

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

Action required

The definitions commencing on page 3 of this Circular have, where necessary, been used on this front cover.

If you are in any doubt as to the action you should take, please consult the Sponsor, your CSDP, broker, attorney, accountant, banker or other professional advisor immediately. If you have disposed of all your shares in Afrimat, this document should be handed to the purchaser of such shares or the broker or other agent through whom the disposal was effected.

Shareholders who have not Dematerialised their shares and own name Dematerialised Shareholders who are unable to attend the General Meeting to be held at Tyger Valley Office Park No. 2, Corner Willie van Schoor Avenue and Old Oak Road, Tyger Valley at 10:00 on Friday, 18 November 2016 and wish to be represented thereat, must complete the attached form of proxy in accordance with the instructions therein and return it to the Transfer Secretaries, to be received by no later than 10:00 on Wednesday, 16 November 2016.

Shareholders who have Dematerialised their shares, other than by own name registration, with a CSDP or broker must advise their CSDP or broker as to what action they wish to take. This must be done in terms of the agreement entered into between them and their CSDP or broker. Shareholders who have Dematerialised their shares must not return the attached form of proxy to the Transfer Secretaries. Their instructions must be sent to their CSDP or broker for action.



(Incorporated in the Republic of South Africa)
(Registration number 2006/022534/06)
Share code: AFT ISIN: ZAE000086302

CIRCULAR TO AFRIMAT SHAREHOLDERS

regarding

- **approval of the amended and restated Trust Deed of the Afrimat BEE Trust;**

and incorporating

- **a notice of General Meeting of Afrimat; and**
- **a form of proxy (for use by certificated ordinary shareholders and Dematerialised ordinary shareholders with own name registration only).**

The directors of the Company, whose names are set out on the inside front cover of this Circular, accept, collectively and individually, full responsibility for the accuracy of the information given herein and certify that, to the best of their knowledge and belief, no facts have been omitted which make any statement false or misleading and that they have made all reasonable enquiries to ascertain such facts and that this Circular contains all information required by law and the JSE Listings Requirements.

Sponsor

**BRIDGE
CAPITAL**

Attorneys

eng **AFRICA**

Date of issue: Friday, 21 October 2016

Copies of this Circular are available and may be obtained from Friday, 21 October 2016 to Friday, 18 November 2016 at both days inclusive, during normal business hours from the registered office of the Company, and the offices of the Sponsor, addresses of which are set out in the "Corporate Information" section of this Circular.

CORPORATE INFORMATION

Registered office

Tyger Valley Office Park No. 2
Corner Willie van Schoor Avenue and Old Oak Road
Tyger Valley, 7530
(PO Box 5278, Tyger Valley, 7536)

Transfer Secretaries

Computershare Investor Services Proprietary Limited
(Registration number 2004/00364/07)
Ground Floor
70 Marshall Street
Johannesburg, 2001
(PO Box 61051, Marshalltown, 2107)

Attorneys

Edward Nathan Sonnenbergs Incorporated
(Registration number 2006/018200/21)
1 North Wharf Square
Loop Street
Foreshore
Cape Town
8001
(PO Box 2293, Cape Town, 8000)

Sponsor

Bridge Capital Advisors Proprietary Limited
(Registration number 1998/016302/07)
2nd Floor, 27 Fricker Road
Illovo Boulevard
Illovo, 2196
(PO Box 651010, Benmore, 2010)

Company Secretary

Mariëtte Swart
Tyger Valley Office Park No. 2
Corner Willie van Schoor Avenue and Old Oak Road
Tyger Valley, 7530
(PO Box 5278, Tyger Valley, 7536)

Directors

Marthinus W von Wielligh** (*Chairperson*)
Andries J van Heerden (*CEO*)
Pieter GS de Wit (*FD*)
Gert J Coffee (*Executive Director*)
Loyiso Dotwana*
Francois du Toit*
Phuti RE Tsukudu**
Jacobus F van der Merwe**
Hendrik JE van Wyk**

*Non-executive

**Independent non-executive

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IMPORTANT DATES AND TIMES

2016

Record date to determine which Afrimat shareholders are entitled to receive the Circular	Friday, 14 October
Circular and notice of General Meeting posted to Afrimat shareholders and announced on SENS on	Friday, 21 October
Last date to trade Afrimat Shares on the JSE in order to be eligible to vote at the General Meeting	Tuesday, 8 November
Record date to be entitled to participate in and vote at the General Meeting	Friday, 11 November
Forms of proxy for the General Meeting to be lodged by 10:00 on	Wednesday, 16 November
General Meeting of Afrimat shareholders to be held at 10:00 on	Friday, 18 November
Announcement of results of the General Meeting released on SENS on	Friday, 18 November

Notes:

1. The definitions commencing on page 3 of this Circular apply, *mutatis mutandis*, to this information on important dates and times.
2. The above dates and times (or any other dates and times in this Circular) are subject to amendment. Any amendment to the dates and times will be released on SENS.
3. All the times referred to in this Circular are local times in the Republic of South Africa.

DEFINITIONS

In this Circular, unless otherwise stated or the context indicates a contrary intention, the following expressions shall have the meanings set out opposite them. Cognate expressions shall bear corresponding meanings, words denoting one gender shall include the others, natural persons shall include juristic persons and *vice versa* and the singular shall import and include the plural and *vice versa*.

“Act”	the Companies Act, No. 71 of 2008 (as amended from time to time);
“Acquisition”	the acquisition of either the shares or the business of any third party not forming part of the Afrimat Group;
“AEI”	Afrimat Empowerment Investments Proprietary Limited (Registration Number: 2008/0224498/07), a private company duly incorporated in accordance with the laws of the Republic of South Africa, the entire ordinary share capital of which is, as at the Registration Date, held by the Trust and which company holds, as at the Registration Date, Afrimat Shares (on behalf of the Trust) for the purposes of the Scheme;
“AEI Shares”	shares representing the entire ordinary issued share capital of AEI which, as at the Registration Date, are held by the Trust;
“Afrimat” or “the Company”	Afrimat Limited (Registration Number: 2006/022534/06), a limited liability public company incorporated under the laws of the Republic of South Africa and listed on the main board of the JSE;
“Afrimat Group”	the Company and all its South African subsidiaries on the Registration Date, as well as any subsidiary established or acquired after the First Allocation Date pursuant to an Acquisition;
“Afrimat Shares”	ordinary shares in the issued share capital of the Company, held from time to time by the Trust;
“Allocation Acceptance Period”	the period of 7 (seven) days from the Notification Date, or such longer period as may be determined by the Trustees from time to time after obtaining the prior written consent of the Board, and as reflected in each Allocation Notice;
“Allocation Date”	the date on which a Trust Unit is allocated to a Qualifying Employee, being the First Allocation Date, and, in respect of subsequent allocations, such date as may be determined by the Company and notified in writing by the Board to the Trustees;
“Allocation Notice”	the written notice sent by the Trustees to a Qualifying Employee in the prescribed manner;
“ARC”	African Rainbow Capital Proprietary Limited, (Registration Number: 2015/000394/07), a private company incorporated under the laws of the Republic of South Africa;
“ARC Agreement”	means the sale of shares agreement concluded between AEI, the Company and ARC in respect of the ARC Transaction;
“ARC Transaction”	the transaction concluded or to be concluded between AEI and ARC prior to the Registration Date, in terms whereof AEI will Dispose to ARC, 26 300 000 (twenty six million three hundred thousand) shares representing 18,36% (eighteen comma three six percent) of the issued share capital of the Company wherein all of these shares are issued and not held as treasury shares;
“Auditors”	the auditors of the Company appointed as the Trust’s auditors;
“BBBEE Act”	the Broad-Based Black Economic Empowerment Act, No. 53 of 2003 (as amended from time to time);

“BEE”	Broad-Based Black Economic Empowerment, as defined in the BBBEE Act;
“BEE Requirements”	the BEE requirements applicable to the Trust and/or the Company (as the case may be) from time to time, which are of general or substantially general application, including the requirements set out in the BBBEE Act, the Codes and the Mining Charter;
“Beneficiary”	a Qualifying Employee who becomes a beneficiary of the Trust in accordance with the provisions of the Trust Deed;
“Black Employees”	Black People who are employees of the Afrimat Group as at the Registration Date and from time to time;
“Black People”	the generic term which means African, Coloured or Indian persons who: <ul style="list-style-type: none"> • are citizens of the Republic of South Africa by birth or descent; • are citizens of the Republic of South Africa by naturalisation before the commencement date of the Constitution of the Republic of South Africa, 1993; or • became citizens of the Republic of South Africa after the commencement date of the Constitution of the Republic of South Africa, but who, but for the Apartheid policy that had been in place prior to that date, would have been entitled to acquire citizenship by naturalisation prior to that date;
“Board”	the members of the board of directors of the Company from time to time;
“Cash Reserves”	the aggregate amount of income and/or cash received by the Trust and withheld for the purpose of enabling the Trust to discharge its obligations in relation to any Liabilities;
“Certificated Ordinary Shares”	Afrimat Shares, represented by a share certificate or other physical document of title, which have not been surrendered for Dematerialisation;
“Certificated Shareholders”	holders of Certificated Ordinary Shares;
“Circular”	this circular dated Friday, 21 October 2016, including the notice of General Meeting and form of proxy;
“Codes”	the Codes of Good Practice on Broad-Based Black Economic Empowerment, published in terms of section 9(1) of the BBBEE Act and applicable to the Company;
“Company Trustee”	the Trustee appointed by the Company from time to time in accordance with the provisions of the Trust Deed;
“CSDP”	Central Securities Depository Participant;
“Current Trustees”	the Trustees of the Trust as at the Registration Date, namely Pieter Leon Du Toit (who is a Company Trustee) and Johannes Mzamo Kalo (who is an Employee Trustee);
“Current Scheme”	the scheme constituted and regulated by the First Trust Deed and the Second Trust Deed, or either one of them as the context may require;
“Dematerialised Shareholders”	shareholders who hold Afrimat ordinary shares which have been Dematerialised;
“Dematerialised”	the process by which shares held by Certificated Shareholders are converted to or held in an electronic form as uncertificated securities and recorded in a sub-register of securities holders maintained by a CSDP;
“Directors”	members of the Board or any committee thereof to or upon whom the powers of the directors in respect of the Revised Scheme are delegated or are conferred in terms of the Company’s memorandum of incorporation;

“Dispose”	sell, alienate, transfer, exchange, make over, give, donate, unbundle, distribute or otherwise dispose of (including, but not limited <i>eiusdem generis</i> by way of donation, dividend or by way of the terms of a will or any back-to-back arrangement or transaction or series of transactions or arrangements, cession of any rights, grant of options or any other transaction which has the same economic effect);
“Distribution”	shall have the meaning ascribed thereto in the Act;
“Employee Trustee”	the Trustee elected by the Beneficiaries in accordance with the provisions of the Trust Deed;
“Employment Termination Date”	the date on which a Beneficiary ceases to be actually employed by any member of the Afrimat Group for any reason whatsoever;
“Encumber”	includes any one or more of the following: <ul style="list-style-type: none"> • to pledge, assign or otherwise encumber or create or allow to come into existence any lien, hypothec, bond, charge or other form of security rights; • any form of hedging or lending; • any other type of preferential arrangement or agreement (including any cession and/or assignment of rights and/or obligations), the effect of which is or may be to result in anything referred to in the Trust Deed; and • any option, derivative or other similar transaction;
“First Allocation Date”	the date which shall be notified in writing by the Company to the Trustees, which shall be as soon as reasonably possible after the Registration Date;
“First Trust Deed”	the trust deed in terms of which the Trust was created, which trust deed was concluded during 2006, as read with any rules adopted thereunder;
“General Meeting”	the General Meeting of Afrimat shareholders to be held at Tyger Valley Office Park No. 2, Corner Willie van Schoor Avenue and Old Oak Road, Tyger Valley at 10:00 on Friday, 18 November 2016, or any adjournment thereof;
“Issued Units”	means the units created and issued to participants under the Current Scheme, which units accord certain rights under the Current Scheme to those participants;
“Independent Trustee”	the Trustee who is in no manner whatsoever related and/or connected to the Company, the Trust and/or the Beneficiaries, and who shall be elected and appointed by the Company Trustees and the Employee Trustees in accordance with the provisions of the Trust Deed;
“JSE”	JSE Limited (Registration Number: 2005/022939/06), a limited liability public company incorporated under the laws of the Republic of South Africa, licensed to operate an exchange under the Financial Markets Act, No. 19 of 2012 (as amended from time to time);
“JSE Listings Requirements”	the Listings Requirements of the JSE (as amended from time to time);
“Liabilities”	the costs of the Trust, Tax and all other current and non-current liabilities of the Trust;
“Master”	the Master of High Court of South Africa: Pretoria;
“Net Capital Proceeds”	the actual proceeds received by the Trust in respect of the Disposal of AEI Shares or Afrimat Shares, as applicable, less any Liabilities;
“Net Income”	all the income actually received by or accrued to the Trust, other than the Net Capital Proceeds, less any Liabilities;
“Notification Date”	the date of the Allocation Notice;

“Participation Rights”	in respect of each Trust Unit and for the purposes of determining the actual quantum of the cash distributions to which a Beneficiary shall be entitled, a right of a Beneficiary to the Net Income and the Net Capital Proceeds attributable to that Trust Unit, on the basis that each Trust Unit shall bear its proportionate share of the total Net Income and the Net Capital Proceeds, as detailed in paragraph 4.7;
“Permanent Employee”	those employees of the Afrimat Group who have been in permanent employment with the relevant member of the Afrimat Group as at the relevant Allocation Date, on a full-time basis and who shall exclude any fixed-term contractors, independent contractors, service contractors, temporary contract holders (including any person employed by a labour broker and rendering services to any member of the Afrimat Group) and expatriates;
“Qualifying Employees”	those persons who, on an Allocation Date, comply with the qualifying criteria as outlined in paragraph 4.2;
“Record Date”	close of business on the day the register of the Company will be closed to determine the entitlement to participate in a Distribution;
“Registration Date”	the date on which the Master registers the Trust Deed;
“Revised Scheme”	the scheme to be constituted and regulated by the Trust Deed;
“Second Trust Deed”	the amended and restated trust deed of the Trust, entered into between the Company and the Trustees on or about 24 February 2010, for the purpose of amending and replacing the First Trust Deed;
“SENS”	the Securities Exchange News Service of the JSE;
“Sponsor”	Bridge Capital Advisors Proprietary Limited (Registration Number: 1998/016302/07), a private company incorporated under the laws of South Africa;
“Strate”	Strate Proprietary Limited, (Registration Number: 1998/022242/07), a private company incorporated under the laws of South Africa and the electronic settlement system for settlements that take place on the JSE and off-market trades;
“Tax”	all taxes, charges, imposts, levies, duties, deductions, withholding or fees of any kind whatsoever, or any amount payable on account for or as security for any of the foregoing by whomsoever and on whomsoever imposed, levied, collected, withheld or assessed, together with any penalties, additions, fines, surcharges or interest relating thereto;
“Transfer Secretaries”	Computershare Investor Services Proprietary Limited (Registration Number: 2004/003647/07), a private company incorporated under the laws of South Africa;
“Trust”	the Afrimat BEE Trust, a trust registered with the Master under the reference number IT 13769/06;
“Trust Deed”	the trust deed of the Trust, which trust deed amends and replaces the Second Trust Deed in its entirety, and which, upon registration by the Master, will establish the Revised Scheme;
“Trustees”	the trustees from time to time of the Trust, all holding office in terms of the Trust Deed;
“Trust Units”	the units created by the Trustees in terms of the Trust Deed, which units are to be used exclusively as a mechanism to establish the respective Vested Rights of the Beneficiaries <i>inter se</i> under the Revised Scheme; and
“Vested Rights”	the Participation Rights in terms of each Trust Unit.



(Incorporated in the Republic of South Africa)
(Registration number 2006/022534/06)
Share code: AFT ISIN: ZAE000086302

CIRCULAR TO AFRIMAT SHAREHOLDERS

1. INTRODUCTION

The purpose of this Circular is to provide Afrimat shareholders with relevant information regarding the Trust Deed and to convene a General Meeting at Tyger Valley Office Park No. 2, Corner Willie van Schoor Avenue and Old Oak Road, Tyger Valley at 10:00 on Friday, 18 November 2016, at which meeting the shareholders of Afrimat will be requested to vote on the ordinary resolutions required to restate and amend the Second Trust Deed, by the replacement with the Trust Deed which, upon its registration by the Master, will establish the Revised Scheme.

Afrimat shareholders are advised that the Revised Scheme will not be established in accordance with scheme contemplated in Schedule 14 of the JSE Listings Requirements; nor will it require Afrimat to issue any Afrimat Shares.

The establishment of the Revised Scheme will require the Second Trust Deed to be amended and replaced by the Trust Deed. The Second Trust Deed requires that such amendment be approved, *inter alia*, by 75% (seventy five percent) of the shareholders of Afrimat voting at a general meeting.

2. CURRENT SCHEME: BRIEF HISTORY AND BACKGROUND

- 2.1 The Trust was registered during 2006 for the purpose of establishing the Current Scheme, and to assist the Company in achieving its BEE objectives.
- 2.2 The Second Trust Deed, which amended the First Trust Deed, was aimed at widening the pool of eligible beneficiaries under the Current Scheme, whilst achieving the Company's BEE objectives. The Second Trust Deed also enabled the establishment of AEI as a funding vehicle for which the Trust could secure funding to acquire Afrimat Shares.
- 2.3 The Current Scheme was initially established as an employee incentive scheme, in terms of the provisions of Schedule 14 of the JSE Listing Requirements.
- 2.4 All of the Afrimat shares under the Current Scheme have been issued to AEI, they are listed and are no longer under the control of Afrimat's directors. Once these shares are listed, they cease to be governed by Schedule 14 of the JSE Listings Requirements.
- 2.5 Funding was provided by Afrimat to AEI. AEI issued cumulative participating preference shares with a cumulative subscription price of R141 310 000 to the Company on behalf of participants. On 28 July 2016, Standard Bank of South Africa Limited provided funding to AEI in the amount of R141 310 000 for the redemption of the Company for all its Existing Preference Shares in issue and to pay the Existing Preference Share Aggregate Redemption Quantum to the Company. The company's shares held by AEI serve as security for the preference shares.

3. ARC TRANSACTION

- 3.1 ARC is a fully black-owned and controlled investment company focusing on businesses that deliver exceptional returns on equity. ARC is a strategic long-term investor with no predefined exit strategy. They invest in businesses that can grow organically or acquisitively and ARC can enable and accelerate this growth by providing funding where necessary.
- 3.2 The Company, AEI and ARC are contemplating the conclusion of the ARC Transaction which, once implemented, will amongst other things facilitate:

- 3.2.1 the settlement of all debt outstanding in relation to the Afrimat Shares held by AEI;
 - 3.2.2 ARC's participation in the growth and development of the Afrimat Group;
 - 3.2.3 the distribution of the economic benefits under the Current Scheme to its participants, who are all Black Employees; and
 - 3.2.4 the establishment of the Revised Scheme and the pursuit by Afrimat Group of its long-term BEE objectives.
- 3.3 Upon the implementation of the ARC Transaction:
- 3.3.1 the Issued Units shall be deemed to have vested on the holders thereof and the corresponding Afrimat Shares sold to ARC in terms of the ARC Transaction; and
 - 3.3.2 the holders of the Issued Units shall be released from any restrictions or lock-in obligations imposed on them under the Current Scheme.
- 3.4 ARC has, amongst other terms, agreed to a lock-in period of at least 4 (four) years in respect of the Afrimat Shares to be acquired by it pursuant to the ARC Transaction. In the event that ARC wishes to Dispose of any of its Afrimat Shares after the BEE lock-in period (being a period of 4 (four) years from the effective date of the ARC Transaction), ARC shall be obliged to offer the ARC shares to AEI (or its nominee) by giving notice in writing thereof to AEI (or its nominee).
- Please refer to the SENS announcement published on 23 September 2016 for the official notification of the ARC Transaction.

4. THE AMENDED AND RESTATED TRUST DEED OF AFRIMAT BEE TRUST

4.1 Revised Scheme: Overview and Rationale

- 4.1.1 Following the implementation of the ARC Transaction, the beneficiaries under the Current Scheme will receive their respective consideration net of any liabilities, and will cease to be participants under the Current Scheme. Furthermore, all of the funding associated with the Afrimat Shares will be settled, and the Trust will hold (indirectly through AEI) on an unencumbered basis, 6 653 854 (six million six hundred and fifty three thousand eight hundred and fifty four) shares representing 4,64% (four comma six four percent) of the issued Share capital of the Company.
- 4.1.2 Accordingly, the Company wishes to amend the Second Trust Deed so as to establish the Revised Scheme. The Revised Scheme will facilitate the participation of Qualifying Employees who may otherwise not have been able to become beneficiaries under the Current Scheme.
- 4.1.3 The establishment of the Revised Scheme will not require Afrimat to issue any additional Afrimat Shares. Furthermore, the Revised Scheme will enable Afrimat to further its long-term BEE objectives, and will facilitate Afrimat Group's compliance with the BEE Requirements.
- 4.1.4 The principle features of the Trust Deed are outlined below.

4.2 Beneficiaries

- 4.2.1 Under the Revised Scheme, a Beneficiary will be an individual who, on each Allocation Date, must:
 - 4.2.1.1 be a Permanent Employee of the Afrimat Group for at least 3 (three) uninterrupted years;
 - 4.2.1.2 not be serving his/her notice period; and
 - 4.2.1.3 not be participating in any other incentive scheme of the Afrimat Group, including the Afrimat Group's Annual Short-Term Incentive or such other similar incentive scheme operated by the Afrimat Group. The participation by a Qualifying Employee in a monthly production bonus scheme shall not disqualify his/her participation in the Scheme.

- 4.2.2 At least 85% (eighty five percent) of the Beneficiaries under the Revised Scheme shall be Black People. All qualifying employees (defined) qualify for participation. Non-black employees will also qualify for participation. The Company's qualifying employees constitute a spread of more than 85% Black People.

4.3 Departure from the Current Scheme

- 4.3.1 Unlike the Current Scheme, which was established as a scheme in terms of Schedule 14 of the JSE Listings Requirements, the Revised Scheme will be structured and administered as an Employee Share Ownership Programme (as contemplated by the Codes).
- 4.3.2 In terms of the Revised Scheme, if a Beneficiary ceases to be a Permanent Employee for any reason whatsoever, such Beneficiary shall, with effect from the Employment Termination Date or the notice period relating to such Employment Termination Date:
- 4.3.2.1 cease to be a Beneficiary under the Trust; and
 - 4.3.2.2 forfeit his/her Trust Unit under the Trust,
- in which case the relevant Trust Unit shall be cancelled.

4.4 Trust Units

Immediately after the Registration Date, the Trustees shall by written resolution create Trust Units.

4.5 Acquisition Price of Trust Units

Trust Units, and accordingly the rights of the Beneficiaries in terms of the Trust Deed, shall be allocated to the Qualifying Employees for no consideration.

4.6 Allocation of Trust Units to Beneficiaries

- 4.6.1 The Trustees shall immediately after creating the Trust Units confirm to the Board that the Trust Units are available for allocation to Qualifying Employees in accordance to the terms of the Trust Deed.
- 4.6.2 The Board shall from time to time identify the Qualifying Employees and, in doing so, the Board shall take into consideration the criteria detailed in paragraph 4.2 above and, after doing so, notify the Trustees in writing of:
- 4.6.2.1 the names of the relevant Qualifying Employees; and
 - 4.6.2.2 the Allocation Date,
- provided such notification shall be delivered to the Trustees at least 21 (twenty one) days prior to the relevant Allocation Date.
- 4.6.3 The Trustees shall procure that, within 7 (seven) days following receipt of a notification referred to in 4.6.2 above, they or the administrator of the Trust will send an Allocation Notice to the relevant Qualifying Employee identified, informing him/her of, *inter alia*, the following:
- 4.6.3.1 that a Trust Unit will be allocated to that Qualifying Employee;
 - 4.6.3.2 the Allocation Date in respect of such allocation;
 - 4.6.3.3 the Allocation Acceptance Period; and
 - 4.6.3.4 any such terms and conditions applicable to a Trust Unit which the Trustees resolve to reflect in the Allocation Notice.

4.7 Rights of Beneficiaries

- 4.7.1 The rights attaching to a Trust Unit allocated to a Beneficiary shall entitle such Beneficiary, subject to the terms and conditions set out in the Trust Deed, to the Vested Rights.

- 4.7.2 A Beneficiary's Vested Rights shall include the right to receive distributions commensurate with his/her Participation Rights, which shall be calculated with reference to the following formula:

$$PR = A/B$$

where:

PR = attributable Net Income or the Net Capital Proceeds, as the case may be, per Trust Unit;

A = total amount of Net Income or the Net Capital Proceeds, as the case may be; and

B = total number of Trust Units in issue as at the Record Date.

- 4.7.3 None of the AEI Shares, the Afrimat Shares (whether held directly or indirectly through AEI) or the Cash Reserves will vest in the Qualifying Employees.

4.8 Restrictions on the Transferability and Encumbrance of Rights

A Beneficiary shall not be entitled to Dispose and/or Encumber or in any other way deal with his Trust Unit and/or Vested Rights, or any other rights in terms of the Trust Deed, other than by way of the forfeiture or cancellation thereof in accordance with the terms of the Trust Deed.

4.9 Adjustment of Participation Rights

The Beneficiaries' Participation Rights shall only be capable of adjustment on the basis set out in paragraph 4.12 below.

4.10 Governance and Administration

- 4.10.1 There shall at all times be 5 (five) Trustees in office, the composition which shall be as follows:

4.10.1.1 2 (two) of whom shall be the Company Trustees, nominated and appointed by the Company;

4.10.1.2 2 (two) of whom shall be the Employee Trustees, nominated, elected and appointed by the Beneficiaries;

4.10.1.3 1 (one) of whom shall be the Independent Trustee, elected and appointed by the Trustees from a list of candidates provided by the Company Trustees and Employee Trustees.

- 4.10.2 The Trustees' powers shall be as stipulated in the Trust Deed, and shall include the right to subscribe, hold, Dispose of and exercise the voting rights relating to any AEI Shares or Afrimat Shares as may from time to time be held by the Trust.

- 4.10.3 No Beneficiary under the Revised Scheme may become a Trustee.

- 4.10.4 Should the Trustees resolve to wind up the Trust, the Trustees shall in terms of the Trust Deed:

4.10.4.1 Dispose of the AEI Shares or the Afrimat Shares as the case may be, in such quantities and tranches so as not to prejudice and/or benefit any Beneficiaries, and vest in and distribute the Net Capital Proceeds to the Beneficiaries in accordance with their Participation Rights; and

4.10.4.2 thereafter, cancel all the Trust Units in accordance with the terms of the Trust Deed.

- 4.10.5 The cancellation of the Trust Units for no consideration is as a result of the Vested Rights attached to those Trust Units having no value as at the cancellation date.

- 4.10.6 All Tax and reasonable costs and expenses of the Trust referred to in the Trust Deed, including the fees payable to the Auditors and the administrator of the Trust, shall be borne by the Trust. The Company may provide such assistance as the Trust may require, including secretarial, accounting, audit, administrative and legal services, the reasonable costs of which the Company shall be entitled to recover from the Trust as and when the Trust receives any Distribution.

4.11 Disclosure of financial information

- 4.11.1 The Trustees shall ensure that the books of account of the Trust are prepared in accordance with International Financial Reporting Standards and the accounting policies of the Company.
- 4.11.2 The Trust shall ensure that the annual financial statements are audited in accordance with the International Standards on Auditing and standards applicable to the Company.
- 4.11.3 The Trustees will ensure that the annual financial statements are presented to the Beneficiaries on an annual basis at the general meeting of the Beneficiaries.

4.12 Amending the Trust Deed

Any amendments to the Trust Deed by the Trustees will be subject to:

- 4.12.1 a resolution adopted by at least two-thirds majority of the Trustees;
- 4.12.2 the prior consent of the majority of the Beneficiaries at the time of such amendment; and
- 4.12.3 the prior written approval of the Board.

5. OPINIONS AND RECOMMENDATIONS

The Board has considered the terms and conditions of the amended and restated Trust Deed of the Afrimat BEE Trust. The Board is of the opinion that the amended and restated Trust Deed of the Afrimat BEE Trust should be supported and unanimously recommends that Afrimat shareholders vote in favour of the resolutions to be proposed at the General Meeting. Furthermore, the Board intends to vote in favour of the amended and restated Trust Deed of the Afrimat BEE Trust at the General Meeting.

6. EXPERTS' CONSENTS

The Sponsor, attorneys and Transfer Secretaries have consented in writing to act in the capacity stated and to their names being included in this Circular and have not withdrawn their consent prior to publication of this Circular.

7. GENERAL MEETING

- 7.1 A General Meeting will be held at Tyger Valley Office Park No. 2, Corner Willie van Schoor Avenue and Old Oak Road, Tyger Valley at 10:00 on Friday, 18 November 2016. The purpose of the General Meeting is to consider and, if deemed fit, to pass, with or without modification, the ordinary resolutions necessary to approve and implement the Trust Deed. A notice convening the General Meeting is attached hereto and forms part of this Circular.
- 7.2 A form of proxy for use by shareholders who have not Dematerialised their shares and own name Dematerialised Shareholders, who are unable to attend the General Meeting, is attached to and forms part of this Circular. Duly completed forms of proxy must be lodged with the Transfer Secretaries by no later than 10:00 on Wednesday, 16 November 2016.
- 7.3 Shareholders who have Dematerialised their shares, other than own name Dematerialised Shareholders, with a CSDP or broker must advise their CSDP or broker as to what action they wish to take. This must be done in terms of the agreement entered into between them and their CSDP or broker. Shareholders who have Dematerialised their shares must not return the attached form of proxy to the Transfer Secretaries. Their instructions must be sent to their CSDP or broker for action.

8. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents, or copies thereof, will be available for inspection by shareholders during normal business hours from Friday, 21 October 2016 to Friday, 18 November 2016 at the registered office of Afrimat.

- Signed copy of this Circular;
- The signed ARC Agreement;
- The Trust Deed;
- The First Trust Deed;
- The Second Trust Deed; and
- Signed copies of written consents of the Sponsor, the attorneys and Transfer Secretaries named in this Circular to act in those capacities.

Signed at Cape Town by Andries J van Heerden on his own behalf and on behalf of all the directors of the Company, he being duly authorised in terms of a power of attorney granted to him by such directors.

21 October 2016



(Incorporated in the Republic of South Africa)
(Registration number 2006/022534/06)
Share code: AFT ISIN: ZAE000086302
("Afrimat" or "the Company")

NOTICE OF GENERAL MEETING

Notice is hereby given that a General Meeting of Afrimat Shareholders will be held at Tyger Valley Office Park No. 2, Corner Willie van Schoor Avenue and Old Oak Road, Tyger Valley at 10:00 on Friday, 18 November 2016, to transact the following business:

To consider and, if deemed fit, pass the following ordinary resolutions with or without modification:

Ordinary resolution 1

"Resolved that, the amended and restated trust deed of the Afrimat BEE Trust, the salient terms of which are outlined in this Circular, be and is hereby approved".

In terms of the Second Trust Deed, at least 75% (seventy five percent) of the votes cast by the shareholders present or represented by proxy at the General Meeting must be cast in favour of the ordinary resolution 1 in order for it to be approved.

Ordinary resolution 2

"Resolved that any member of the Board, or the company secretary, be and is hereby authorised to do all things and sign all documents required to give effect to and implement ordinary resolution number 1".

In terms of the Companies Act, at least 50% (fifty percent) plus one of the votes cast by the shareholders present or represented by proxy at the General Meeting must be cast in favour of the ordinary resolution 2 in order for it to be approved. Furthermore, equity securities held by a share trust or scheme will not have their votes at general/annual general meetings taken into account for the purposes of resolutions proposed in terms of the JSE Listings Requirements.

VOTING AND PROXIES

- Every person present and entitled to vote at the General Meeting as a member or as a proxy or as a representative of a body corporate shall, on a show of hands, have one vote only, irrespective of the number of shares such person holds or represents, but in the event of a poll, a member holding shares will be entitled to one vote per share held.
- A member entitled to attend, speak and vote at the meeting is entitled to appoint a proxy (who need not be a member of Afrimat), to attend, speak and vote in his/her stead.
- Members which are companies or other bodies corporate may, in terms of the Companies Act, by resolution of its directors or other governing body, authorise any person to act as its representative at the General Meeting.
- Shareholders who have not Dematerialised their shares and own name Dematerialised Shareholders who are unable to attend the General Meeting and wish to be represented thereat, must complete the attached form of proxy in accordance with the instructions therein and return it to the Transfer Secretaries to be received by no later than 10:00 on Wednesday, 16 November 2016.
- Shareholders who have Dematerialised their shares with a Central Securities Depository Participant ("CSDP") or broker, other than by own name registration, must advise their CSDP or broker as to what action they wish to take. This must be done by the cut-off time required in terms of the agreement entered into between them and their CSDP or broker. Shareholders who have Dematerialised their shares must **not** return the form of proxy to the Transfer Secretaries, Computershare Investor Services Proprietary Limited. Their instructions must be sent to their CSDP or broker for action.

- Should shareholders who have Dematerialised their shares with a CSDP wish to attend the General Meeting in person, they must obtain the necessary letter of representation from their CSDP or broker.

By order of the Board

Mariette Swart

Company Secretary

21 October 2016

Registered office

Tyger Valley Office Park No. 2
Corner Willie van Schoor Avenue and Old Oak Road
Tyger Valley, 7530
(PO Box 5278, Tyger Valley, 7536)

Transfer secretaries

Computershare Investor Services Proprietary Limited
Ground Floor, 70 Marshall Street
Johannesburg, 2001
(PO Box 61051, Marshalltown, 2107)



(Incorporated in the Republic of South Africa)
 (Registration number 2006/022534/06)
 Share code: AFT ISIN: ZAE000086302
 ("Afrimat" or "the Company")

FORM OF PROXY

For use only by certificated shareholders and Dematerialised Shareholders with own name registration, at the General Meeting of Afrimat to be held at Tyger Valley Office Park No. 2, Corner Willie van Schoor Avenue and Old Oak Road, Tyger Valley at 10:00 on Friday, 18 November 2016.

Shareholders who have Dematerialised their shares, other than by own name registration, who wish to attend the General Meeting must inform their Central Securities Depository Participant ("CSDP") or broker of their intention to attend the General Meeting and request their CSDP or broker to issue them with the relevant letter of representation to attend the General Meeting in person or by proxy and vote. If they do not wish to attend the General Meeting in person or by proxy, they must provide their CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker. **These shareholders must not use this form of proxy.**

I/We (please print names in full) _____

of (please print address) _____

Telephone number, cell number, email address _____

being a shareholder of Afrimat Limited, holding ordinary shares in Afrimat Limited, hereby appoint:

1. _____ or failing him/her,

2. _____ or failing him/her,

3. the Chairperson of the meeting,

as my/our proxy to attend, speak and vote on my/our behalf at the General Meeting for the purpose of considering and, if deemed fit, passing, with or without modification, the ordinary resolutions to be proposed thereat and at each adjournment thereof, and to vote for and/or against the resolutions in respect of the shares registered in my/our name/s in accordance with the following instructions.

	In favour of	Against	Abstain
Ordinary resolution 1			
To approve the amended and restated Trust Deed of the Afrimat BEE Trust			
Ordinary resolution 2			
Authorise any member of the Board or the Company secretary to sign documentation and do all things necessary to give effect to ordinary resolution 1			

Signed this _____ day of _____ 2016

Signature of member(s) assisted by (where applicable) _____

Please read the notes and instruction on the reverse hereof.

Each shareholder is entitled to appoint one or more proxies (who need not be a shareholder of the Company) to attend, speak and vote in place of that shareholder at the General Meeting.

Notes:

1. The form of Summary of Rights Contained in section 58 of the Companies Act.

In terms of section 58 of the Companies Act:

- a shareholder may, at any time and in accordance with the provisions of section 58 of the Companies Act, appoint any individual (including an individual who is not a shareholder) as a proxy to participate in, and speak and vote at, a shareholders' meeting on behalf of such shareholder;
 - a proxy may delegate her or his authority to act on behalf of a shareholder to another person, subject to any restriction set out in the instrument appointing such proxy;
 - irrespective of the form of instrument used to appoint a proxy, the appointment of a proxy is suspended at any time and to the extent that the relevant shareholder chooses to act directly and in person in the exercise of any of such shareholder's rights as a shareholder;
 - irrespective of the form of instrument used to appoint a proxy, any appointment by a shareholder of a proxy is revocable, unless the form of instrument used to appoint such proxy states otherwise;
 - if an appointment of a proxy is revocable, a shareholder may revoke the proxy appointment by: (i) cancelling it in writing, or making a later inconsistent appointment of a proxy and (ii) delivering a copy of the revocation instrument to the proxy and to the Company; and
 - a proxy appointed by a shareholder is entitled to exercise, or abstain from exercising, any voting right of such shareholder without direction, except to the extent that the relevant company's memorandum of incorporation, or the instrument appointing the proxy, provides otherwise (see note 7).
2. The form of proxy must only be used by shareholders who hold shares in certificated form or who are recorded on the sub-register in electronic form in own name.
 3. All other beneficial owners who have Dematerialised their shares through a CSDP or broker and wish to attend the General Meeting must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker.
 4. A shareholder entitled to attend and vote at the General Meeting may insert the name of a proxy or the names of two alternate proxies of the shareholder's choice in the space provided, with or without deleting "the Chairperson of the General Meeting". The person whose name stands first on the form of proxy and who is present at the General Meeting will be entitled to act as proxy to the exclusion of such proxy(ies) whose names follow.
 5. A shareholder is entitled to one vote on a show of hands and, on a poll, one vote in respect of each ordinary share held. A shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that shareholder in the appropriate space provided. If an "X" has been inserted in one of the blocks to a particular resolution, it will indicate the voting of all the shares held by the shareholder concerned. 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 of the shareholder's votes exercisable thereat. A shareholder or the proxy is not obliged to use all the votes exercisable by the shareholder or by the proxy, but the total of the votes cast and in respect of which abstention is recorded may not exceed the total of the votes exercisable by the shareholder or the proxy.
 6. A vote given in terms of an instrument of proxy shall be valid in relation to the General Meeting, notwithstanding the death, insanity or other legal disability of the person granting it, or the revocation of the proxy, or the transfer of the shares in respect of which the proxy is given, unless notice as to any of the aforementioned matters shall have been received by the Company's transfer secretaries, Computershare Investor Services Proprietary Limited ("transfer secretaries"), not less than 48 (forty eight) hours before the commencement of the General Meeting.
 7. If a 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, such proxy shall be entitled to vote as he/she thinks fit.
 8. 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.
 9. A shareholder's authorisation to the proxy including the Chairperson of the General Meeting, to vote on such shareholder's behalf, shall be deemed to include the authority to vote on procedural matters at the General Meeting.
 10. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof.
 11. Documentary evidence establishing the authority of a person signing the form of proxy in a representative capacity must be attached to this form of proxy, unless previously recorded by the transfer secretaries or is waived by the Chairperson of the General Meeting.
 12. 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 transfer secretaries.
 13. Where there are joint holders of shares:
 - any one holder may sign the form of proxy; and
 - the vote(s) of the senior shareholders (for that purpose seniority will be determined by the order in which the names of shareholders appear in the Company's register of ordinary 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 shareholder(s).
 14. Forms of proxy should be lodged with or mailed to the transfer secretaries:

Hand deliveries to:	Postal deliveries to:
Computershare Investor Services Proprietary Limited	Computershare Investor Services Proprietary Limited
Ground Floor	PO Box 61051
70 Marshall Street	Marshalltown
Johannesburg, 2001	2107

to be received by no later than 10:00 on Wednesday, 16 November 2016 (or 48 (forty-eight) hours before any adjournment of the General Meeting which date, if necessary, will be notified on the Stock Exchange News Service of the JSE) or may be handed to the Chairperson of the meeting immediately before the appointed proxy exercises any of the shareholder's votes at the General Meeting.
 15. A deletion of any printed matter and the completion of any blank space need not be signed or initialled. Any alteration or correction must be signed and not merely initialled.