)(e) of the Companies Act:

1. a Group Five shareholder entitled to attend and vote at the general meeting is entitled to appoint one or more proxies to attend, participate in and vote at the meeting in his/her stead; and
2. a proxy need not be a shareholder of the company.

Note that section 63(1) of the Companies Act requires that meeting participants must provide satisfactory identification.

For the convenience of registered certificated Group Five shareholders or Group Five shareholders who have dematerialised their Group Five shares with own-name registration, a form of proxy (*yellow*) is attached hereto. Duly completed forms of proxy must be lodged with the transfer secretaries at the address below by no later than 12:00 on 23 November 2012 (or 48 hours before any adjourned general meeting which date, if necessary, will be notified in the press and on the JSE Limited Securities Exchange News Service).

Group Five shareholders who have dematerialised their Group Five shares and have not selected own-name registration must advise their Central Securities Depository Participant ("CSDP") or broker of their voting instructions should they be unable to attend the general meeting but wish to be represented thereat. Dematerialised Group Five shareholders without own-name registration should contact their CSDP or broker with regard to the cut-off time for their voting instructions. If, however, such members wish to attend the general meeting in person, then they will need to request their CSDP or broker to provide them with the necessary letter of representation in terms of the custody agreement entered into between the dematerialised shareholder and their CSDP or broker.

Hand deliveries to:

Computershare Investor Services (Proprietary) Limited
70 Marshall Street
Johannesburg, 2001

Postal deliveries to:

Computershare Investor Services (Proprietary) Limited
PO Box 61051
Marshalltown, 2107

Forms of proxy (*yellow*) are to be received by no later than 23 November 2012 at 12:00 (or 48 hours before any adjourned general meeting which date, if necessary, will be notified on SENS and in the press).

By order of the board

Mike R Upton

Chief Executive Officer

Johannesburg
29 October 2012

Group secretary and registered office

371 Rivonia Boulevard
Rivonia
Sandton
2128



Group Five Limited

(Incorporated in the Republic of South Africa on 2 January 1969)
 (Registration number 1969/000032/06)
 Share code: GRF ISIN: ZAE 000027405

FORM OF PROXY

For the use by shareholders registered as such, and who have not dematerialised their shares or hold "own-name" dematerialised shares, at the general meeting to be held at the registered office of Group Five, 371 Rivonia Boulevard, Rivonia, Sandton on Tuesday, 27 November 2012, at 12:00.

Shareholders who have dematerialised their shares, other than with "own-name" registration must inform their CSDP or broker of their intention to attend the general meeting and request their CSDP or broker to issue them with the necessary letter of representation to attend or provide their CSDP or broker with their voting instructions should they not wish to attend the general meeting in person but wish to be represented thereat. Such shareholders must not return this form of proxy to the transfer secretaries.

I/We _____ (name/s in block letters)

Of _____

(address) _____

being the holders of ordinary shares in Group Five, hereby appoint (see note 1)

1. _____ or failing him/her
2. _____ or failing him/her
3. the chairperson 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 which will be held for the purpose of consideration and, if deemed fit, passing with or without modification, Special Resolution Number One, Special Resolution Number Two, Ordinary Resolution Number One, Ordinary Resolution Number Two, Ordinary Resolution Number Three, Ordinary Resolution Number Four, Ordinary Resolution Number Five to be proposed at the general meeting and at each adjournment of the general meeting and to vote for or against the ordinary resolutions and special resolutions or to abstain from voting in respect of the shares in the issued share capital of Group Five registered in my/our name/s, in accordance with the following instructions.

Resolution	Number of shares		
	For	Against	Abstain
SPECIAL RESOLUTION NUMBER ONE (Relating to the historic transaction amendments)			
SPECIAL RESOLUTION NUMBER TWO (Authority to provide financial assistance)			
ORDINARY RESOLUTION NUMBER ONE (Approval of related-party transaction)			
ORDINARY RESOLUTION NUMBER TWO (Establishment of the Group Five Limited Black Professionals Staff Trust)			
ORDINARY RESOLUTION NUMBER THREE (Establishment of the Izakhiwo Imfundo Trust)			
ORDINARY RESOLUTION NUMBER FOUR (Authority to directors to sign all required documents)			
ORDINARY RESOLUTION NUMBER FIVE (Relating to the adoption of the LTIP)			

Signed at _____ on _____ 2012

Signature _____

Assisted by me (where applicable) _____

Please read the notes on the reverse side of this form of proxy.

Notes:

1. A Group Five shareholder entitled to attend and vote may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space provided, with or without deleting "the chairperson of the general meeting". A proxy need not be a shareholder of the company. The person whose name stands first on the form of proxy and who is present at the meeting will be entitled to act as proxy to the exclusion of those whose names follow. A proxy may not delegate his/her authority to act on behalf of the shareholder to another person.
2. A Group Five shareholder is entitled to one vote on a show of hands and on a poll, a Group Five shareholder is entitled to one vote for each Group Five share held. A Group Five shareholder's instructions to the proxy must be indicated by inserting the relevant number of votes exercisable by the Group Five shareholder in the appropriate box. 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 Group Five shareholders' votes.
3. 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 Group Five shares in respect of which the vote is given, unless notice in writing of such death, revocation or transfer is received by the transfer secretaries, and additionally in the case of a revocation, by the proxy concerned, not less than 48 hours before the commencement of the general meeting.
4. If a Group Five shareholder does not indicate on this form of proxy that his/her proxy is to vote in favour of or against any resolution or to abstain from voting, or gives contradictory instructions, or 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.
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 Group Five 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 Group Five shareholder wish to do so.
7. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy, 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 Group Five shares:
 - 9.1 any one holder may sign this form of proxy;
 - 9.2 the vote(s) of the senior shareholder (for that purpose seniority will be determined by the order in which the names of Group Five shareholders appear in the company's register of Group Five shareholders) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint Group Five shareholder(s).
10. Group Five shareholders (including proxies) are required to provide reasonably satisfactory identification before being entitled to attend or participate in the general meeting. Forms of identification include valid identity documents, driver's licences and passports.
11. Forms of proxy should be lodged with or mailed to Computershare Investor Services (Proprietary) Limited:

Hand deliveries of proxy forms to: Computershare Investor Services (Proprietary) Limited Ground Floor, 70 Marshall Street Johannesburg 2001	Postal deliveries of proxy forms to: Computershare Investor Services (Proprietary) Limited PO Box 61051 Marshalltown, 2107
---	--

to be received by no later than 12:00 on Friday, 23 November 2012 (or 48 hours before any adjourned general meeting which date, if necessary, will be notified in the press).
12. Any alteration or correction made to this form of proxy, other than the deletion of alternatives, must be initialled by the signatory/ies.

Summary of rights established by section 58 of the Companies Act, as required in terms of subsection 58(8)(b)(i)

1. A shareholder may at any time appoint any individual, including a non-shareholder of the company, as a proxy to participate in, speak and vote at a shareholders' meeting on his or her behalf (section 58(1)(a)), or to give or withhold consent on behalf of the shareholder to a decision in terms of section 60 (shareholders acting other than at a meeting) (section 58(1)(b)).
2. A proxy appointment must be in writing, dated and signed by the shareholder and remains valid for one year after the date on which it was signed or any longer or shorter period expressly set out in the appointment, unless it is revoked in terms of paragraph 6.3 or expires earlier in terms of paragraph 10.4 below (section 58(2)).
3. A shareholder may appoint two or more persons concurrently as proxies and may appoint more than one proxy to exercise voting rights attached to different securities held by the shareholder (section 58(3)(a)).
4. A proxy may delegate his or her authority to act on behalf of the shareholder to another person, subject to any restriction set out in the instrument appointing the proxy ("proxy instrument") (section 58(3)(b)).
5. A copy of the proxy instrument must be delivered to the company, or to any other person acting on behalf of the company, before the proxy exercises any rights of the shareholder at a shareholders' meeting (section 58(3)(c)) and in terms of the Memorandum of Incorporation ("MOI") of the company at least 48 hours before the meeting commences.
6. Irrespective of the form of instrument used to appoint a proxy:
 - 6.1 the appointment is suspended at any time and to the extent that the shareholder chooses to act directly and in person in the exercise of any rights as a shareholder (section 58(4)(a));
 - 6.2 the appointment is revocable unless the proxy appointment expressly states otherwise (section 58(4)(b)); and
 - 6.3 if the appointment is revocable, a shareholder may revoke the proxy appointment by cancelling it in writing or by making a later, inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and to the company (section 58(4)(c)).
7. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of the date stated in the revocation instrument, if any, or the date on which the revocation instrument was delivered as contemplated in paragraph 6.3 above (section 58(5)).
8. If the proxy instrument has been delivered to a Company, as long as that appointment remains in effect, any notice required by the Companies Act or the company's MOI to be delivered by the company to the shareholder must be delivered by the company to the shareholder (section 58(6)(a)), or the proxy or proxies, if the shareholder has directed the company to do so in writing and paid any reasonable fee charged by the company for doing so (section 58(6)(b)).
9. A proxy is entitled to exercise, or abstain from exercising, any voting right of the shareholder without direction, except to the extent that the MOI or proxy instrument provides otherwise (section 58(7)).
10. If a Company issues an invitation to shareholders to appoint one or more persons named by the company as a proxy, or supplies a form of proxy instrument:
 - 10.1 the invitation must be sent to every shareholder entitled to notice of the meeting at which the proxy is intended to be exercised (section 58(8)(a));
 - 10.2 the invitation or form of proxy instrument supplied by the company must:
 - 10.2.1 bear a reasonably prominent summary of the rights established in section 58 of the Companies Act (section 58(8)(b)(i));
 - 10.2.2 contain adequate blank space, immediately preceding the name(s) of any person(s) named in it, to enable a shareholder to write the name, and if desired, an alternative name of a proxy chosen by the shareholder (section 58(8)(b)(ii)); and
 - 10.2.3 provide adequate space for the shareholder to indicate whether the appointed proxy is to vote in favour of or against any resolution(s) to be put at the meeting, or is to abstain from voting (section 58(8)(b)(iii));
 - 10.3 the company must not require that the proxy appointment be made irrevocable (section 58(8)(c)); and
 - 10.4 the proxy appointment remains valid only until the end of the meeting at which it was intended to be used, subject to paragraph 7 above (section 58(8)(d)).