



Consolidated
Infrastructure
Group Limited

Consolidated Infrastructure Group Limited

(Incorporated in the Republic of South Africa)
(Registration number 2007/004935/06)
Share code: CIL
ISIN: ZAE000153888
("CIG", the "Company" or the "Group")

The definitions and interpretations commencing on page 5 apply mutatis mutandis throughout this EGM Circular, including the front cover.

EGM CIRCULAR TO CIG SHAREHOLDERS

relating to:

- the increase in CIG's authorised share capital from 300 000 000 no par value CIG shares to 600 000 000 no par value CIG Shares;
- the requisite CIG Shareholder approvals to issue: (i) the Rights Offer Shares in terms of section 41 of the Act; and (ii) the Specific Issue Shares in terms of section 41 of the Act and paragraph 5.51(g) of the JSE Listings Requirements; and
- the waiver of any obligation to make a Mandatory Offer to CIG Shareholders arising from, or in any way connected to, the Proposed Transaction, as defined in this EGM Circular.

and including:

- a fair and reasonable opinion in terms of Regulation 86(7) of the Regulations;
- a notice convening a General Meeting of CIG Shareholders; and
- a Form of Proxy for the General Meeting (*blue*) (for use by Certificated CIG Shareholders and Dematerialised CIG Shareholders with "own-name" registration only).

Date of issue: Monday, 30 July 2018

This EGM Circular is important and requires your immediate attention. The action you need to take is set out on page 3. If you are in any doubt as to the action you should take, please consult your Broker, CSDP, banker, attorney, accountant or other professional adviser immediately. If you have disposed of all of your CIG Shares on or before the EGM Circular Record Date, please forward this EGM Circular to the person to whom you have disposed of such CIG Shares or the Broker, CSDP, banker or other agent through whom you disposed of such CIG Shares.

The statements contained in this EGM Circular that are not based on historical facts are "forward-looking". These forward-looking statements are subject to a number of substantial risks and uncertainties, many of which are beyond CIG's and FSA's control and actual results may differ materially from those expressed or implied by these statements for a variety of factors.

Financial adviser and transaction sponsor to CIG



Legal adviser to CIG



Legal adviser to Fairfax Africa



Independent Expert



**Independent reporting
accountant and auditor to CIG**



CORPORATE INFORMATION AND ADVISERS

Company secretary

Gillian Prestwich

CIG registered office

Consolidated Infrastructure Group Limited
(Registration number 2007/004935/06)
30 Melrose Boulevard
Sandton, 2196
(PO Box 651455, Benmore, 2010)

Legal adviser to CIG

Edward Nathan Sonnenbergs Incorporated
(Registration number 2006/018200/21)
150 West Street
Sandton, 2196
(PO Box 783347, Sandton, 2146)

Company sponsor to CIG

Java Capital Proprietary Limited
(Registration number 2002/031862/07)
2 Arnold Road
Rosebank, 2196
(PO Box 2087, Parklands, 2121)

Financial adviser and transaction sponsor to CIG

Rand Merchant Bank (a division of FirstRand
Bank Limited)
(Registration number 1929/001225/06)
1 Merchant Place
Cnr Fredman Drive and Rivonia Road
Sandton, 2196
(PO Box 786273, Sandton, 2146)

Independent Expert

DG Capital Proprietary Limited
(Registration number 2005/000225/07)
68 St. Andrews Street
Birdhaven
Johannesburg, 2196
(PO Box 3061, Houghton, 2041)

Legal adviser to Fairfax Africa

Bowman Gilfillan Incorporated
(Registration number 1998/021409/21)
11 Alice Lane
Sandton, 2146
(PO Box 785812, Sandton, 2146)

Transfer Secretaries

Computershare Investor Services Proprietary Limited
(Registration number 2004/003647/07)
Rosebank Towers
15 Biermann Avenue
Rosebank, 2196
(PO Box 61051, Marshalltown, 2107)

Independent reporting accountant and auditor to CIG

Grant Thornton South Africa Proprietary Limited
(Registration number 2013/053367/07)
Wanderers Office Park
52 Corlett Drive
Illovo, 2196
(Private bag X5, Northlands, 2116)

This EGM Circular is only available in English. Copies may be obtained from the Company's website, <http://www.ciglimited.co.za> or at the registered office of CIG or ENS Africa, whose addresses are set out above, during normal office hours from 09:00 to 17:00, from the date of posting of this EGM Circular, being Monday, 30 July 2018, up to, and including, the date of the General Meeting, being Wednesday, 29 August 2018.

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ACTION REQUIRED BY CIG SHAREHOLDERS

The definitions and interpretations commencing on page 5 of this EGM Circular apply to this “Action required by CIG Shareholders” Section of the EGM Circular.

This EGM Circular is important and requires your immediate attention. The action you need to take is set out below. If you are in any doubt as to the action you should take, please consult your Broker, CSDP, banker, attorney, accountant or other professional adviser immediately. If you have disposed of all of your CIG Shares on or before the EGM Circular Record Date, please forward this EGM Circular to the person to whom you have disposed of such CIG Shares or the Broker, CSDP, banker or other agent through whom you disposed of such CIG Shares.

A General Meeting of the CIG Shareholders will be held at First Floor, 30 Melrose Boulevard, Melrose Arch, 2196, on Wednesday, 29 August 2018 at 10:00 to consider and, if deemed fit, pass, with or without modification, the resolutions required to authorise and implement the Proposed Transaction. A notice convening the General Meeting is attached to and forms an integral part of this EGM Circular.

ACTION REQUIRED BY CIG SHAREHOLDERS

1. DEMATERIALISED CIG SHAREHOLDERS OTHER THAN WITH “OWN NAME” REGISTRATION

1.1 Voting at the General Meeting

Your Broker or CSDP should contact you to ascertain how you wish to cast your vote at the General Meeting and thereafter cast your vote in accordance with your instructions.

If you have not been contacted by your Broker or CSDP, it is advisable for you to contact your Broker or CSDP and furnish them with your voting instructions.

If your Broker or CSDP does not obtain voting instructions from you, they will be obliged to vote in accordance with the instructions contained in the custody agreement concluded between you and your Broker or CSDP.

You must **not** complete the attached Form of Proxy (*blue*).

1.2 Attendance and representation at the General Meeting

In accordance with the mandate between you and your Broker or CSDP, you must instruct your Broker or CSDP if you wish to attend the General Meeting and your Broker or CSDP will issue the necessary letter of representation to you to attend the General Meeting.

2. DEMATERIALISED CIG SHAREHOLDERS WITH “OWN NAME” REGISTRATION AND CERTIFICATED CIG SHAREHOLDERS

2.1 Voting and attendance at the General Meeting

You may attend the General Meeting in person and may vote at the General Meeting.

Alternatively, you may appoint a proxy to represent you at the General Meeting by completing the attached Form of Proxy (*blue*) in relation to the General Meeting in accordance with the instructions detailed therein and return such Form of Proxy to the Transfer Secretaries. For administrative purposes and the sake of good order, the Forms of Proxy should be received or lodged by 10:00 on Monday, 27 August 2018. Notwithstanding the foregoing, the Forms of Proxy may be lodged at any time before the commencement of the voting at the General Meeting.

TAKEOVER REGULATION PANEL APPROVALS

CIG Shareholders should take note that the TRP does not consider commercial advantages or disadvantages of affected transactions when it approves such transactions.

IMPORTANT DATES AND TIMES

The definitions and interpretations commencing on page 5 of this EGM Circular apply to this “Important dates and times” Section of this EGM Circular.

2018

Record Date for CIG Shareholders to be registered as such in order to receive the EGM Circular	Friday, 20 July
EGM Circular posted to CIG Shareholders and announcement thereof released on SENS	Monday, 30 July
Last day to trade in CIG Shares in order to be eligible to attend, participate and vote at the General Meeting	Tuesday, 14 August
Record Date in order to determine which CIG Shareholders are eligible to attend, participate in and vote at the General Meeting	Friday, 17 August
Forms of Proxy requested to be lodged for administrative purposes, by 10:00 on	Monday, 27 August
General Meeting to be held at First Floor, 30 Melrose Boulevard, Melrose Arch, 2196	Wednesday, 29 August
Results of the General Meeting released on SENS	Wednesday, 29 August
Results of the General Meeting published in the South African press	Thursday, 30 August
Exemption application to the TRP to obtain the TRP Waiver Exemptions	Thursday, 30 August
Last day to request the Takeover Special Committee to review the TRP Waiver Exemptions as provided in paragraph 5.4 of Section C of this EGM Circular	Thursday, 6 September

Notes:

1. CIG Shareholders will be notified of any material amendments to the important dates and times on SENS and in the South African press.
2. All times indicated above are South African standard times.
3. A Form of Proxy not lodged with the Transfer Secretaries may be handed to the chairman of the General Meeting before commencement of voting at the General Meeting or any adjourned or postponed General Meeting.
4. If the General Meeting is adjourned or postponed, Forms of Proxy submitted for the initial General Meeting will remain valid in respect of any adjournment or postponement of the General Meeting, unless withdrawn by the CIG Shareholder on written notice to the Transfer Secretaries.
5. If the General Meeting is adjourned or postponed, then the Forms of Proxy that have not yet been submitted should be lodged with the Transfer Secretaries by no later than 48 hours before the adjourned or postponed General Meeting. Notwithstanding the foregoing, they may be handed to the chairman of the adjourned or postponed General Meeting at any time before the commencement of voting at the adjourned or postponed General Meeting.
6. CIG will release a SENS announcement of the TRP Waiver Exemptions and inform CIG Shareholders that they may request the Takeover Special Committee to review the TRP Waiver Exemptions within five Business Days of the date of the TRP Waiver Announcement.

DEFINITIONS AND INTERPRETATIONS

In this EGM Circular (including the front cover) and its annexures, unless a contrary intention clearly appears, words and expressions in the first column shall have the meanings stated opposite them in the second column, and words and expressions in the singular shall include the plural and *vice versa*, words importing natural persons shall include juristic persons and unincorporated associations of persons and *vice versa*, and any reference to one gender shall include the other genders.

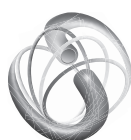
“Act”	the Companies Act 71 of 2008, as amended;
“AEDC (Nigeria)”	Abuja Electricity Distribution Company Plc, a public company incorporated in accordance with the laws of Nigeria;
“AES”	Angola Environmental Servicos Limitada (registration number 083/050218), a public company incorporated in accordance with the laws of Angola, an associate of which CIG holds 30.5% of the equity interests;
“Associates”	will bear the meaning assigned to this term in the JSE Listings Requirements;
“Board” or “Directors”	the board of directors of CIG from time to time;
“Broker”	any person registered as a “broking member (equities)” in accordance with the provisions of the Financial Markets Act;
“Business Day”	any day other than a Saturday, Sunday or an official public holiday in South Africa;
“CBM”	collectively, Quarry Cats Mining License Laezonia Proprietary Limited (registration number 1969/005039/07), Drift Supersand Proprietary Limited (registration number 2006/031434/07) and Drift Supersand Mining Proprietary Limited (registration number 1981/009738/07), all of which are companies incorporated in accordance with the laws of South Africa;
“Certificated CIG Shareholders”	CIG Shareholders who hold CIG Shares, title to which is evidenced by a share certificate or other physical Document of Title, which CIG Shares have not been dematerialised in terms of the requirements of Strate;
“Cession and Pledge”	the agreement titled “Guarantee, Cession and Pledge in Security” entered into between FSA, CIG and Parmtro Investments No. 11 Proprietary Limited, and forming part of the Definitive Agreements;
“CIGenCo”	Cigenco SA Proprietary Limited (registration number 2015/112446/07), a private company incorporated in accordance with the laws of South Africa, a wholly-owned subsidiary of the Group;
“CIG Funders”	collectively, the Standard Bank of South Africa Limited, Standard Chartered Bank, Johannesburg Branch, Standard Chartered Bank (Mauritius) Limited, Sanlam Capital Markets (a division of Sanlam Life Insurance Limited), Sanlam Investment Management (a division of Sanlam Life Insurance Limited), Sanlam Investment Management Proprietary Limited, Ashburton Fund Managers Proprietary Limited, Atlantic Asset Management Proprietary Limited, Futuregrowth Asset Management Proprietary Limited and Investec Asset Management Proprietary Limited;
“CIG Management”	the management of CIG from time to time;
“CIG Shareholder Register”	CIG’s securities register maintained by the Transfer Secretaries in accordance with sections 50(1) and 50(3) of the Act, including CIG’s dematerialised sub-registers maintained by the CSDPs;
“CIG Shareholders”	the holders of CIG Shares from time to time;
“CIG Shares”	ordinary shares of no par value in the issued share capital of CIG;
“CIG”, the “Company” or the “Group”	Consolidated Infrastructure Group Limited and its subsidiaries (registration number 2007/004935/06), a public company incorporated in accordance with the laws of South Africa and listed on the JSE;

“Company Secretary”	CIG’s company secretary, as included in the Section titled “Corporate information and advisers” of this EGM Circular;
“Commission”	Companies and Intellectual Property Commission;
“Conco”	Consolidated Power Projects Group Africa Proprietary Limited (registration number 1982/011895/07), a private company incorporated in accordance with the laws of South Africa, a wholly-owned subsidiary of the Group;
“Conco Energy Solutions”	Consolidated Power Projects Energy Solutions Proprietary Limited (registration number 2015/037373/07), a private company incorporated in accordance with the laws of South Africa, a wholly-owned subsidiary of the Group;
“Conditions Precedents”	means the Rights Offer Conditions and the Conversion Rights Conditions;
“Conlog”	Conlog Proprietary Limited (RF) (registration number 1982/011895/07), a private company incorporated in accordance with the laws of South Africa, a wholly-owned subsidiary of the Group;
“Conlog Rights Offer”	a R750 million renounceable claw-back rights offer by CIG undertaken during November 2016 in order to fund the major portion of the consideration payable for the acquisition of the entire issued share capital of Conlog;
“Consolidated Power Maintenance”	Consolidated Power Maintenance Proprietary Limited (registration number 1996/008732/07), a private company incorporated with the laws of South Africa, a wholly-owned subsidiary of CIG;
“Conversion Price”	the price at which the Loan will be converted into CIG Shares, being R5.20 per Specific Issue Share, which is at a premium to the CIG share price as at the Definitive Agreements Date;
“Conversion Rights”	an option to convert the Loan into CIG Shares in accordance with the terms of the Convertible Facility Agreement;
“Conversion Rights Conditions”	the conditions set out in paragraph 6 of Section D of this EGM Circular;
“Conversion Rights Resolutions”	Special Resolution Number 1, Special Resolution Number 2, Special Resolution Number 4, Ordinary Resolution Number 1 and Ordinary Resolution Number 3 in the Notice of General Meeting, forming part of the Transaction Resolutions;
“Conversion Rights Waiver Resolution”	Ordinary Resolution Number 3 in the Notice of General Meeting;
“Convertible Facility Agreement”	the agreement titled “R300 million Convertible Facility Agreement” entered into on the Definitive Agreements Date between FSA and CIG, and forming part of the Definitive Agreements;
“CSDP”	Central Securities Depository Participant, being a “participant” as defined in Section 1 of the Financial Markets Act;
“Date of Disbursement”	Monday, 4 June 2018, being the date on which the capital amount of the Loan was disbursed by FSA to CIG in terms of the Convertible Facility Agreement;
“Debt Standstill”	the waiver granted by CIG Funders to CIG with respect to its breach of certain funding covenants, as described in the announcement released on SENS on 15 February 2018 and comprising the arrangements set out in an agreement which CIG entered into with the Funders (but excluding Bank of China) on or about 15 February 2018, as amended and/or regulated in terms of an agreement titled “Interim Agreement” entered into between CIG, the aforementioned Funders and FSA on or about 17 May 2018;
“Definitive Agreements”	a suite of agreements entered into between, amongst others, CIG and FSA on the Definitive Agreements Date, in order to give effect to the Proposed Transaction, being the Convertible Facility Agreement, the Implementation Agreement, the Guarantee and the Cession and Pledge;
“Definitive Agreements Date”	the date on which the Definitive Agreements were entered into being Friday, 18 May 2018;

“Dematerialised CIG Shareholders”	CIG Shareholders who hold CIG Shares which have been dematerialised in terms of the requirements of Strate;
“Document of Title”	means valid share certificates, certified transfer deeds, balance receipts or any other proof of ownership of CIG Shares, reasonably acceptable to CIG;
“DG Capital” or “Independent Expert”	DG Capital Proprietary Limited (registration number 2005/000225/07), a private company incorporated in accordance with the laws of South Africa, and the independent expert in respect of the Proposed Transaction;
“EGM Circular Record Date”	the date on which a CIG Shareholder must be recorded in the CIG Shareholder Register in order to receive the EGM Circular and Notice of General Meeting;
“EGM Circular”	this bound document, dated Monday, 30 July 2018, including its annexures and attachments;
“ENS Africa”	Edward Nathan Sonnenbergs Inc. (registration number 2006/018200/21), a personal liability company incorporated in accordance with the laws of South Africa, acting as legal adviser to CIG in respect of the Proposed Transaction;
“Fairfax Africa”	Fairfax Africa Holdings Corporation (registration number 973035-4), a public company incorporated in accordance with the laws of Canada and listed on the TSX, the holding company of FSA;
“Fairfax Africa Group”	Fairfax Africa and its subsidiaries;
“Financial Markets Act”	the Financial Market Act 19 of 2012, as amended;
“Form of Proxy”	the (<i>blue</i>) form of proxy attached to, and forming part of, this EGM Circular, where applicable;
“FSA”	Fairfax Africa Investments Proprietary Limited (registration number 2016/446421/07), a private company incorporated in accordance with the laws of South Africa, which is the counterparty to the Proposed Transaction and a wholly-owned subsidiary of Fairfax Africa;
“General Meeting Record Date”	the date on which a CIG Shareholder must be recorded in the CIG Shareholders Register in order to attend and vote at the General Meeting;
“General Meeting”	the general meeting of CIG Shareholders to be held at First Floor, 30 Melrose Boulevard, Melrose Arch, 2196 on Wednesday, 29 August 2018, for the purposes of considering, and if deemed fit, passing with or without modification, the Transaction Resolutions, inclusive of any meeting which may be held as a result of any postponement, adjournment or reconvening thereof;
“Grant Thornton”	Grant Thornton South Africa Proprietary Limited (registration number 2013/053367/07), a private company incorporated in accordance with the laws of South Africa, and the independent reporting accountant and auditor to CIG in respect of the Proposed Transaction;
“Guarantee”	the agreement titled “Guarantee” entered into on the Definitive Agreements Date between Fairfax Africa and CIG;
“IFRIC”	International Financial Reporting Interpretation Committee;
“IFRS”	International Financial Reporting Standards;
“Implementation Agreement”	the agreement titled “Implementation and Underwriting Agreement” entered into on the Definitive Agreements Date between FSA and CIG, and forming part of the Definitive Agreements;
“Ince”	Ince Proprietary Limited (registration number 1939/012146/07), a private company incorporated in accordance with the laws of South Africa;
“Independent Board”	the independent Board constituted to consider and opine on the Proposed Transaction and comprised of the following independent Directors: Frank Boner, Kofi Bucknor, Alex Darko, Anthony Dixon, Judi Nwokedi, Prof. Kalu Ojah, Kevin Kariuki;

“Independent Expert Report”	the report provided by DG Capital in accordance with Regulation 86(7) of the Regulations as captured in Annexure 1 of this EGM Circular;
“JSE Listings Requirements”	the listings requirements of the JSE, as amended;
“JSE”	the Johannesburg Stock Exchange, operated by JSE Limited (registration number 2005/022939/06), a public company incorporated in accordance with the laws of South Africa and listed on the Main Board of the JSE, licensed as an exchange under the Financial Markets Act;
“Last Practicable Date”	Friday, 20 July 2018, being the last practicable date prior to the finalisation of this EGM Circular;
“Loan”	an amount of R300 million lent and advanced by FSA to CIG on the Date of Disbursement in terms of the Convertible Facility Agreement, including all accrued but unpaid interest;
“Mandatory Offer Waiver Resolutions”	the Rights Offer Waiver Resolution or Conversion Rights Waiver Resolution, as applicable;
“Mandatory Offer”	“mandatory offer” as contemplated in section 123 of the Act;
“MOI”	the Memorandum of Incorporation of CIG;
“Nala”	Nala Empowerment Investment Company Proprietary Limited (registration number 2010/022026/07), a private company incorporated in accordance with the laws of the South Africa, being a beneficial shareholder in CIG;
“Notice of General Meeting”	the notice convening the General Meeting attached to and forming part of this EGM Circular;
“Old Mutual”	Old Mutual Life Assurance Limited (registration number 1991/004643/06), a public company incorporated in accordance with the laws of South Africa, being a beneficial shareholder of CIG;
“Parmtro”	Parmtro Investments 11 Proprietary Limited (registration number 2000/027793/07), a private company incorporated in accordance with the laws of South Africa, a wholly-owned subsidiary of CIG and the holder of a 40% shareholding in Conlog;
“PGR2”	PGR2 Investments Proprietary Limited (registration number 1999/005965/07), a private company incorporated in accordance with the laws of South Africa, whose entire issued share capital is held by the trustees of Stellenberg Trust, being a beneficial shareholder in CIG;
“Proposed Transaction”	the transaction, as described in paragraph 1.4 of Section A of this EGM Circular, comprising of three divisible components, being the Loan, the Rights Offer and the Conversion Rights which, if approved at the General Meeting and subsequently exercised, will result in the Specific Issue, and incorporating the Waiver of Mandatory Offer;
“Rand Merchant Bank”	a division of FirstRand Bank Limited (registration number 1929/001225/06), a public company incorporated in accordance with the laws of South Africa, the financial advisor to CIG in respect of the Proposed Transaction;
“Regulations”	the regulations promulgated in terms of section 223 of the Act, published under Government Notice R351 in Government Gazette 34239 of 26 April 2011, as amended;
“Rights Offer”	an R800 million non-renounceable rights offer to CIG Shareholders, which is fully underwritten by FSA, at the Rights Offer Price;
“Rights Offer Circular”	the circular to be posted to CIG Shareholders containing the terms of the Rights Offer;
“Rights Offer Conditions”	the conditions set out in paragraph 5 of Section D of this EGM Circular;
“Rights Offer Price”	the price at which CIG Shareholders are entitled to subscribe for the Rights Offer Shares, namely R4.00 per Rights Offer Share;

“Rights Offer Resolutions”	Special Resolution Number 1, Special Resolution Number 2, Special Resolution Number 3 and Ordinary Resolution Number 2, forming part of the Transaction Resolutions;
“Rights Offer Shares”	200 000 000 new CIG Shares, being the result of R800 million divided by the Rights Offer Price;
“Rights Offer Waiver Resolution”	Ordinary Resolution Number 2 in the Notice of General Meeting;
“SAICA”	South African Institute of Chartered Accountants;
“SENS”	the Stock Exchange News Service of the JSE;
“Specific Issue Shares”	the CIG Shares to potentially be issued pursuant to the Specific Issue;
“Specific Issue”	the specific issue by CIG of the Specific Issue Shares that may arise from the exercise of the Conversion Rights, in accordance with paragraph 5.51 of the JSE Listings Requirements;
“Stellenberg Trust”	Stellenberg Trust (registration number T5556/98), a trust incorporated in accordance with the laws of South Africa, a South African established discretionary trust;
“Strate”	Strate Proprietary Limited (registration number 1998/022242/07), a private company incorporated in accordance with the laws of South Africa and a registered central securities depository in terms of the Financial Markets Act;
“Takeover Special Committee”	the Takeover Special Committee, established in terms of section 202 of the Act;
“Trading Days”	any day on which trading takes place through normal trading systems on the JSE;
“Transaction Resolutions”	the resolutions set out in the Notice of General Meeting;
“Tractionel”	Tractionel Maintenance Services Proprietary Limited (registration number 1982/010497/07), a private company incorporated in accordance with the laws of South Africa, a wholly-owned subsidiary of the Group;
“Transfer Secretaries” or “Computershare”	Computershare Investor Services Proprietary Limited (registration number 2004/003647/07), a private company incorporated in accordance with the laws of South Africa and the transfer secretaries of CIG;
“Treasury Shares”	6 093 900 CIG Shares held as treasury stock as at the Last Practicable Date;
“TRP Waiver Announcement”	the SENS announcement by CIG of the TRP Waiver Exemptions giving CIG Shareholders the right to seek the review of the TRP Waiver Exemptions within five business days of release of such announcement;
“TRP Waiver Exemptions”	the TRP waiver rulings envisaged in the TRP Guideline 2/2011 which is obtained pursuant to the Waiver of Mandatory Offer, with reference to the Rights Offer and/or the Conversion Rights;
“TRP”	the Takeover Regulation Panel established in accordance with section 196 of the Act;
“TSX”	the Toronto Stock Exchange;
“Underwritten Rights Offer Shares”	those Rights Offer Shares relating to the rights which are not followed by CIG Shareholders in terms of the Rights Offer;
“VAT”	Value Added Tax, levied in terms of the Value Added Tax Act 89 of 1991, as amended;
“Waiver of Mandatory Offer”	a waiver of mandatory offer related to the Rights Offer or the Conversion Rights as applicable, as detailed in Section C of this EGM Circular; and
“VWAP”	the weighted average traded price of the CIG Shares traded, divided by the total number of CIG Shares traded, over a particular period of time as defined in the JSE Listings Requirements.



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(Registration number 2007/004935/06)

Share code: CIL

ISIN: ZAE000153888

("CIG" or the "Company" or the "Group")

Executive Directors

Raoul Gamsu (*Chief Executive Officer*)

Ivor Klitzner (*Chief Financial Officer*)

Independent Non-executive Directors

Frank Boner (*Chairman*)

Kofi Bucknor

Alex Darko

Anthony Dixon

Judi Nwokedi

Prof Kalu Ojah

Kevin Kariuki

SECTION A: THE PROPOSED TRANSACTION

1. INTRODUCTION, BACKGROUND AND PURPOSE OF THE EGM CIRCULAR

- 1.1 On Friday, 18 May 2018, CIG released an announcement on SENS stating that it had entered into the Definitive Agreements, entered into to give effect to the Proposed Transaction with FSA. Along with CIG's strategic objective to strengthen its long-term capital structure. The Proposed Transaction is being pursued as a consequence of CIG agreeing the Debt Standstill with CIG Funders, as detailed in the Debt Standstill Announcement, after the Company had breached certain funding covenants attached to the funding provided by the CIG Funders, largely due to the underperformance isolated in Conco.
- 1.2 In line with CIG's strategic objective mentioned above, and notwithstanding the arrangements in terms of the Debt Standstill as well as undertakings which CIG gave in respect of certain operational initiatives in order to turn around Conco, CIG commenced a process to review and evaluate its optimal long-term funding requirements and capital structure.
- 1.3 CIG concluded this process, after having assessed the various strategic alternatives available to the Group, and has determined that, in order to preserve and create maximum value for CIG Shareholders under the circumstances, it requires a capital injection.
- 1.4 The outcome of the aforementioned process is the Proposed Transaction, which comprises of three divisible components:
 - **Component 1: The Loan**, which was disbursed by FSA to CIG on the Date of Disbursement. The Loan does not require CIG Shareholder approval.
 - **Component 2: The Rights Offer**, which requires the approval of the Rights Offer Resolutions by the requisite majority of CIG Shareholders, as provided in the Notice of General Meeting.
 - **Component 3: The Conversion Rights**, which require the approval of the Conversion Rights Resolutions by the requisite majority of CIG Shareholders as provided in the Notice of General Meeting. Approval of the Conversion Rights will result in FSA having an option to convert the Loan into CIG Shares, and, under certain specified circumstances, CIG having an option to convert the Loan into CIG Shares.
- 1.5 Simultaneously with the Proposed Transaction, CIG has agreed revised terms with respect to the Debt Standstill which significantly relaxes the default trigger covenants and results in CIG's cost of debt reverting to what was originally agreed whilst the amended capital repayment profile, as previously agreed upon and detailed in the Debt Standstill Announcement, remains in place.
- 1.6 The purpose of this EGM Circular is to provide CIG Shareholders with information relating to the Proposed Transaction and to convene the General Meeting at which CIG Shareholders will be requested to consider and, if deemed fit, to pass with or without modification, the Transaction Resolutions.

2. RATIONALE FOR THE PROPOSED TRANSACTION

- 2.1 CIG's management team and Board believe that the capital received through the Proposed Transaction is important for CIG's strategy to ensure that it is able to turn Conco around optimally, whilst continuing to operate its other businesses in an efficient and effective manner with the aim of maximising the value created for CIG Shareholders and to protect the sustainability of CIG as an enterprise.
- 2.2 Implementation of the Proposed Transaction will ensure that:
- 2.2.1 Conco is optimally turned around and returned to profitability, so that its value is preserved and maximised for CIG Shareholders through:
- right-sizing Conco and optimising its business model;
 - providing prospective customers, suppliers and insurers with the necessary comfort with respect to CIG's solvency and liquidity, so that Conco can continue operating its business in the ordinary course; and
 - attracting and retaining the right senior personnel to drive the business forward;
- 2.2.2 a sustainable long-term capital structure, suited to CIG's business risk profile, is established whilst the current funding, provided by the CIG Funders, remains intact and its costs are normalised;
- 2.2.3 significant CIG Shareholder value is unlocked, given CIG's Share price currently being under pressure, in part due to the financial risks inferred by the historic unsustainable capital structure;
- 2.2.4 significant additional value is created for CIG Shareholders by:
- providing CIG with much needed headroom to continue operating its other businesses in the ordinary course, whilst Conco is turned around;
 - pursuing organic growth initiatives within CIGenCo and Conlog, which will focus on increasing the annuity income generated within the Group; and
 - partnering with a like-minded, financially strong and committed strategic investor which has a long-term perspective, thereby creating significant strategic optionality for the Group.
- 2.3 The benefit of having Fairfax Africa as a cornerstone investor:
- 2.3.1 Fairfax Africa is an investment holding company, listed on the TSX (under the symbol "FAH.U") with a market capitalisation of c.USD727 million. Fairfax Africa's investment objective is to achieve long-term capital appreciation, whilst preserving capital, by investing in public and private equity securities and debt instruments in Africa and African businesses or other businesses with customers, suppliers or business primarily conducted in Africa.
- 2.3.2 Fairfax Africa invests in businesses expected to benefit from the demographic and urbanisation trends in Africa that are expected to underpin growth for several years. The sectors that Fairfax Africa believe will benefit the most from such trends include infrastructure, financial services, energy, food and agriculture, consumer products and retail. Fairfax Africa employs a conservative fundamental value-based approach to identifying and investing in high quality African businesses, led by experienced management teams with a proven track record and who operate at a high standard of integrity and professional conduct. To this end, Fairfax Africa has identified CIG to be an attractive investment opportunity which Fairfax Africa expects to benefit from the identified growth sectors in Africa.
- 2.3.3 Fairfax Africa, through FSA, will ultimately become a cornerstone investor in the Group through the mechanism of the Proposed Transaction, detailed in paragraph 3 of this Section A of the EGM Circular. Fairfax Africa can better position CIG for growth, bring financial stability and reputational benefits, all of which is expected to ultimately derive value for CIG Shareholders, particularly bearing in mind that FSA will partake in the Rights Offer on the same terms as CIG Shareholders.
- 2.4 CIG did consider and investigate other strategic alternatives, including asset sales and other investment options such as the pursuit of a rights offer at a discount. Notwithstanding this, the Independent Board as well as the Board as a whole and the management team firmly believe that the Proposed Transaction represents the best opportunity available to CIG in order to maximise CIG Shareholder value over the medium to long-term.

3. COMPONENTS AND MECHANISM OF THE PROPOSED TRANSACTION

3.1 The Proposed Transaction provides CIG with the capital it requires in order to operate its businesses optimally and to maximise CIG Shareholder value. This is achieved by procuring capital from Fairfax Africa (through FSA) in a timeous and de-risked manner whilst providing CIG Shareholders with the opportunity to participate in the capital raise.

3.1.1 *The Loan*

3.1.1.1 The Loan, which was advanced to CIG on the Date of Disbursement, has provided CIG with necessary short-term liquidity, most of which will be spent in carrying out the critical initiatives required to rationalise Conco, which is already under way.

3.1.1.2 The terms upon which the Loan has been advanced to CIG are detailed in paragraph 4.1 of this Section A of the EGM Circular.

3.1.2 *The Rights Offer*

3.1.2.1 The Rights Offer will provide CIG with the equity it needs to strengthen its balance sheet and optimise its long-term capital structure, whilst providing CIG Shareholders with the opportunity to participate in the potential value to be unlocked as a result of the Proposed Transaction.

3.1.2.2 The Fairfax Africa Group will, upon completion of the Rights Offer, hold those CIG Shares which it held as at the record date of the Rights Offer together with the additional CIG Shares which it acquires in the Rights Offer by virtue of the aforementioned CIG Shares it already holds, as well as the Underwritten Rights Offer Shares which it takes up in terms of the rights not followed by CIG Shareholders pursuant to the Rights Offer.

3.1.2.3 Subject to the Rights Offer Conditions being fulfilled or waived, as the case may be, the Rights Offer will be launched in due course, after the General Meeting.

3.1.3 *The Conversion Rights potentially resulting in the Specific Issue*

3.1.3.1 Subject to the Conversion Rights Conditions being fulfilled or waived, as the case may be:

3.1.3.1.1 the Conversion Rights will be attached to the Loan;

3.1.3.1.2 the interest rate attaching to the Loan will reduce, as set out in paragraph 4.1.3 of this Section A of the EGM Circular; and

3.1.3.1.3 FSA will have the option to convert the Loan into CIG Shares and under certain specific circumstances described in paragraph 4.3.3 of this Section A of the EGM Circular, CIG too will have an option to convert the Loan to CIG Shares. This will potentially result in the Specific Issue.

3.2 The Transaction Resolutions required to be approved in order to give effect to the Proposed Transaction are set out in the Notice of General Meeting which forms part of this EGM Circular.

4. KEY TERMS OF THE PROPOSED TRANSACTION

4.1 The key terms of the Loan are as follows:

4.1.1 The proceeds of the Loan, being R300 million, will be used as stated in paragraph 2.2 of this Section A of the EGM Circular.

4.1.2 An upfront fee of 2.5% of the principal amount of the Loan (R300 million) is payable to FSA upon the Date of Disbursement. This fee will not be capitalised to the Loan.

4.1.3 The initial coupon rate will be prime plus 4%, with interest being required to be serviced monthly. This coupon rate will remain in place until the Conversion Rights Conditions have been fulfilled or waived, as applicable, whereafter the coupon will reduce to prime plus 2%. If the Conversion Rights Conditions have not been fulfilled or waived, as applicable, the coupon rate will remain at prime plus 4%.

4.1.4 The initial term of the Loan is five years but will reduce to 12 months in the event that any of the Conditions Precedent are not fulfilled or waived, as the case may be.

4.1.5 Under the Cession and Pledge, the entire issued share capital of Conlog has been ceded and pledged to FSA as security for the Loan.

4.2 The key terms of the Rights Offer are as follows:

- 4.2.1 The Rights Offer will be non-renounceable and no over-allocations nor excess applications will be permitted.
- 4.2.2 The Rights Offer Share allocation to each CIG Shareholder will be allocated on a *pro-rata* basis according to the number of CIG Shares that they hold as at the record date of the Rights Offer (still to be determined).
- 4.2.3 The aggregate proceeds of the Rights Offer, being R800 million, will be used as stated in paragraph 2.2 of this Section A of the EGM Circular.
- 4.2.4 The Rights Offer Shares subscribed for will be issued at the Rights Offer Price being R4.00 per Rights Offer Share.
- 4.2.5 The Rights Offer is fully underwritten by FSA with an accompanying underwriting fee of 2.5% on the entire proceeds to be raised from the Rights Offer, being R800 million.
- 4.2.6 Under the Guarantee, Fairfax Africa has guaranteed the underwriting obligations of FSA in respect of the Rights Offer.

4.3 The key terms of the Conversion Rights are as follows:

- 4.3.1 Upon exercise of the Conversion Rights, the subscription price payable in respect of the Specific Issue Shares at the Conversion Price (of R5.20 per Specific Issue Share) will be applied towards the discharge of the outstanding amount of the Loan as at the time of conversion.
- 4.3.2 The exercise of the Conversion Rights is at the option of FSA for the period of 60 months (five years) from the Date of Disbursement following the date upon which all Conversion Rights Conditions are fulfilled or waived, as the case may be. Such Conversion Rights may be exercised in whole or in part on one or more occasion.
- 4.3.3 After the expiry of a period of 36 months (three years) following the Date of Disbursement, CIG has the option to require FSA to convert the whole of the outstanding amount of the Loan into the Specific Issue Shares at the Conversion Price provided that, at the time of such conversion, the CIG Share price has traded at more than a 20% premium to the Conversion Price (i.e. at a price greater than R6.24 per CIG Share) for at least 90 consecutive calendar days.
- 4.3.4 The potential maximum dilution of CIG Shareholders as a result of the Proposed Transaction is detailed in paragraph 4 of Section C of this EGM Circular. Without detracting from the foregoing, on the assumption that the relevant resolutions are passed approving the Conversion Rights and thereafter exercised by either CIG or FSA, as the case may be, the Fairfax Africa Group will acquire an additional 57 692 308 new CIG Shares. The consequence of the foregoing is that the Fairfax Africa Group could potentially hold up to 58.7% of the issued share capital of CIG pursuant to the exercise of the Conversion Rights (assuming in a worst-case scenario that no CIG Shareholders follow their rights under the Rights Offer) as contrasted with 16.7% (in circumstances where all CIG Shareholders take up their rights under the Rights Offer).

5. **CONDITIONS PRECEDENT TO THE PROPOSED TRANSACTION**

The separate component parts of the Proposed Transaction, including the Loan, are not inter-conditional. CIG Shareholders are referred to the Rights Offer Conditions and the Convertible Rights Conditions which are described in paragraphs 5 and 6 of Section D of this EGM Circular.

6. **GENERAL INFORMATION**

CIG Shareholders are referred to Section D of this EGM Circular for general disclosures pertaining to the Company and required in terms of the JSE Listings Requirements regulating the Proposed Transaction.

SECTION B: THE CONVERSION RIGHTS POTENTIALLY RESULTING IN A SPECIFIC ISSUE

1. INTRODUCTION

In the event that the Conversion Rights Conditions are fulfilled or waived, as the case may be, the Conversion Rights will become effective in accordance with the Convertible Facility Agreement and will be attached to the Loan. This will give FSA, and in certain specified instances CIG, the option to convert the Loan into CIG Shares in accordance with its terms, as explained in paragraph 4.3 of Section A of this EGM Circular.

2. RATIONALE FOR THE LOAN

2.1 The implementation of the Loan will enable CIG to:

- 2.1.1 meet immediate rationalisation obligations at Conco;
- 2.1.2 turn around the Conco business and meet short-term liabilities, whilst being afforded sufficient headroom to do so optimally without hampering on-going value creation over the medium to long-term;
- 2.1.3 cover its on-going maintenance and capital expenditure requirements;
- 2.1.4 provide prospective contract customers, suppliers and insurers with the necessary comfort in relation to CIG's solvency and liquidity;
- 2.1.5 satisfy the CIG Funders in the context of the Debt Standstill as mentioned in paragraph 1.1 of Section A of this EGM Circular; and
- 2.1.6 strategically align itself with Fairfax Africa as detailed in paragraph 2.3 of Section A of this EGM Circular.

3. RATIONALE FOR THE CONVERSION RIGHTS

3.1 The rationale for the Conversion Rights is to:

- 3.1.1 convert FSA's exposure into equity and relieve CIG of the obligation to apply cash resources towards the discharge of the principal attaching to the Loan;
- 3.1.2 reduce cash outflows with reference to the servicing of coupon payments to FSA, detailed in paragraphs 4.1.3 and 4.3.1 of Section A of this EGM Circular;
- 3.1.3 introduce to the Group, a strategically aligned investor for the long term, in order to maximise the value unlock for existing CIG Shareholders, which is the ultimate substance of and rationale for the Proposed Transaction, when considered holistically; and
- 3.1.4 free up additional debt capacity, to further invest in attractive growth opportunities as appropriate.

4. INTENDED USE OF FUNDS

The funds received from the Loan will be used by CIG to fund short-term liquidity requirements, most notably certain rationalisation costs at Conco.

5. KEY TERMS OF THE LOAN

The key terms of the Loan are explained in paragraph 4.1 of Section A of this EGM Circular.

6. CONDITIONS PRECEDENT TO THE CONVERTIBLE RIGHTS

CIG Shareholders are referred to the Conversion Rights Conditions, as detailed in paragraph 6 of Section D of this EGM Circular.

7. **ISSUE OF CIG SHARES IN THE PAST THREE YEARS**

7.1 During the preceding three years, CIG has issued or offered CIG Shares which were considered material to CIG, in the context of a general issue for cash in 2015 to support growth outside South Africa and under the terms of the Conlog Rights Offer in relation to the acquisition of Conlog:

7.1.1 The general issue for cash in which, CIG Shares were issued to raise R250 million at a consideration price of R32.00 per CIG Share to the public. This resulted in 8 000 000 CIG Shares being allotted on Monday, 30 November 2015. The allotment of CIG Shares in relation to the general issue for cash were issued at a discount of 4.98% to the 30-day VWAP as at Thursday, 19 November 2015, for the purpose of raising capital to pursue certain growth opportunities outside South Africa.

7.1.2 The Conlog Rights Offer, a fully renounceable claw-back rights offer by CIG was undertaken during November 2016 in order to raise an amount of R750 million to fund the major portion of the consideration payable for the acquisition of the entire issued share capital of Conlog, at a consideration price of R19.30 per CIG Share. The issue was made to all CIG Shareholders *pro-rata* to their respective shareholding in CIG on the relevant record date, in the ratio of 23.80682 of CIG Shares issued for every 100 CIG Shares held, resulting in 38 860 102 CIG Shares being allotted. The Conlog Rights Offer Shares were issued at a discount of 22.22% to the 30-day VWAP as at Friday, 27 October 2016. The successful conclusion of the capital raise through the Conlog Rights Offer was a condition precedent to CIG's agreement to acquire the entire issued share capital of Conlog in order to extend CIG's service offering to its utility, municipality and commercial clients.

8. **PRO FORMA FINANCIAL EFFECTS OF THE CONVERSION RIGHTS**

8.1 The impact of the Conversion Rights on the financial information needs to be considered with the impact of the Specific Issue, as these two components are inextricably linked with respect to the Proposed Transaction.

8.2 The impact of the Proposed Transaction on the financial information of CIG is explained in paragraph 4 of Section D of this EGM Circular.

9. **GENERAL INFORMATION**

CIG Shareholders are referred to Section D of this EGM Circular for general disclosures pertaining to the Group and required in terms of the JSE Listings Requirements regulating the Loan potentially resulting in the Specific Issue.

SECTION C: WAIVER OF MANDATORY OFFER

1. INTRODUCTION

- 1.1 CIG will seek the required approval from independent CIG Shareholders for a waiver of any obligation to extend a Mandatory Offer to CIG Shareholders arising from the Proposed Transaction, in accordance with Regulation 86(4) of the Regulations, consisting of the Rights Offer Waiver Resolution and the Conversion Rights Waiver Resolution, jointly referred to herein as the Mandatory Offer Waiver Resolutions.
- 1.2 In the absence of the Mandatory Offer Waiver Resolutions being passed by the requisite majority of independent CIG Shareholders and the TRP granting the TRP Waiver Exemptions, the implementation of the Rights Offer and/or Specific Issue could impose on the Fairfax Africa Group and its concert parties (if any), the obligation to make a Mandatory Offer to the extent that such persons are able to exercise at least 35% of all the voting rights attached to the CIG Shares upon the issue of the Specific Issue Shares following the exercise of the Conversion Rights and/or upon completion of the Rights Offer.
- 1.3 If the Mandatory Offer Waiver Resolutions are passed and the TRP grants the TRP Waiver Exemptions, there will be no obligation on the Fairfax Africa Group or concert parties (if any), to make a Mandatory Offer as described in paragraph 1.2 of this Section C of the EGM Circular.

2. RATIONALE FOR THE MANDATORY OFFER WAIVER RESOLUTIONS

- 2.1 The Mandatory Offer Waiver Resolutions are required as the Fairfax Africa Group or concert parties (if any) do not wish to make an offer to all CIG Shareholders whilst still capitalising CIG to the extent FSA, and the CIG Management team, believes the Group requires.

3. BENEFICIAL INTERESTS OR HOLDINGS

- 3.1 As at the Last Practicable Date, the Fairfax Africa Group, holds 4.5% in aggregate of the CIG Shares. Insofar that it is known, no directors of Fairfax Africa or FSA hold a direct or indirect beneficial interest in CIG Shares as at the Last Practicable Date. After the date the TRP waiver proceedings have been completed, Fairfax Africa and/or its concert parties (if any) may consider acquiring further CIG Shares in accordance with the Regulations. If Fairfax Africa and/or its subsidiaries do acquire further CIG Shares their shareholding will be increased accordingly. In that event, the table set out in paragraph 4 of this Section C of the EGM Circular will be impacted in proportion to such acquisitions.
- 3.2 Insofar that it is known, CIG, as at the Last Practicable Date does not hold a direct or indirect beneficial interest in FSA or Fairfax Africa.

4. IMPACT OF MANDATORY OFFER WAIVER RESOLUTIONS

Below is an indicative illustration of the potential impact of the Proposed Transaction and the effect of the passing of the Mandatory Offer Waiver Resolutions on the CIG shareholding of the Fairfax Africa Group (with the ultimate impact on shareholding being dependant on rights not being followed by CIG Shareholders i.e. the Underwritten Rights Offer Shares):

	100% of rights followed by CIG Shareholders	75% of rights followed by CIG Shareholders	50% of rights followed by CIG Shareholders	25% of rights followed by CIG Shareholders	0% of rights followed by CIG Shareholders
Current number of shares held by the Fairfax Africa Group	8 789 282	8 789 282	8 789 282	8 789 282	8 789 282
Current percentage of CIG Shares held by the Fairfax Africa Group	4.50%	4.50%	4.50%	4.50%	4.50%
Impact of Rights Offer					
Additional number of CIG Shares received ⁽¹⁾⁽²⁾	8 950 426	56 710 548	104 470 670	152 230 792	199 990 914
Additional percentage of CIG Shares received ⁽¹⁾	0.00%	12.06%	24.10%	36.18%	48.20%
Indicative shareholding after Rights Offer					
Number of CIG Shares	17 739 708	65 499 830	113 259 952	161 020 074	208 780 196
Percentage of CIG Shares	4.50%	16.56%	28.60%	40.68%	52.70%
Impact of Specific Issue pursuant to the Conversion Rights					
Additional number of CIG Shares received	57 692 308	57 692 308	57 692 308	57 692 308	57 692 308
Additional percentage of CIG Shares received	12.70%	12.70%	12.70%	12.70%	12.70%
Indicative shareholding after the Specific Issue pursuant to the Conversion Rights					
Number of CIG Shares	75 432 016	123 192 138	170 952 260	218 712 382	266 472 504
Percentage of CIG Shares	16.70%	27.15%	37.70%	48.21%	58.70%

Notes:

- (1) R800 million Rights Offer X percentage of rights followed/Rights Offer Price.
- (2) Includes 8 789 282 CIG Shares either by virtue of the relevant member of the Fairfax Africa Group following their rights pursuant to the Rights Offer or FSA taking up such rights in the event any such member does not follow its rights.
- (3) The Loan (R300 million) converted at R5.20 per Specific Issue Share. This assumes that all interest accrued on the Loan has been paid prior to the conversion.

5. RIGHT OF CIG SHAREHOLDERS

- 5.1 The TRP has advised that it is willing to consider the application for each of the TRP Waiver Exemptions if the requisite majority of independent CIG Shareholders waive their entitlement to receive the Mandatory Offer which would otherwise be required from Fairfax Africa, its subsidiaries and its concert parties (if any) in accordance with Regulation 86(4) of the Regulations.
- 5.2 Included in this EGM Circular is the Notice of General Meeting and the Waiver Resolutions for independent CIG Shareholders to consider, and if deemed fit, to approve with or without modification at the General Meeting.
- 5.3 After the General Meeting is held and should the Mandatory Offer Waiver Resolutions have been validly passed, an application for the TRP Waiver Exemptions will be submitted to the TRP together with supporting documents indicating that the Mandatory Offer Waiver Resolutions have been validly passed in terms of Regulation 86(4) of the Regulations.

- 5.4 Any CIG Shareholders who wishes to make representations relating to either of the TRP Waiver Exemptions will have 10 Business Days from the date of posting of this EGM Circular to make such representations to the TRP before the TRP Waiver Exemptions are considered. Representations should be made in writing and delivered by hand, posted or faxed to:

If delivered by hand or courier:

The Executive Director
Takeover Regulation Panel
1st Floor, Block 2, Freestone Park
135 Patricia Road
Athol
Johannesburg
2198

If emailed:

admin@trpanel.co.za

If faxed:

The Executive Director
Takeover Regulation Panel
+ 27 (0) 11 784 0062

and should reach the TRP by no later than the close of business on Thursday, 6 September 2018 in order to be considered.

- 5.5 If any representations are made to the TRP within the permitted timeframe, the TRP will consider the merits thereof before providing the TRP Waiver Exemptions.
- 5.6 The TRP will accordingly consider the application for the TRP Waiver Exemptions and any representations made in respect thereof and within the permitted timeframe, prior to providing the TRP Waiver Exemptions, which incorporates the reasons of its decision.
- 5.7 CIG will then make the TRP Waiver Announcement with respect to each of the TRP Waiver Exemptions and inform CIG Shareholders that they may request the Takeover Special Committee to review either of the TRP Waiver Exemptions within 5 Business Days of the TRP Waiver Announcement.
- 5.8 The TRP waiver proceedings will be regarded as completed in respect of the TRP Waiver Exemptions and the relevant TRP Waiver Exemptions confirmed (i) after the expiry of the 5 Business Day notice period, if no CIG Shareholders requests the Takeover Special Committee to review the applicable TRP Waiver Exemptions or (ii) on the date that the Takeover Special Committee confirms the applicable TRP Waiver Exemptions, if any CIG Shareholders request the Takeover Special Committee to review the TRP Waiver Exemptions.

SECTION D: GENERAL INFORMATION

1. DESCRIPTION OF THE BUSINESS AND OPERATIONS OF CIG

CIG is a Pan African infrastructure focused group, listed on the JSE main board in the electrical equipment sector. CIG manages a diversified portfolio of interests in power, oil and gas, building materials and rail, with a footprint that spans across South Africa, sub-Saharan Africa and the Middle East. CIG is made up of the following divisions Conco, Consolidated Power Maintenance, Conco Energy Solutions, CIGenCo, Conlog, CBM, AES and Tractionel.

2. PROSPECTS

2.1 CIG has a significant number of commercial prospects in the pipeline which require investment and forms part of the rationale of the Proposed Transaction. These prospects will drive further value creation for CIG's Shareholders as well as increase the recurring nature of the revenue and profit streams, thus reducing the cyclicity of CIG's business model.

2.2 CIG has a positive outlook for Conco and its underlying operations for the 2019 financial year driven by:

- the drive in Africa for clean energy projects and the growth of clean distributed electricity across the continent;
- commencement of Round 4 of the Renewable Energy Independent Power Producer Programme (REIPPP) in South Africa, with work on the first projects having commenced in June 2018 from a CIG perspective;
- Conco's Round 4 REIPPP order book, totalling in aggregate approximately R2.4 billion;
- a focus on actively increasing CIG's mix of private sector business coupled with a diversification of its client base, which is expected to bring stability going forward; and
- enhanced skills and the appropriate capital structure which will allow Conco to retain key employees and drive value creation.

2.3 CIGenCo, which invests in medium-sized generation projects, successfully commissioned on Wednesday, 25 April 2018, reached financial close on its first project in Namibia, a 10MW PV plant. The project is delivering a very attractive return and has been lauded for the quality of the plant. Other projects include wind, solar, hydro, geothermal and gas. A number of attractive future investment opportunities have been identified to be pursued over the next two years, estimated to deliver a c. 20 – 25% return on equity, with a majority of the opportunities scheduled to commence construction in 2019. A pipeline has been built to potentially deliver over USD600 million in projects across Africa. CIGenCo focuses on co-developing partnerships with local partners and getting them to financial close from post-feasibility stage. Investment in the form of staff and development costs is required. Additionally, CIGenCo needs to be prepared to co-invest its share of the equity required to close projects it identifies and in the process, contribute to value creation. This forms part of the potential use of the capital being raised pursuant to the Rights Offer.

2.4 Conlog is a manufacturer of prepaid electricity meters which it supplies across the African continent. Leasing platforms show promise through organic growth in South Africa and internationally. To capitalise on this, Conlog is pursuing a leasing platform opportunity with AEDC (Nigeria), which is expected to positively impact its interim results for its 2019 financial year. Conlog will continue to focus on increasing CIG Shareholder value through:

2.4.1 the growth of its services offering as follows:

- The provision of an ecosystem of services which allows Conlog to run their businesses more effectively and efficiently. This is a tremendous opportunity to increase annuity revenue whilst at the same time addressing significant gaps in South Africa and the rest of Africa; and
- An increased focus on augmenting Conlog's service offering and approaching it as its own business line, instead of as a follow-on to product sales.

2.4.2 the creation of lease/extended finance offerings for Conlog's clients through:

- a properly structured pre-paid metering solution which solves the problem of customers who are unwilling or unable to pay for electricity meters upfront;
- working with banks, development finance institutions and export credit agencies to creatively structure packages which provide Conlog's clients relief through debt and/or equity investment by CIG; and

- 2.4.3 executing a platform strategy that Conlog has developed which is aimed at combining a number of different solutions such as services, local manufacturing, third party solutions and/or financing in strategic, potential high growth markets. Local manufacturing has become a pre-requisite to being able to do business in Africa. Conlog has developed an approach which allows it to disaggregate its value chain in a manner that will enable it to grow and create economic value for CIG Shareholders.
- 2.5 Consolidated Power Maintenance maintains and operates renewable energy projects on behalf of the project owners. Investment in capacity is required to realise a step change in revenue. Opportunities exist for joint ventures to be established with key locally empowered organisations for the purpose of not only owning the renewable projects, but also to maintain and operate such projects.

3. HISTORICAL FINANCIAL INFORMATION

Extracts from the audited historical financial information of CIG for the financial years ended 31 August 2017, 31 August 2016 and 31 August 2015 are included in **Annexure 3** of this EGM Circular.

4. IMPACT OF THE PROPOSED TRANSACTION ON THE FINANCIAL INFORMATION OF CIG

- 4.1 The Proposed Transaction, made up of its three components as described in paragraph 1.4 of Section A of this EGM Circular, affects the CIG financial information:
- the Loan, which was disbursed on the Date of Disbursement, resulted in a R300 million inflow of cash which increased cash and cash equivalents by R300 million and raised a corresponding liability of R300 million;
 - the Rights Offer will result in an inflow of cash of R800 million, which will result in a proportional increase in equity; and
 - once the Conversion Rights are attached, the Loan, will become a convertible instrument and result in a decrease in the Loan liability and a proportional increase in equity as the Loan is converted into CIG Shares on the terms described in paragraph 4.3 of Section A of this EGM Circular.
- 4.2 The table detailed in paragraph 4.6 of this Section D of the EGM Circular sets out the *pro forma* financial effects of the Proposed Transaction on, *inter alia*, CIG's net asset value per share, tangible net asset value per share, basic earnings/(loss) per share, diluted earnings/(loss) per share, headline earnings/(loss) per share and diluted headline earnings/(loss) per share, based on the most recently published reviewed condensed Group interim financial statements for the six-month period ended 28 February 2018.
- 4.3 The *pro forma* financial effects should be read in conjunction with the *pro forma* condensed Group Statement of Comprehensive Income, the *pro forma* condensed Group Statement of Financial Position and the *pro forma* Reconciliation of Group Headline Earnings (included in **Annexure 4** of this EGM Circular) (collectively, the "Pro Forma Financial Information") and the accompanying report of the independent reporting accountant and auditor (included in **Annexure 5** to this EGM Circular).
- 4.4 The *Pro Forma* Financial Information is the responsibility of the Board and was prepared for illustrative purposes only which may not, because of its nature, fairly present CIG's financial position. It does not purport to be indicative of what the condensed Group financial results would have been, had the Proposed Transaction been implemented on a different date.
- 4.5 The *Pro Forma* Financial Information has been prepared to illustrate the impact of the Proposed Transaction on the condensed Group interim financial statements of CIG for the six-month period ended 28 February 2018, had the Proposed Transaction occurred on 1 September 2017 for purposes of the condensed Group Statement of Comprehensive Income as well as the Reconciliation of Group Headline Earnings and on 28 February 2018 for purposes of the condensed Group Statement of Financial Position.

4.6 The *pro forma* financial effects of the Proposed Transaction are set out in the table below:

For the six-month period ended 28 February 2018		28 February 2018 reviewed interim results	Impact of the Proposed Transaction (Assuming the Conversion Rights have not been approved)	Impact of the Proposed Transaction (Assuming Conversion Rights being approved)	Percentage change (Assuming approval of the Conversion Rights)	Total of Proposed Transaction (Assuming the Loan is converted)	Percentage change (Assuming the Loan is converted)
					%		%
Net asset value per share ⁽¹⁾	cents	1 333	857	857	0	813	(5)
Tangible net asset value per share ⁽²⁾	cents	870	628	628	0	613	(2)
Basic earnings/(loss) per share	cents	(613)	(398)	(398)	0	(257)	36
Diluted earnings/(loss) per share	cents	(613)	(398)	(398)	0	(257)	36
Headline earnings/(loss) per share	cents	(342)	(164)	(164)	0	(140)	15
Diluted headline earnings/(loss) per share	cents	(342)	(164)	(164)	0	(140)	15
Weighted average number of shares	millions	196 255	396 255	396 255	0	453 948	15
Diluted weighted average number of shares	millions	200 087	400 087	400 087	0	457 780	14
Number of Shares in issue, net of treasury shares	millions	196 255	396 255	396 255	0	453 948	15

Notes:

1. Net asset value per share is calculated by dividing total equity attributable to owners of the parent of the Group by the total number of CIG Shares in issue, net of treasury shares.
2. Tangible net asset value per share is equal to the total equity attributable to owners of the parent of the Group less the sum of intangible assets, goodwill and deferred tax assets divided by the total number of CIG Shares in issue, net of treasury shares.

5. RIGHTS OFFER CONDITIONS

The Rights Offer is subject to timeous fulfilment or waiver of, the following conditions, that on or before:

- 5.1 31 August 2018, the Rights Offer Resolutions are approved by the requisite majority of voting CIG Shareholders set out in the Notice of General Meeting and Special Resolution Number 2 set out in the Notice of General Meeting being filed (together with the prescribed fee) as contemplated in section 16(7) of the Act;
- 5.2 31 August 2018, all necessary approvals or exemptions, as the case may be, from the TRP to enter into and implement the Rights Offer have been obtained including, to the extent required, approval of the Waiver of Mandatory Offer in relation to the Rights Offer and that no appeal or review to such waiver has been timeously noted or if an appeal or review is timeously noted, it is unsuccessful;
- 5.3 30 November 2018, all necessary approvals from the JSE to enter into and implement the Rights Offer have been obtained, including approval of the Rights Offer Circular and any approval in connection with the admission to listing on the JSE of the Rights Offer Shares;
- 5.4 30 November 2018, all relevant competition authority approvals are obtained, which date may be extended by CIG and FSA in writing and which agreement to extend may not be unreasonably withheld; and
- 5.5 31 August 2018, the counterparties to certain specified contracts have consented to the Proposed Transaction.

6. CONVERSION RIGHTS CONDITIONS

- 6.1 The Conversion Rights are subject to timeous fulfilment or waiver of, the following conditions, that on or before:
 - 6.1.1 31 August 2018, the Conversion Rights Resolutions are approved by the requisite majority of voting CIG Shareholders set out in the Notice of General Meeting and Special Resolution Number 2 set out in the Notice of General Meeting being filed (together with the prescribed fee) as contemplated by section 16(7) of the Act;
 - 6.1.2 31 August 2018, all necessary approvals or exemptions, as the case may be, from the TRP to enter into and implement the Conversion Rights have been obtained, including, to the extent required, approval of the Waiver of Mandatory Offer in relation to the Specific Issue and that no appeal or review to such waiver has been timeously noted or if an appeal or review is timeously noted, it is unsuccessful; and

6.1.3 30 November 2018, all necessary approvals from the JSE to enter into and implement the Conversion Rights have been obtained.

6.2 The Rights Offer Conditions and the Conversion Rights Conditions are separate and distinct and are not inter-conditional on one another.

7. MAJOR BENEFICIAL CIG SHAREHOLDERS

7.1 Insofar as it is known to the Board, as at the Last Practicable Date, the following CIG Shareholders, other than Directors of the Board, have a direct beneficial interest of 5% or more of the CIG Shares and hold no indirect beneficial interests in the CIG Shares:

CIG Shareholders	Number of CIG Shares held	% of current CIG Shares⁽¹⁾
PGR2 and associates	43 503 495	21.5
Old Mutual	10 096 957	5.0
Nala	15 060 112	7.5
Total CIG Shareholders with >5%	68 660 564	34.0

Note:

1. Based on the current CIG Shares, net of Treasury Shares, prior to implementation of the Proposed Transaction.

7.2 CIG Shareholders should note that PGR2 has entered into a lending arrangement with FSA of up to R260 million, for the purpose of enabling PGR2 to partially refinance existing CIG holdings held in PGR2 as well as to follow a portion of its rights pursuant to the Rights Offer. CIG Shares have been pledged to FSA in this regard. The beneficial owners of the CIG Shares pledged to FSA, retain their beneficial ownership, including voting rights and rights to dividends, for so long as there is no relevant event of default.

7.3 If PGR2's shareholding in CIG, after FSA has received the Underwritten Rights Offer Shares pursuant to the Rights Offer, exceeds that of FSA, an equalisation mechanism may be applied (through the exercise of an option) to ensure that the Fairfax Africa Group's shareholding is increased to a level where it is equal to that of PGR2's shareholding, with PGR2's shareholding reducing by an equivalent number of CIG Shares, such that thereafter, the Fairfax Africa Group will hold at least the same number of CIG Shares as are held in aggregate by PGR2. A similar mechanism is in place for six months in the event that the Fairfax Africa Group's shareholding in CIG exceeds PGR2's shareholding after the Rights Offer.

7.4 The aforementioned agreement does not prescribe nor contemplate any requirement for PGR2 or any of its affiliates to vote with or to act in concert with FSA. Accordingly, PGR2 and FSA are considered independent of each other.

8. DIRECTORS' INTERESTS IN CIG SHARES

8.1 Directors of the Board

CIG Shareholders are referred to page 10 of this EGM Circular for the names of the Directors forming part of the Board.

8.2 Directors' interests in CIG Shares

The direct and indirect beneficial interests of the Directors including Directors having resigned in the last 18 months, in CIG Shares as at the Last Practicable Date are set out below:

	Direct		Indirect	
	2017⁽²⁾	2016	2017	2016
Beneficial interest⁽¹⁾				
Raoul Gamsu	2 647 809	1 478 000	2 315 680	1 871 359
Ivor Klitzner	1 128 904	853 000	–	–
Frank Boner	689 679	557 061	–	–
Anthony Dixon	49 500	49 500	–	–
Total	4 515 892	2 937 561	2 315 680	1 871 359

Notes:

1. Directors holding a beneficial interest in CIG.

2. No changes in both the direct and indirect interests of Directors in CIG Shares have occurred since August 2017 audited financial statements were released.

8.3 Directors' interest in FSA securities

Insofar as it is known, the Directors do not hold a direct or indirect beneficial interest in FSA shares.

8.4 Directors' service contracts and remunerations

The Directors' remuneration will not be varied directly as a result of the Proposed Transaction. Other than the resignation of Robert Horton as a director of the Company and member of the audit and risk committee with effect from 31 March 2018, there were no service contracts entered into or amended within the six months before the Last Practicable Date.

9. CIG SHARE CAPITAL

The table below sets out the authorised and issued share capital of CIG before and after the Proposed Transaction:

Authorised – before the Proposed Transaction

300 000 000 ordinary shares of no par value

Authorised – after the Proposed Transaction

600 000 000 ordinary shares of no par value

Issued – Before Rights Offer and Specific Issue

195 997 169 ordinary shares of no par value

Treasury Shares

6 093 900 ordinary shares of no par value

Issued – after the Rights Offer and before the Specific Issue

395 997 169 ordinary shares of no par value

Treasury Shares

6 093 900 ordinary shares of no par value

Issued – after the Rights Offer and Specific Issue

453 689 477 ordinary shares of no par value

Treasury Shares

6 093 900 ordinary shares of no par value

10. INDEPENDENT EXPERT REPORT

The report prepared by the Independent Expert, a copy of which is attached as **Annexure 1** to this EGM Circular, opines on the fairness and reasonableness of the Mandatory Offer Waiver Resolutions in accordance with Regulation 86(7) of the Regulations.

11. MATERIAL CHANGE

There have been no material changes in the financial or trading position of CIG since the publication of the Company's reviewed interim financial statements for the six-month period ended 28 February 2018.

12. RESPONSIBILITY STATEMENT

12.1 The Board

The Directors forming the Board, whose names are set out in page 10 of this EGM Circular, collectively and individually, accept full responsibility for the accuracy of the information provided in this EGM Circular in relation to CIG and certify that, to the best of their knowledge and belief, no material facts have been omitted which would make any statement in this EGM Circular false or misleading, that all reasonable enquiries to ascertain such facts have been made and that this EGM Circular contains all information required by the JSE Listings Requirements.

12.2 The Independent Board

The Directors forming the Independent Board, whose names are set out in page 10 of this EGM Circular, collectively and individually, accept full responsibility for the accuracy of the information provided in this EGM Circular in relation to CIG and certify that, to the best of their knowledge and belief, no material facts have been omitted which would make any statement in this EGM Circular false or misleading, that all reasonable enquiries to ascertain such facts have been made and that this EGM Circular contains all information required by the JSE Listings Requirements.

13. OPINIONS AND RECOMMENDATIONS

13.1 Independent Board

The Independent Board has considered the terms and conditions of the Proposed Transaction and the contents of the fair and reasonable opinion contained in **Annexure 1** of this EGM Circular. The Independent Board is of the opinion that the Proposed Transaction is in the best interests of all of CIG's key stakeholders and will be to the long-term benefit of CIG Shareholders. Accordingly, the Independent Board recommends that CIG Shareholders vote in favour of the resolutions relating to the Proposed Transaction at the General Meeting.

13.2 Directors

The Directors have considered the terms and conditions of the Proposed Transaction and the contents of the fair and reasonable opinion contained in **Annexure 1** of this EGM Circular. The Directors are of the opinion that the Proposed Transaction is in the best interests of all of CIG's key stakeholders and will be to the long-term benefit of CIG Shareholders. Accordingly, the Directors recommend that CIG Shareholders vote in favour of the resolutions relating to the Proposed Transaction at the General Meeting.

14. EXPENSES

The expenses of the Proposed Transaction (including VAT) payable by CIG are anticipated to be:

Description	Name	Rand
Rand Merchant Bank, financial adviser and transaction sponsor to CIG	Rand Merchant Bank	21 850 000
Legal adviser to CIG	ENS Africa	2 532 113
Independent Expert	DG Capital	230 000
Printing, publishing and distribution expenses	Ince	57 500
TRP inspection fees	TRP	172 500
JSE documentation fees	JSE	23 690
Total		24 865 803

15. CONSENTS

15.1 The various advisers, whose names appear in the Corporate Information and Advisers Section of this EGM Circular have given and have not, prior to the Last Practicable Date, withdrawn their written consent to the inclusion of their names in the form and context in which they appear in this EGM Circular.

15.2 The Independent Expert has, in addition, given and has not withdrawn its consent to the issue of this EGM Circular with the Independent Expert Report in the form and context in which it is included, as attached in **Annexure 1** to this EGM Circular.

15.3 The independent reporting accountant and auditor has, in addition, given and has not withdrawn its consent to the issue of this EGM Circular with the independent reporting accountants' assurance report in the form and context in which it is included, as attached in **Annexure 5** to this EGM Circular.

16. SHAREHOLDER SUPPORT

PGR2 and its associates, who collectively hold 43 503 495 CIG Shares ("CIG Support Shares") as detailed in paragraph 7.1 of this Section D of the EGM Circular, which represents 21.5% of the total CIG Shares before implementation of the Proposed Transaction, have irrevocably committed to vote all the CIG Support Shares in favour of the Transaction Resolutions, and are not permitted to sell the CIG Support Shares prior to the General Meeting.

Note:

1. CIG Support Shares are held by three separate persons being PGR2 31 736 416, Sean Alan Melnick 6 702 575 and Lindy Melnick 5 064 504.

17. GOVERNING LAW

The Proposed Transaction is governed by the laws of the Republic of South Africa.

18. MARKET VALUE OF SECURITIES

A table of the aggregate volumes and values of CIG Shares traded on the JSE, and the highest and lowest prices traded, for each month over the 12 months prior to the Last Practicable Date and for each day over the 30 Trading Days prior to the Last Practicable Date is included in **Annexure 2** of this EGM Circular.

19. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents or copies thereof, will be available for inspection at the offices of CIG, 30 Melrose Boulevard, Sandton, Gauteng and ENS Africa, 150 West Street, Sandton, Gauteng during normal office hours from 08:00 to 16:00 from the date of posting of this EGM Circular being Tuesday, 31 July 2018 and up to and including the date of the General Meeting being Wednesday, 29 August 2018:

- the Company's original and amended MOI;
- published, audited annual financial statements of CIG for each of the years ended 31 August 2017, 2016 and 2015;
- the signed consent letters referred to in paragraph 15 of this Section D of the EGM Circular;
- a signed copy of this EGM Circular;
- the signed Independent Expert's report required in terms of the applicable provisions of the Regulations of the Act;
- the signed Definitive Agreements; and
- TRP letter of approval, being the letter received by the TRP stating that the Proposed Transaction approval has been granted.

Raoul Gamsu

Duly Authorised

Johannesburg
30 July 2018

INDEPENDENT EXPERT'S REPORT

PRIVATE AND CONFIDENTIAL

The Independent Directors
 Consolidated Infrastructure Group Limited
 First Floor, 30 Melrose Boulevard
 Melrose Arch
 2196

8 July 2018

INDEPENDENT FAIR AND REASONABLE OPINION WITH REGARD TO THE WAIVER OF THE MANDATORY OFFER BY FAIRFAX AFRICA INVESTMENTS PROPRIETARY LIMITED FOR ALL OF THE ORDINARY SHARES IN CONSOLIDATED INFRASTRUCTURE GROUP LIMITED NOT ALREADY HELD BY IT

Dear Sirs,

1. INTRODUCTION

In an announcement published by Consolidated Infrastructure Group Limited ("**CIG**" or the "**Company**") on the Stock exchange news service of the Johannesburg Stock Exchange ("**SENS**") on 18 May 2018 (the "**Announcement**"), CIG advised that it had entered into a suite of agreements with Fairfax Africa Investments Proprietary Limited ("**FSA**") (the "**Definitive Agreements**") incorporating the following components:

- A R300 million loan to be advanced by FSA to CIG on the terms as captured in paragraph 4.1 of Section A of this EGM Circular and its annexures and attachments ("**EGM Circular**") ("**Loan**");
- A R800 million non-renounceable rights offer fully underwritten by FSA in terms of which CIG Shareholders will be given the non-renounceable right to subscribe for their *pro-rata* portion of 200 000 000 shares ("**Rights Offer Shares**") at ZAR4.00 per Right Offer Share ("**Rights Offer Price**") ("**Rights Offer**"); and
- The conversion of the Loan into a convertible loan ("**Convertible Loan**"). The Loan is convertible into CIG Shares ("**Specific Issue Shares**") at a conversion price of R5.20 ("**Conversion Price**") as detailed in paragraph 4.3 of Section A of this EGM Circular ("**Specific Issue**"). The Loan will become the Convertible Loan if the necessary resolutions are approved as set out in the EGM Circular. (collectively the "**Proposed Transaction**").

The components of the Proposed Transaction are not inter-conditional.

The implementation of the Rights Offer or the Specific Issue may result in FSA acquiring a beneficial interest in the voting rights attached to the issued shares of the Company and as result FSA would be able to exercise at least the "prescribed percentage" (currently 35%) of all the voting rights attached to the issued shares of CIG. In terms of section 123 of the Companies Act, No. 71 of 2008 as amended (the "**Act**"), FSA will be required to make a Mandatory Offer to the remaining shareholders of CIG ("**Independent CIG Shareholders**"), offering to acquire their CIG Shares (the "**Mandatory Offer**").

Regulation 86(4) of the Companies Act Regulations, 2011, as amended (the "**Regulations**"), states that the independent holders of more than 50% of the general voting rights of all the issued securities of an affected company, as defined in the Act, may resolve to waive the benefit of the Mandatory Offer to be made in terms of section 123 of the Act by a proposed ordinary resolution for the ordinary shares not already owned or controlled by FSA (the "**Waiver of Mandatory Offer**").

CIG will seek the following resolutions from the Independent CIG Shareholders in order to affect the Waiver of Mandatory Offer:

- An ordinary resolution arising from the Rights Offer ("**Rights Offer Waiver Resolution**"); and
- An ordinary resolution arising from the Specific Issue ("**Conversion Rights Waiver Resolution**"). (collectively the "**Mandatory Offer Waiver Resolutions**").

The approval of the Rights Offer Waiver Resolution is a condition precedent to the Rights Offer and the approval of the Conversion Rights Waiver Resolutions is a condition precedent to the Specific Issue.

We understand that the Takeover Regulation Panel (“**TRP**”) will be asked to grant such a waiver after the approval of the Waiver of Mandatory Offer by the Independent CIG Shareholders (“**TRP Waiver Exemption**”).

Regulation 86(7) of the Regulations requires an independent expert to opine on whether the terms of the Waiver of Mandatory Offer are fair and reasonable.

2. **SCOPE**

DG Capital Proprietary Limited (“**DG Capital**”) has been appointed by the independent board of CIG (the “**Board**”) as the independent expert to advise, in accordance with the Act and the Regulations, on whether the terms of the Waiver of Mandatory Offer are fair and reasonable as far as the Independent CIG Shareholders are concerned, particularly with reference to the price at which the CIG Shares are to be issued i.e. the Rights Offer Price and the Conversion Price, being the price of the Mandatory Offer which the Independent CIG Shareholders are being asked to waive (“**the Mandatory Offer Price**”) (“**the Opinion**”).

As at the date of this Opinion, the share capital of the Company comprises authorised share capital of 300 000 000 ordinary shares of no par value, issued share capital of 195 997 169 ordinary shares of no par value and treasury shares of 6 093 900 ordinary shares of no par value.

3. **RESPONSIBILITY**

Compliance with the Act is the responsibility of the directors of the Company. DG Capital’s responsibility is to report on the terms and conditions of the Waiver of Mandatory Offer as they relate to the Independent CIG Shareholders.

We confirm that our Opinion has been provided to the Board for the sole purpose of assisting the Board in forming and expressing an opinion with regard to the Waiver of Mandatory Offer for the benefit of the Independent CIG Shareholders. We understand that the results of our work will be used by the Board to satisfy the requirements of the Act.

Full details of the Proposed Transaction are contained in the EGM Circular which will include a copy of this Opinion.

The material interests of the directors are set out in paragraph 8 of section D of this EGM Circular and the effect of the Waiver of Mandatory Offer on those interests and persons are also set out in this section of the EGM Circular.

4. **DEFINITION OF THE TERMS “FAIR” AND “REASONABLE”**

The “fairness” of a transaction is based on quantitative considerations. A transaction may be said to be fair if benefits received by shareholders, as a result of a transaction, are equal to or greater than the value ceded by shareholders. In the Proposed Transaction, the Waiver of Mandatory Offer would be considered “fair” if the Mandatory Offer Price (i.e. the Rights Offer Price and the Conversion Price) is lower than the fair value of CIG shares.

The “reasonableness” of a transaction is based on both quantitative and qualitative considerations. The terms of the Waiver of Mandatory Offer will be considered reasonable if the Mandatory Offer Price (i.e. the Rights Offer Price and the Conversion Price) is lower than the market price of the Company’s securities at the time that the corporate action was announced. In addition, other qualitative considerations may be taken into account when considering the reasonableness of the terms of the Waiver of Mandatory Offer. Therefore, even though the Mandatory Offer Price may be higher than the market price of the Company’s securities, the Waiver of Mandatory Offer may still be considered “reasonable” after considering other significant qualitative factors.

This Opinion does not purport to cater for an individual Independent CIG Shareholder’s position but rather the general body of CIG Independent Shareholders being asked to vote in favour of the Waiver of Mandatory Offer. An Independent CIG Shareholder’s decision in this regard may be influenced by their particular circumstances (for example taxation and the original price paid for the shares).

5. **SOURCES OF INFORMATION**

In arriving at our Opinion, we have relied on information from the following sources:

- We obtained an understanding of the terms and conditions of the Proposed Transaction, as set out in the Announcement, the Definitive Agreements, the EGM Circular, the CIG Investor Presentation and the FSA Confirmation of Interest Letter;
- The audited and unaudited draft financial information of CIG and its subsidiary companies (“**Group**”) comprising the annual financial statements for the years ended 31 August 2015, 2016 and 2017;

- Management’s consolidation schedules for the years ended 31 August 2015, 2016 and 2017 as provided by CIG management;
- The unaudited interim financial results of CIG for the six months ended 28 February 2018;
- The CIG management accounts for the seven months ending 31 March 2018;
- Forecast financial information for the Group for the financial years ending 31 August 2019 to 31 August 2022 as provided by CIG management;
- The waiver granted by CIG’s funders to CIG with respect to its breach of certain funding covenants, as described in the announcement released on SENS on 15 February 2018;
- A valuation of the Company on a liquidation basis as provided by CIG management;
- Discussions with CIG management regarding the historic and forecast financial information;
- Discussions with CIG management and its advisors on prevailing market, economic, legal and other conditions which may affect underlying value;
- Publicly available information relating to CIG that we deemed to be relevant, including Company announcements, analysts’ reports and media articles;
- Publicly available information relating to industries and companies that we deemed relevant and comparable; and
- Information and assumptions made available and discussions held with the directors and management of the Company and their advisors.

Where practical, we have verified the reasonability of the information provided to us for the purpose of supporting our Opinion, whether in writing or obtained through discussions with the directors and management of CIG and its advisors. Where possible, such information has been substantiated by reference to supporting documentation and other corroborating evidence.

Whilst our work has involved an analysis of the financial information, as provided to us, our engagement does not constitute, nor does it include an audit or review in accordance with International Standards on Auditing. We have not and we do not assume responsibility or liability for such information.

6. PROCEDURES

In arriving at our Opinion, we have, amongst others, undertaken the following procedures in evaluating the fair and reasonableness of the Waiver of Mandatory Offer:

- Reviewed the terms and conditions of the Proposed Transaction;
- Reviewed the terms and conditions of the Announcement and the Definitive Agreements;
- Reviewed the CIG investor presentation with regard to the Proposed Transaction prepared by CIG and their advisors;
- Reviewed certain publicly available information relating to CIG that we have deemed relevant;
- Reviewed and analysed the audited and unaudited draft financial results of the Group for the years ended 31 August 2015, 31 August 2016 and 31 August 2017 including management’s consolidation schedules;
- Reviewed and analysed the interim unaudited draft financial information for the Company for the 6-month period ended 28 February 2018;
- Reviewed and analysed the Group management accounts for the seven-month period ended 31 March 2018;
- Reviewed and analysed the budget and forecast financial information for the Group for the financial years ending 31 August 2019 to 31 August 2022. The assumptions applied in the forecast were reviewed for reasonableness and the arithmetical accuracy was checked;
- Compiled forecast free cash flows for CIG’s subsidiary companies by using the historic and forecast financial information as detailed above and applied DG Capital’s assumptions of weighted average cost of capital (“**WACC**”) to the forecast cash flows to produce discounted cash flow (“**DCF**”) valuations for CIG’s subsidiary companies;
- Performed a sensitivity analysis on key assumptions included in the DCF valuations, specifically related to the WACC;
- Performed a market approach valuation for CIG’s subsidiary companies utilising local South African listed peer comparable companies. Price-to-earnings, price-to-book and enterprise value-to-earnings before interest, tax, depreciation and amortisation (“**EBITDA**”) multiples were used and applied to CIG Group’s maintainable profit after tax (“**PAT**”), net asset value and maintainable EBITDA respectively;
- Performed a net asset value (“**NAV**”) approach valuation for CIG’s subsidiary companies to derive a value using the disposal value of asset(s), either at a fair market value or at a forced sale value;
- Compiled forecast cash flows for CIG’s head office costs by using historic and forecast information provided by CIG management and applied DG Capital’s assumptions of cost of capital;

- Aggregated the valuations of CIG’s subsidiaries and head office to determine a sum-of-the-parts (“**SOTP**”) valuation;
- Compared historical and current market prices of CIG to the Mandatory Offer Price;
- Assessed the long-term potential of the Company and considered the medium/long-term viability of the Company to continue to operate as a going concern without the Proposed Transaction and in light of its current Debt Standstill as defined in this EGM Circular;
- Valued the embedded option in the Convertible Loan using the binomial pricing model;
- Evaluated the relative risks associated with the Company, its business model and the industries in which it operates;
- Obtained letters of representation from CIG management asserting that we have been provided with all relevant information, that no material information was omitted and that all such information provided to us is accurate in all respects; and
- Considered other relevant facts and information relevant to concluding this opinion.

7. VALUATION METHODOLOGY

In considering the Waiver of Mandatory Offer, DG Capital performed an independent valuation of CIG to determine whether the Mandatory Offer Price represents fair value.

CIG is a Pan-African infrastructure group focusing primarily on the energy and oil and gas sectors. DG Capital performed a valuation of CIG on a SOTP basis to determine whether the Waiver of Mandatory Offer represents fair value to the Independent CIG Shareholders. CIG has its principal investments as follows:

Description	Nature of investment	Valuation approach
Drift Supersand Proprietary Limited	74% interest	DCF/Market Approach
West End Claybrick Proprietary Limited	100% interest	DCF/Market Approach
Consolidated Power Projects Group Proprietary Limited	100% interest	DCF/Market Approach
Consolidated Power Maintenance and Investments Proprietary Limited	100% interest	DCF/Market Approach
Consolidated Infrastructure Group International	100% interest	NAV Approach
Angola Environmental Serviços Limitada	30.5% interest	DCF/Market Approach
Tractional	100% interest	DCF/Market Approach
CIGenco SA Proprietary Limited (“ CiGenco ”)	100% interest	Cost Approach
Conlog Proprietary Limited	100% interest	DCF/Market Approach
CIG Head Office	Head Office costs	DCF Approach

The discounted cash flow approach was the primary valuation methodology utilised. In addition, we considered the market approach (based on financial data for comparable publicly traded South African peer companies) as a secondary methodology to support the results of the DCF valuation. Price-to-earnings, price-to-book and enterprise value-to-EBITDA multiples were used and applied to maintainable PAT, net asset value and maintainable EBITDA respectively. Key internal drivers included an assessment of non-recurring transactions included in historical results, gross profit, operating profit and EBITDA margins, and the expected growth in the Company and its subsidiary companies.

The DCF valuation was performed taking cognisance of risk and other market and industry factors affecting CIG’s subsidiary companies. Key internal value drivers for the DCF included the WACC, revenue growth, profit margins, working capital investment, current gearing and capital expenditure.

External value drivers include key macro-economic parameters such as GDP growth, inflation and prevailing market and industry conditions.

We performed a sensitivity analysis in respect of the WACC by increasing and decreasing the WACC range. The WACC sensitivity analysis did not indicate a significant effect on the valuation of CIG to alter our opinion in respect of the Mandatory Offer.

The cost approach is a valuation methodology that provides an indication of value by calculating the current replacement or reproduction cost of an asset.

The NAV approach derives a value using the disposal value of the asset(s), either at a fair market value or at a forced sale value. This method was utilised for companies which are loss making and where the NAV is significant, and the values represented on the balance sheet are market related or realisable.

8. **REASONABILITY**

In arriving at our Opinion with respect to the reasonability of the Waiver of Mandatory Offer, we considered, *inter alia*, the following:

- Historic trading prices of CIG in the 30-day period prior to the date of the Announcement;
- The trading liquidity of CIG shares; and
- Significant qualitative factors such as the ability of CIG to continue to operate as a going concern in the event that the Proposed Transaction does not materialise.

9. **MATERIAL EFFECTS ON THE RIGHTS OF THE INDEPENDENT CIG SHAREHOLDERS**

CIG only has ordinary shares in issue. The Waiver of Mandatory Offer has no impact on the rights of Independent CIG Shareholders, save for the implications of the Waiver of Mandatory Offer itself.

10. **OPINION**

We have considered the terms of the Waiver of Mandatory Offer as set out above and based on the aforementioned, we are of the opinion, subject to the limiting conditions set out below, that the indicative market value per CIG Share as of the date of the Opinion on a going-concern basis is between R8.42 and R8.68 per CIG Share with a most likely value of R8.55 per CIG Share. In addition, the net asset value and net tangible net asset value per CIG Share is R13.33 and R8.70 respectively as at 28 February 2018.

The valuation range above is provided solely in respect of this Opinion and should not be used for any other purposes.

Based on our analysis and after taking into consideration all financial and non-financial considerations, we are of the opinion that the terms of the Waiver of Mandatory Offer in respect of the Rights Offer is fair and reasonable and in respect of the Specific Issue is fair and reasonable to the Independent CIG Shareholders.

We have furthermore assumed that all conditions precedent, including any material regulatory and other approvals and consents required in connection with the Proposed Transaction have been fulfilled or obtained. Accordingly, it should be understood that subsequent developments may affect this opinion, which we are under no obligation to update, revise or re-affirm.

11. **LIMITING CONDITIONS**

This Opinion is provided to the Board in connection with and for the purpose of the Waiver of Mandatory Offer for the sole purpose of assisting the Board in forming and expressing an opinion for the benefit of the Independent CIG Shareholders. This Opinion is prepared solely for the Board and therefore should not be regarded as suitable for use by any other party or give rise to third party rights.

The forecasts on which we have relied relate to future events and are based on assumptions, which may not remain valid for the whole of the relevant period. Consequently, this 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 actual results will correspond to those forecasted by the management of CIG.

We relied upon the accuracy of the information used by us in deriving our Opinion, albeit that, where practicable, we have corroborated the reasonableness of such information and assumptions through, amongst other things, reference to historic precedent and our knowledge and understanding.

Whilst our work has involved an analysis of the annual financial statements, draft interim and management accounts, forecasts and other information provided to us, our engagement does not constitute, nor does it include an audit conducted in accordance with applicable auditing standards. Accordingly, we assume no responsibility and make no representations with respect to the accuracy or completeness of any information provided to us in respect of the Waiver of Mandatory Offer.

Our Opinion expressed is necessarily based upon information available to us, the financial, regulatory, securities market and other conditions and circumstances existing and disclosed to us as at the date hereof. We have furthermore assumed that all conditions precedent, including any material regulatory and other approvals required in connection with the Waiver of Mandatory Offer have been or will be properly fulfilled. Subsequent developments may affect our Opinion, and we are under no obligation to update, revise or reaffirm such.

12. INDEPENDENCE, COMPETENCE AND FEES

We record that DG Capital holds no shares in CIG, directly or indirectly.

We further record that DG Capital has the necessary competence to act as the independent expert for the purpose of this Opinion. The directors, partners, officers and employees of DG Capital allocated to this assignment have the necessary qualifications, expertise and competencies to provide this Opinion.

The total fee payable in respect of the preparation of this Opinion is R200 000 excluding VAT, payable in cash and is not contingent on the approval by Independent CIG Shareholders of the Waiver of Mandatory Offer.

13. CONSENT

DG Capital consents to the use of our name, the inclusion of this Opinion and the reference to our Opinion in the EGM Circular to be issued to the Independent CIG Shareholders in the form and context in which it appears and in any required regulatory announcement or documentation.

Yours sincerely



Lior Goldstein
Director

DG Capital Proprietary Limited

MARKET VALUE OF SECURITIES

The table below sets out the aggregate volumes and values of CIG Shares traded on the JSE, and the highest and lowest Share prices traded, for each month over the 12 months prior to the Last Practicable Date and for each day over the 30 Trading Days prior to the Last Practicable Date.

Highest and lowest CIG Share price for each month and monthly aggregated volume and value traded for each of the last 12 months prior to the month in which the EGM Circular was posted:

	CIG Share price		Volume (CIG Shares)	Value (Rand)
	High (Rand)	Low (Rand)		
2017 ⁽¹⁾				
July	16.55	15.05	6 228 479	99 424 720
August	15.73	13.22	4 079 769	59 574 497
September	14.74	10.77	8 248 604	106 049 361
October	12.85	10.90	4 123 036	49 670 897
November	11.45	2.65	66 796 047	288 828 469
December	4.20	3.02	29 063 815	109 857 629
2018 ⁽¹⁾				
January	3.89	3.32	7 288 771	26 433 846
February	5.00	3.40	8 168 853	33 934 360
March	4.00	3.31	13 751 277	50 759 385
April	4.60	3.44	11 329 236	46 357 946
May	4.00	2.85	15 170 290	52 281 072
June ⁽²⁾	3.70	3.05	13 133 438	45 352 010

Notes:

1. Source: Bloomberg.
2. Month prior to the month in which this EGM Circular is posted.

Highest and lowest CIG Share price and aggregate volume and value traded for each of the past 30 Trading Days up to and including the Last Practicable Date:

	CIG Share price		Volume (CIG Shares)	Value (Rand)
	High (Rand)	Low (Rand)		
2018 ⁽¹⁾				
11 June	3.30	3.15	210 381	679 955
12 June	3.35	3.16	685 569	2 236 628
13 June	3.46	3.30	166 577	565 583
14 June	3.65	3.45	1 080 852	3 868 959
15 June	3.70	3.52	892 801	3 196 267
18 June	3.63	3.50	551 712	1 950 000
19 June	3.60	3.50	2 204 874	7 892 410
20 June	3.61	3.46	519 199	1 858 612
21 June	3.64	3.55	256 226	915 738
22 June	3.60	3.43	21 238	75 834
25 June	3.58	3.38	306 175	1 057 919
26 June	3.42	3.30	56 541	192 172
27 June	3.45	3.31	82 167	280 388
28 June	3.50	3.31	4 611 896	15 683 410
29 June	3.50	3.36	50 120	170 748
2 July	3.42	3.40	34 621	117 956
3 July	3.40	3.40	1 480	5 032
4 July	3.68	3.40	120 249	428 253
5 July	3.66	3.45	50 691	180 645
6 July	3.50	3.22	124 055	419 598
9 July	3.50	3.22	183 826	611 065
10 July	3.40	3.13	106 946	352 895
11 July	3.17	2.91	736 217	2 248 201
12 July	3.20	2.95	250 780	771 518
13 July	3.27	3.06	63 002	196 224
16 July	3.20	3.05	134 163	413 409
17 July	3.20	3.05	188 717	584 196
18 July	3.15	3.05	31 522	96 887
19 July	3.10	2.95	4 325 911	12 989 970
20 July ⁽²⁾	3.10	2.96	298 240	901 798

Notes:

1. Source: Bloomberg.
2. Last Practicable Date.

HISTORICAL FINANCIAL INFORMATION

A complete set of the CIG financial statements are available on the CIG website <http://www.ciglimited.co.za>.

Statement of compliance

The principal accounting policies of the Group as well as the disclosures made in the annual financial statements comply with IFRS and IFRIC interpretations effective for the Group's relevant financial year as well as the SAICA Financial Reporting Guidelines as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and the Act, applicable to companies reporting under IFRS and the JSE Listings Requirements.

Basis of measurement

The annual financial statements are prepared on the historical cost basis, unless otherwise stated in the financial statement policies, and incorporate the principal accounting policies disclosed within the annual financial statements. The annual financial statements are prepared on the going concern basis.

The annual financial statements are presented in South African Rand, which is CIG's functional and presentation currency. However, the Group measures the transactions of each of its material operations using the functional currency determined for that specific entity, which, in most instances, is the currency of the primary economic environment in which the operation conducts its business.

Management considers key financial metrics and loan covenant compliance in its approved medium-term budgets, together with its existing term facilities, to conclude that the going concern assumption used in compiling the annual financial statements is relevant.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Company and Group annual financial statements, are disclosed within the annual financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
for the year ended 31 August

	Audited year ended 31 August 2017 R'000	Audited year ended 31 August 2016 R'000	Audited year ended 31 August 2015 R'000
Revenue	4 368 875	4 531 640	3 603 953
Cost of sales	(3 772 258)	(3 545 385)	(2 818 381)
Gross profit	596 617	986 255	785 572
Other income	74 810	60 268	62 088
Operating expenses	(628 335)	(588 174)	(439 098)
Foreign exchange (loss)/gain	(37 728)	17 183	5 899
Earnings before interest, taxation, depreciation and amortisation ("EBITDA")	5 364	475 532	414 461
Depreciation and amortisation	(97 678)	(72 617)	(56 249)
(Loss)/profit before interest and taxation	(92 314)	402 915	358 212
Interest received	34 520	29 117	33 268
Interest paid	(138 211)	(136 963)	(90 250)
Equity accounted income from joint arrangement	50 558	135 789	109 517
(Loss)/profit before taxation	(145 447)	430 858	410 747
Taxation	(5 009)	(37 973)	(79 341)
(Loss)/profit for the year	(150 456)	392 885	331 406
Total (loss)/profit for the period attributable to:			
Equity holders of the parent	(146 787)	395 023	330 226
Non-controlling interest	(3 669)	(2 138)	1 180
Other comprehensive income that will subsequently be classified to profit and loss:			
Exchange rate differences on translating foreign operations	(133 891)	62 982	112 502
Remeasurement of defined benefit liability	1 021	-	-
Total comprehensive income	(283 326)	455 867	443 908
Total comprehensive income attributable to:			
Equity holders of the company	(280 318)	458 733	441 775
Non-controlling interest	(3 008)	(2 866)	2 133
Basic earnings per share (cents)	(77.5)	255.0	222.5
Diluted earnings per share (cents)	(77.5)	248.1	216.3
Reconciliation of headline earnings:			
Profit attributable to ordinary shareholders	(146 787)	395 023	330 226
Adjusted for:			
Profit on disposal of property, plant and equipment	(1 231)	(849)	(3 770)
Impairment of fixed assets	-	1 502	-
Tax effect on adjustments	345	(183)	1 005
Headline earnings attributable to ordinary shareholders	(147 673)	395 493	327 511
Weighted average number of shares in issue ('000)	189 484	154 912	148 407
Diluted weighted average number of shares in issue ('000)	192 275	159 194	152 654
Headline earnings per share (cents)	(77.9)	255.3	220.7
Diluted headline earnings per share (cents)	(77.9)	248.4	214.5

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Audited year ended 31 August 2017 R'000	Audited year ended 31 August 2016 R'000	Audited year ended 31 August 2015 R'000
ASSETS			
Non-current assets	2 708 085	1 884 309	1 676 514
Property, plant and equipment	513 660	466 802	450 076
Goodwill	1 151 969	536 343	534 272
Intangible assets	163 373	18 271	21 419
Deferred tax	140 293	66 768	75 070
Investment in joint arrangement	724 783	782 854	584 170
Financial assets	14 007	13 271	11 507
Current assets	4 303 542	4 871 789	3 550 357
Inventories	232 208	135 252	109 050
Financial assets	7 191	1 381	–
Trade and other receivables	522 958	381 452	245 101
Amounts due from contract customers	3 107 633	3 734 851	2 707 486
Taxation receivable	73 334	22 702	6 243
Cash and cash equivalents	360 218	596 151	482 477
Total assets	7 011 627	6 756 098	5 226 871
EQUITY AND LIABILITIES			
Equity	3 839 348	3 393 272	2 675 244
Stated capital	2 328 926	1 606 059	1 356 130
Share based payment reserve	49 410	42 875	30 643
Foreign currency translation reserve	44 282	178 834	115 124
Accumulated profits	1 418 640	1 564 406	1 169 383
Non-controlling interest	(1 910)	1 098	3 964
Non-current liabilities	229 319	1 109 866	846 901
Other financial liabilities – interest bearing	111	928 321	635 514
Other financial liabilities – non-interest bearing	87 144	98 183	89 677
Provisions	6 905	8 166	8 166
Instalment sale liabilities	25 480	19 401	22 729
Retirement benefit obligation	15 598	–	–
Operating lease liability	6 569	–	–
Deferred tax	87 512	55 795	90 815
Current liabilities	2 942 960	2 252 960	1 704 726
Other financial liabilities	932 389	48 311	8 892
Trade and other payables	1 466 352	1 952 588	1 427 761
Amounts received in advance	79 325	114 075	172 645
Amounts due to contract customers	68 276	75 912	66 611
Instalment sale liabilities	15 838	18 747	23 364
Operating lease liability	3 377	–	–
Provisions	589	–	–
Bank overdraft	370 774	38 226	–
Taxation payable	6 040	5 101	5 453
Total equity and liabilities	7 011 627	6 756 098	5 226 871
Number of shares in issue ('000)	196 255	156 966	148 884
Net asset value per share (cents)	1 956	2 162	1 797
Net tangible asset value per share (cents)	1 286	1 808	1 423

CONSOLIDATED STATEMENTS OF CASH FLOW

	Audited year ended 31 August 2017 R'000	Audited year ended 31 August 2016 R'000	Audited year ended 31 August 2015 R'000
Cash flows from operating activities			
Cash used in operations	(43 142)	(233 935)	(102 880)
Interest income	34 520	29 117	33 268
Finance costs	(137 180)	(133 469)	(87 071)
Tax paid	(121 812)	(80 226)	(103 520)
Net cash flows from operating activities	(267 614)	(418 513)	(260 203)
Cash flows from investing activities			
Acquisition of property, plant and equipment	(83 309)	(73 297)	(59 272)
Proceeds on sale of property, plant and equipment	3 506	4 132	5 103
Purchase of other intangible assets	(39 563)	(1 083)	(369)
Business combinations	(824 623)	–	(67 279)
Acquisition of financial assets	(4 305)	(2 459)	(335)
Net cash flows from investing activities	(948 294)	(72 707)	(122 152)
Cash flows from financing activities			
Proceeds on share issue	720 947	249 444	5 678
Increase in financial liabilities	–	348 719	–
Repayment of financial liabilities	(55 169)	(7 987)	(59 201)
Repayment of instalment sales liabilities	(25 197)	(26 251)	(35 644)
Net cash flows from financing activities	640 581	563 925	(89 167)
Total cash and cash equivalent movements for the year	(575 327)	72 705	(471 522)
Cash and cash equivalents at the beginning of the year	557 926	482 477	948 984
Effect of foreign currency translation reserve movement on cash balances	6 845	2 743	5 015
Total cash and cash equivalents at the end of the year	(10 556)	557 925	482 477

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Audited year ended 31 August 2017 R'000	Audited year ended 31 August 2016 R'000	Audited year ended 31 August 2015 R'000
Balance at beginning of the year	3 393 272	2 675 244	2 178 496
Issue of share capital and share issue expenses	722 867	249 929	45 991
Share-based payment reserve	6 535	12 232	6 849
Total comprehensive (loss)/income for the year	(280 318)	458 733	441 775
Non-controlling interest	(3 008)	(2 866)	2 133
Balance at end of the year	3 839 348	3 393 272	2 675 244

PRO FORMA FINANCIAL INFORMATION FOR CIG

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	28 February 2018 reviewed interim results ⁽¹⁾ 28 Feb 2018 R'000	Impact of Loan ⁽²⁾ 28 Feb 2018 R'000	Impact of Rights Offer ⁽³⁾ 28 Feb 2018 R'000	Impact of the Proposed Transaction ⁽⁴⁾ 28 Feb 2018 R'000
Revenue	1 303 973			1 303 973
Cost of sales	(1 500 531)			(1 500 531)
Gross profit	(196 558)			(196 558)
Other income	28 004			28 004
Operating expenses	(513 158)			(513 158)
Foreign exchange loss	(92 777)			(92 777)
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	(774 489)			(774 489)
Fair value adjustment	(134 401)			(134 401)
Depreciation	(56 200)			(56 200)
Impairment of goodwill	(397 938)			(397 938)
Profit before interest and taxation	(1 363 028)			(1 363 028)
Interest received	10 939		(1 600)	9 339
Interest paid	(130 019)	(6 668)	39 452	(97 235)
Profit before taxation	(1 482 108)			(1 450 924)
Taxation	268 992	1 867	(10 599)	260 260
Income from joint venture	10 419			10 419
Profit for period	(1 202 697)			(1 180 245)
Other comprehensive income				
Exchange differences on translating foreign operations	(27 433)			(27 433)
Remeasurement of defined benefit plan	1 012			1 012
Total comprehensive income	(1 229 118)			(1 206 666)
Other comprehensive income that will subsequently be classified to profit and loss				
Attributable to ordinary shareholders	(1 229 337)	(4 801)	27 253	(1 206 885)
Non-controlling interest	219			219
Basic earnings per share (cents)	(613)			(398)
Diluted earnings per share (cents)	(613)			(398)
Reconciliation of basic to headline earnings				
Profit for period attributable to ordinary shareholders	(1 202 916)			(1 180 464)
Adjusted for:				
(Profit)/loss on disposal of property, plant and equipment	(109)			(109)
Impairment of goodwill	532 339			532 339
Headline earnings attributable to ordinary shareholders	(670 686)			(648 234)

	28 February 2018 reviewed interim results ⁽¹⁾	Impact of Loan ⁽²⁾	Impact of Rights Offer ⁽³⁾	Impact of the Proposed Transaction ⁽⁴⁾
	28 Feb 2018 R'000	28 Feb 2018 R'000	28 Feb 2018 R'000	28 Feb 2018 R'000
Weighted average number of shares in issue (000')	196 255		200 000	396 255
Diluted weighted average number of shares in issue (000')	200 087		200 000	400 087
Headline earnings per share (cents)	(342)			(164)
Diluted headline earnings per share (cents)	(342)			(164)

	Impact of the Proposed Transaction ⁽⁴⁾	Impact of Conversion Rights ⁽⁵⁾	Impact of the Proposed Transaction post Conversion Rights being approved ⁽⁶⁾	Impact of conversion of the Loan to equity at a strike price of R5.20 ⁽⁷⁾	Total of Proposed Transaction including conversion of the Loan ⁽⁸⁾
	28 Feb 2018 R'000	28 Feb 2018 R'000	28 Feb 2018 R'000	28 Feb 2018 R'000	28 Feb 2018 R'000
Revenue	1 303 973		1 303 973		1 303 973
Cost of sales	(1 500 531)		(1 500 531)		(1 500 531)
Gross profit	(196 558)		(196 558)		(196 558)
Other income	28 004		28 004		28 004
Operating expenses	(513 158)		(513 158)		(513 158)
Foreign exchange loss	(92 777)		(92 777)		(92 777)
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	(774 489)		(774 489)		(774 489)
Fair value adjustment	(134 401)		(134 401)		(134 401)
Depreciation	(56 200)		(56 200)		(56 200)
Impairment of goodwill	(397 938)		(397 938)		(397 938)
Profit before interest and taxation	(1 363 028)		(1 363 028)		(1 363 028)
Interest received	9 339		9 339		9 339
Interest paid	(97 235)		(97 235)	20 712	(76 523)
Profit before taxation	(1 450 924)		(1 450 924)		(1 430 212)
Taxation	260 260		260 260	(5 799)	254 461
Income from joint venture	10 419		10 419		10 419
Profit for period	(1 180 245)		(1 180 245)		(1 165 332)
Other comprehensive income:					
Exchange differences on translating foreign operations	(27 433)		(27 433)		(27 433)
Remeasurement of defined benefit plan	1 012		1 012		1 012
Total comprehensive income	(1 206 666)		(1 206 666)		(1 191 972)

	Impact of the Proposed Transaction ⁽⁴⁾ 28 Feb 2018 R'000	Impact of Conversion Rights ⁽⁵⁾ 28 Feb 2018 R'000	Impact of the Proposed Transaction post Conversion Rights being approved ⁽⁶⁾ 28 Feb 2018 R'000	Impact of conversion of the Loan to equity at a strike price of R5.20 ⁽⁷⁾ 28 Feb 2018 R'000	Total of Proposed Transaction including conversion of the Loan ⁽⁸⁾ 28 Feb 2018 R'000
Other comprehensive income that will subsequently be classified to profit and loss					
Attributable to ordinary shareholders	(1 206 885)		(1 206 885)		(1 191 972)
Non-controlling interest	219		219		219
Basic earnings per share (cents)	(398)		(398)		(257)
Diluted earnings per share (cents)	(398)		(398)		(257)
Reconciliation of basic to headline earnings					
Profit for period attributable to ordinary shareholders	(1 180 464)		(1 180 464)		(1 165 551)
Adjusted for:					
(Profit)/loss on disposal of property, plant and equipment	(109)		(109)		(109)
Impairment of goodwill	532 339		532 339		532 339
Headline earnings attributable to ordinary shareholders	(648 234)		(648 234)		(633 321)
Weighted average number of shares in issue (000')	296 255		296 255	57 692	453 948
Diluted weighted average number of shares in issue (000')	300 087		300 087	57 692	457 780
Headline earnings per share (cents)	(219)		(219)		(140)
Diluted headline earnings per share (cents)	(219)		(219)		(140)

Notes to the statement of comprehensive income:

- The figures in this column have been extracted without adjustment from the reviewed interim consolidated financial statements of CIG for the period ended 28 February 2018.
- Pro forma* adjustment for the issue of the Loan column relates to the Loan disbursed to CIG by FSA. Interest on this Loan accrues at a rate of prime plus 4% being R20.7 million. The proceeds of this Loan are utilised to settle working capital facilities. This results in a reduction in interest accrued at the prime rate on working capital facilities equating R14.8 million. An upfront fee of 2.5% of the Loan (R7.5 million) is payable to FSA. A net tax saving after these adjustments equal to R1.8 million is therefore recorded.
- Pro forma* adjustment for the Rights Offer column relates to the Rights Offer to CIG Shareholders at a price of R4 per CIG Share which is fully underwritten by FSA, resulting in total value raised of R800 million. The proceeds are assumed to settle liabilities. This results in a reduction in interest accrued at the prime rate equal to R39 million. An underwriting fee equal to R20 million being 2.5% of the amount raised has been settled out of cash on hand. This results in a reduction in interest earned on cash proceeds at a rate of 8%. A net tax saving after these adjustments equal to R10.6 million is therefore recorded.
- Sub-total of CIG after the advancement of the Loan and the Rights Offer.
- This column represents the adjustments in relation to the Conversion Rights. No adjustments are applicable as there is no deemed equity component given the pricing of similar debt being lower than that of the convertible instrument. As there is no deemed equity component to the Loan, the Loan remains a liability and there is no partial reclassification to equity. As such there will be no impact on diluted earnings per share or headline earnings per share.
- Sub-total of CIG after the advancement of the Loan, the Rights Offer and the Conversion Rights.
- This column represents the conversion of the Loan, advanced as per note 2, to equity at a strike price of R5.20 per CIG Share. This results in a reduction of interest accrued on the Loan at a rate of prime plus 4%. Tax as a result will increase by R5.8 million.
- Pro forma* financial information of CIG post all *pro forma* adjustments.
- All adjustments will have a continuing effect, except the upfront fee referred to in Note 2 above.

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	28 February 2018 reviewed interim results ⁽¹⁾ As at 28 Feb 2018 R'000	Impact of Loan ⁽²⁾ As at 28 Feb 2018 R'000	Impact of Rights Offer ⁽³⁾ As at 28 Feb 2018 R'000	Impact of the Proposed Transaction ⁽⁴⁾ As at 28 Feb 2018 R'000
ASSETS				
Non-current assets	2 321 457			2 321 457
Property plant and equipment	495 582			495 582
Goodwill	754 029			754 029
Intangible assets	153 743			153 743
Deferred tax	385 928			385 928
Investment in associates	521 036			521 036
Financial assets	11 140			11 140
Current assets	3 459 615			3 732 115
Inventories	257 799			257 799
Amounts due from contract customers	2 338 540			2 338 540
Trade and other receivables	447 251			447 251
Current tax receivable	106 743			106 743
Financial assets	5 890			5 890
Cash and cash equivalents	303 392	292 500	(20 000)	575 892
Total assets	5 781 073			6 053 573
EQUITY AND LIABILITIES				
Equity	2 616 004			3 396 004
Share capital	2 328 926		780 000	3 108 926
Shares based payment reserve	55 184			55 184
Foreign currency translation reserve	16 849			16 849
Non-controlling interest	(1 691)			(1 691)
Accumulated profits	216 736			216 736
Non-current liabilities	310 988			310 988
Other financial liabilities – interest bearing	120 860			120 860
Other financial liabilities – non-interest bearing	79 618			79 618
Provisions	23 915			23 915
Instalment sale agreements	17 800			17 800
Deferred tax	68 795			68 795
Current liabilities	2 854 081			2 346 581
Other financial liabilities	945 399	292 500	(800 000)	437 899
Trade and other payables	1 118 121			1 118 121
Amounts received in advance	181 792			181 792
Amounts due to contract customers	65 323			65 323
Bank overdraft	522 042			522 042
Instalment sale agreements	16 164			16 164
Current tax payable	5 240			5 240
Total equity and liabilities	5 781 073			6 053 573
Number of shares in issue (000)	196 255		200 000	396 255
Net asset value per share (cents)	1 333			857
Net tangible asset per share (cents)	870			628

	Impact of the Proposed Transaction ⁽⁴⁾ As at 28 Feb 2018 R'000	Impact of Conversion Rights ⁽⁵⁾ As at 28 Feb 2018 R'000	Impact of the Proposed Transaction post Conversion Rights being approved ⁽⁶⁾ As at 28 Feb 2018 R'000	Impact of conversion of the Loan to equity at a strike price of R5.20 ⁽⁷⁾ As at 28 Feb 2018 R'000	Total of Proposed Transaction including conversion of the Loan ⁽⁸⁾ As at 28 Feb 2018 R'000
ASSETS					
Non-current assets	2 321 457		2 321 457		2 321 457
Property plant and equipment	495 582		495 582		495 582
Goodwill	754 029		754 029		754 029
Intangible assets	153 743		153 743		153 743
Deferred tax	385 928		385 928		385 928
Investment in associates	521 036		521 036		521 036
Financial assets	11 140		11 140		11 140
Current assets	3 732 115		3 732 115		3 732 115
Inventories	257 799		257 799		257 799
Amounts due from contract customers	2 338 540		2 338 540		2 338 540
Trade and other receivables	447 251		447 251		447 251
Current tax receivable	106 743		106 743		106 743
Financial assets	5 890		5 890		5 890
Cash and cash equivalents	575 892		575 892		575 892
Total assets	6 053 573		6 053 573		6 053 573
EQUITY AND LIABILITIES					
Equity	3 396 004		3 396 004		3 688 504
Share capital	3 108 926		3 108 926	292 500	3 401 426
Shares based payment reserve	55 184		55 184		55 184
Foreign currency translation reserve	16 849		16 849		16 849
Non-controlling interest	(1 691)		(1 691)		(1 691)
Accumulated profits	216 736		216 736		216 736
Non-current liabilities	310 988		310 988		310 988
Other financial liabilities – interest bearing	120 860		120 860		120 860
Other financial liabilities – non-interest bearing	79 618		79 618		79 618
Provisions	23 915		23 915		23 915
Instalment sale agreements	17 800		17 800		17 800
Deferred tax	68 795		68 795		68 795
Current liabilities	2 346 581		2 346 581		2 054 081
Other financial liabilities	437 899		437 899	(292 500)	145 399
Trade and other payables	1 118 121		1 118 121		1 118 121
Amounts received in advance	181 792		181 792		181 792
Amounts due to contract customers	65 323		65 323		65 323
Bank overdraft	522 042		522 042		522 042
Instalment sale agreements	16 164		16 164		16 164
Current tax payable	5 240		5 240		5 240
Total equity and liabilities	6 053 573		6 053 573		6 053 573

	Impact of the Proposed Transaction ⁽⁴⁾ As at 28 Feb 2018 R'000	Impact of Conversion Rights ⁽⁵⁾ As at 28 Feb 2018 R'000	Impact of the Proposed Transaction post Conversion Rights being approved ⁽⁶⁾ As at 28 Feb 2018 R'000	Impact of conversion of the Loan to equity at a strike price of R5.20 ⁽⁷⁾ As at 28 Feb 2018 R'000	Total of Proposed Transaction including conversion of the Loan ⁽⁸⁾ As at 28 Feb 2018 R'000
Number of shares in issue (000)	396 255		396 255	57 692	453 947
Net asset value per share (cents)	857		857		813
Net tangible asset per share (cents)	628		628		613

Notes to the statement of financial position:

1. The figures in this column have been extracted without adjustment from the reviewed interim consolidated financial statements of CIG for the period ended 28 February 2018.
2. *Pro forma* adjustment for the issue of the Loan column relates to the Loan disbursed to CIG by FSA. The proceeds of this Loan are utilised to settle working capital facilities. An upfront fee of 2.5% of the Loan (R7.5 million) is payable to FSA.
3. *Pro forma* adjustment for the Rights Offer column relates to the Rights Offer to CIG Shareholders at a price of R4 per CIG Share which is fully underwritten by FSA, resulting in total value raised of R800 million. The proceeds are fully utilised to settle liabilities. An underwriting fee equal to R20 million being 2.5% of the amount raised has been settled out of cash on hand. The underwriting fee has been capitalised to equity.
4. Sub-total of CIG after the advancement of the Loan and the Rights Offer.
5. This column represents the adjustments in relation to the Conversion Rights. Whilst the convertible Loan does represent a hybrid debt equity instrument, no value is currently attributable to the equity component of this Loan (i.e. as at *pro forma* recognition date) given its funding costs is higher than CIG's market related cost of funding. Therefore, there is no allocation of any portion of the Loan to equity.
6. Sub-total of CIG after the advancement of the Loan, the Rights Offer and the Conversion Rights.
7. This column represents the conversion of the Loan, advanced as per note 2, to equity at a strike price of R5.20 per CIG Share less the initial raising fee of R7.5 million.
8. *Pro forma* financial information of CIG post all *pro forma* adjustments.
9. All adjustments will have a continuing effect.

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT

The Board of Directors
Consolidated Infrastructure Group Limited
First Floor, 30 Melrose Boulevard
Melrose Arch
Johannesburg
2196

20 July 2018

Dear Directors

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF THE PRO FORMA FINANCIAL INFORMATION OF CONSOLIDATED INFRASTRUCTURE GROUP LIMITED ("CIG")

We have completed our assurance engagement to report on the compilation of *pro forma* financial information of CIG by the directors. The *pro forma* financial information, in **Annexure 4** of the CIG circular to be issued on or about 31 July 2018 ("**the EGM Circular**"), consists of the *pro forma* net asset statement at 28 February 2018, the *pro forma* income statement for the period ended 28 February 2018 and related notes. The applicable criteria on the basis of which the directors have compiled the *pro forma* financial information are specified in the Johannesburg Stock Exchange Limited (JSE) Listings Requirements and described in **Annexure 4**.

The *pro forma* financial information has been compiled by the directors to illustrate the impact of the corporate action or event, described in **Annexure 4**, on CIG's financial position as at 28 February 2018 and CIG's financial performance for the period then ended, as if the corporate action or event had taken place at 28 February 2018 for purposes of statement of financial position and at 1 September 2017 for purposes of statement of comprehensive income. As part of this process, information about CIG's financial position and financial performance has been extracted by the directors from CIG's unaudited interim financial information for the period ended 28 February 2018.

Directors' responsibility for the *pro forma* financial information

The directors are responsible for compiling the *pro forma* financial information on the basis of the applicable criteria specified in the Listings Requirements and described in **Annexure 4**.

Our independence and quality control

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

The firm applies the International Standard on Quality Control 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountants' responsibility

Our responsibility is to express an opinion about whether the *pro forma* financial information has been compiled, in all material respects, by the directors on the basis specified in the JSE Listings Requirements based on our procedures performed.

We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, Assurance Engagements to Report on the Compilation of *Pro Forma* Financial Information Included in a Prospectus which is applicable to an engagement of this nature – issued by the International Auditing and Assurance Standards Board. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the *pro forma* financial information has been compiled, in all material respects, on the basis specified in the JSE Listings Requirements.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the *pro forma* financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the *pro forma* financial information.

The purpose of *pro forma* financial information included in a prospectus is solely to illustrate the impact of a significant corporate action or event on unadjusted financial information of the entity as if the corporate action or event had occurred or had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the corporate action or event would have been as presented.

A reasonable assurance engagement to report on whether the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the *pro forma* financial information provide a reasonable basis for presenting the significant effects directly attributable to the corporate action or event, and to obtain sufficient appropriate evidence about whether:

- The related *pro forma* adjustments give appropriate effect to those criteria; and
- The *pro forma* financial information reflects the proper application of those adjustments to the unadjusted financial information.

Our procedures selected depend on our judgement, having regard to our understanding of the nature of the company, the corporate action or event in respect of which the *pro forma* financial information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the *pro forma* financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria specified in the JSE Listings Requirements and described in **Annexure 4**.

Report on Other Legal and Regulatory Requirements

- 19.1 Where the reporting accountant has a statutory or other obligation to report matters to a regulatory oversight body or other person, such as the IRBA, the reporting accountant needs to adhere to the statutory requirements imposed on him/her. Reference should also be made to part 2 (paragraph 6) and part 3 (paragraph 14) of the Revised Guide for Registered Auditors: Reportable Irregularities in terms of the Auditing Profession Act, which describes the Registered Auditor's (reporting accountant) reporting responsibilities relating to an audit of financial statements and other reasonable assurance engagements.*

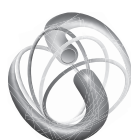
Grant Thornton

Registered Auditors
Practice number: 903485E

Ian Vorster

Partner
Registered Auditor
Chartered Accountant (SA)

20 July 2018



Consolidated
Infrastructure
Group Limited

Consolidated Infrastructure Group Limited

(Incorporated in the Republic of South Africa)

(Registration number 2007/004935/06)

Share code: CIL

ISIN: ZAE000153888

("CIG" or the "Company")

NOTICE OF GENERAL MEETING OF CIG SHAREHOLDERS

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

Notice is given that a General Meeting of CIG Shareholders will be held at First Floor, 30 Melrose Boulevard, Melrose Arch, 2196, on Wednesday, 29 August 2018 at 10:00 to consider and, if deemed fit, to pass, with or without modification, the resolutions set out in this Notice of General Meeting or at any postponement or adjournment of the General Meeting. Registration for attendance at the General Meeting will commence at 09:00.

CIG has determined that the Record Date for the purpose of determining which CIG Shareholders are entitled to receive Notice of the General Meeting is Friday, 20 July 2018 and the Record Date for purposes of determining which CIG Shareholders are entitled to participate in and vote at the General Meeting is Friday, 17 August 2018. Accordingly, only CIG Shareholders who are registered in the securities register of members of CIG on Friday, 17 August 2018 will be entitled to participate in and vote at the General Meeting.

All information and explanatory material relating to the resolutions proposed are contained in this EGM Circular to which this Notice of General Meeting is attached.

Each of the ordinary and special resolutions set out below may be proposed and passed at the General Meeting or at any postponement or adjournment of the General Meeting.

The purpose of the General Meeting is for the following business to be transacted and for the following special and ordinary resolutions to be proposed:

SPECIAL RESOLUTION NUMBER 1 – Increase in authorised share capital

RESOLVED THAT, the authorised share capital of CIG comprising of 300 000 000 (three hundred million) no par value CIG Shares be and is hereby increased to 600 000 000 (six hundred million) no par value CIG Shares by the creation of an additional 300 000 000 (three hundred million) no par value CIG Shares, with effect from the date of filing of the required notice of amendment with the Commission.

Voting requirement

In terms of section 36(2)(a) of the Act, the requisite percentage of voting rights for this Special Resolution Number 1 to be adopted is 75% of the voting rights exercised on the resolution. All CIG Shareholders are eligible to vote on this resolution.

Explanation

The reason for Special Resolution Number 1 is to amend CIG's MOI by increasing CIG's authorised shares to ensure that CIG has sufficient authorised but unissued CIG Shares to enable it to issue the Rights Offer Shares and the Specific Issue Shares pursuant to the exercise of the Conversion Rights.

SPECIAL RESOLUTION NUMBER 2 – Amendment of MOI

RESOLVED THAT, subject to the passing of Special Resolution Number 1, the MOI to be and is hereby amended with the effect from the date of filing of the required notice of amendment with the Commission, by substituting the number of authorised CIG Shares of “300 000 000 (three hundred million)” in paragraph 8.1 of the MOI with “600 000 000 (six hundred million)” no par value CIG Shares.

Voting requirement

In term of section 16(1)(c) of the Act, the requisite percentage of voting rights for this Special Resolution Number 2 to be adopted is 75% of the voting rights exercised on the resolution. All CIG Shareholders are eligible to vote on this resolution.

Explanation

The reason for Special Resolution Number 2 is to obtain approval from the CIG Shareholders for the amendment of the MOI of CIG to give effect to the change in authorised share capital provided for in Special Resolution Number 1 above.

SPECIAL RESOLUTION NUMBER 3 – Issue of CIG Shares pursuant to the Rights Offer

RESOLVED THAT, in terms of section 41(3) of the Act, the Directors be and are hereby authorised to issue the Rights Offer Shares, being 200 000 000 (two hundred million) CIG Shares pursuant to the Rights Offer.

Voting requirement

In terms of section 41(3) of the Act, the requisite percentage of voting rights for this Special Resolution Number 3 to be adopted is 75% of the voting rights exercised on the resolution. All CIG Shareholders are eligible to vote on this resolution.

Explanation

The reason for Special Resolution Number 3 is that section 41(3) of the Act requires that CIG obtain the approval of CIG Shareholders by special resolution for any issue of CIG Shares, if the voting power of the CIG Shares that will be issued will be equal to or exceed 30% of the voting power of all the CIG Shares of that class held immediately before the issue. The Rights Offer will constitute an issue of CIG Shares which represents in excess of 30% of the voting power of all the CIG Shares in issue after the Rights Offer and as such, the Directors may only issue the Rights Offer Shares if they obtain the approval of the CIG Shareholders by special resolution.

SPECIAL RESOLUTION NUMBER 4 – Issue of CIG Shares pursuant to the Specific Issue

RESOLVED THAT, to the extent legally required in terms of section 41(1) and/or section 41(3) of the Act, the Directors be and are hereby authorised to issue the Specific Issue Shares pursuant to the exercise of the Conversion Rights.

Voting requirement

In terms of sections 41(1) and 41(3) of the Act, the requisite percentage of voting rights for this Special Resolution Number 4 to be adopted is 75% of the voting rights exercised on the resolution. All CIG Shareholders are eligible to vote on this resolution.

Explanation

The reason for Special Resolution Number 4 is that Section 41(3) of the Act requires that CIG obtain the approval of CIG Shareholders by special resolution for any issue of CIG Shares, if the voting power of the CIG Shares that will be issued will be equal to or exceed 30% of the voting power of all the CIG Shares of that class held immediately before the issue. The Conversion Rights and the exercise of the Conversion Rights may result in an issue of CIG Shares which represent an excess of 30% of the voting power of all CIG Shares after the Specific Issue and as such, the Directors may only issue the Specific Issue Shares and the CIG Shares thereunder if they obtain the approval of the CIG Shareholders by special resolution.

The reason for Special Resolution Number 4 is that section 41(1) of the Act requires that CIG obtain the approval of CIG Shareholders by special resolution for any issue of CIG Shares, if the CIG Shares are issued to a person related or inter-related to CIG. The exercise of the Conversion Rights could result in an issue of CIG Shares to a person related or inter-related to CIG at that time following the Rights Offer (and receipt of the Underwritten Rights Offer Shares) and, as such, the Directors may only issue the Specific Issue Shares to such person if they obtain the approval of the CIG Shareholders by special resolution.

ORDINARY RESOLUTION NUMBER 1 – Specific authority to issue CIG Shares

RESOLVED THAT, the Company be and is hereby authorised to issue the Specific Issue Shares, in accordance with the JSE Listings Requirements.

Voting requirement

In terms of paragraphs 5.51(g) and 5.53(a) of the JSE Listings Requirements, the requisite percentage of voting rights for this Ordinary Resolution Number 1 to be adopted is 75% of the voting rights exercised on the resolution by CIG Shareholders. FSA and its Associates (as defined in the JSE Listings Requirements) may not vote on this resolution.

Explanation

The reason for Ordinary Resolution Number 1 is section 5.53(a)(i) of the JSE Listings Requirements requires specific approval in terms of paragraph 5.51 of the JSE Listings Requirements for the grant of options or convertible securities where such options/convertible securities are not issued to existing shareholders in proportion to their existing shareholding. In turn, section 5.51(g) of the JSE Listings Requirements requires that companies may only undertake a specific issue of shares for cash if they obtain the approval of at least 75% of the shareholders who are not participating in the specific issue, or associates of such participants.

ORDINARY RESOLUTION NUMBER 2 – Rights Offer Waiver Resolution

RESOLVED THAT, in the event Fairfax Africa, its subsidiaries or its concert parties (if any) are able to exercise (alone or together) at least 35% of all the voting rights attached to the Company's shares pursuant to the Rights Offer or any arrangement in connection therewith, the benefit of a Mandatory Offer from any such person to the extent required in terms of section 123 of the Act, to acquire any remaining CIG Shares on terms determined in accordance with the Act and the Regulations, be and is hereby irrevocably waived as contemplated in Regulation 86(4) of the Regulations.

Voting requirement

By reference to Regulation 86(4) of the Regulations, the requisite percentage of voting rights for this Ordinary Resolution Number 2 to be adopted is at least 50% of the voting rights exercised in favour of the passing of this resolution by the independent CIG Shareholders (i.e. excluding Fairfax Africa, its subsidiaries or its concert parties (if any) ("**Exempt Person**")) present in person or by proxy at the General Meeting.

Explanation

The reason for Ordinary Resolution Number 2 is that section 123(3) of the Act provides that, in the event that pursuant to the acquisition of a beneficial interest in voting rights attached to securities of a company, a person (acting alone or in concert with another person) is able to exercise at least 35% of all of the voting rights attached to the securities of that company, the person is required to offer to acquire any remaining securities of that company on terms determined in accordance with the Act and the Regulations. Regulation 86(4) of the Regulations provide that there is no obligation to make a Mandatory Offer if the independent holders of more than 50% of the general voting rights of all issued securities of the Company have agreed to waive the benefit of such a Mandatory Offer. Insofar as the Rights Offer or any arrangement of an Exempt Person in connection therewith renders such persons (alone or together) able to exercise at least 35% of all of the voting rights attached to the CIG Shares, the adoption of this resolution will give effect to a waiver of the right to receive a Mandatory Offer from such persons.

ORDINARY RESOLUTION NUMBER 3 – Conversion Rights Waiver Resolution

RESOLVED THAT, in the event Fairfax Africa, its subsidiaries or its concert parties (if any) are able to exercise (alone or together) at least 35% of all the voting rights attached to CIG Shares pursuant to the Conversion Rights or any arrangement in connection therewith, the benefit of a Mandatory Offer from any such person to the extent required in terms of section 123 of the Act, to acquire any remaining CIG Shares on terms determined in accordance with the Act and the Regulations, be and is hereby irrevocably waived as contemplated in Regulation 86(4) of the Regulations.

Voting requirement

By reference to Regulation 86(4) of the Regulations, the requisite percentage of voting rights for this Ordinary Resolution Number 3 to be adopted is at least 50% of the voting rights exercised in favour of the passing of this resolution by the independent CIG Shareholders (i.e. excluding Fairfax Africa, its subsidiaries or its concert parties (if any) ("**Exempt Person**")), present in person or by proxy at the General Meeting.

Explanation

The reason for Ordinary Resolution Number 3 is that section 123(3) of the Act provides that, in the event that pursuant to the acquisition of a beneficial interest in voting rights attached to securities of a company, a person (acting alone or in concert with another person) is able to exercise at least 35% of all of the voting rights attached to the securities of that company, the person is required to offer to acquire any remaining securities of that company on terms determined in accordance with the Act and the Takeover Regulations. Regulation 86(4) of the Regulations provides that there is no obligation to make a Mandatory Offer if the independent holders of more than 50% of the general voting rights of all issued securities of the Company have agreed to waive the benefit of such a Mandatory Offer. Insofar as the exercise of the Conversion Rights and issue of Specific Issue Shares or any arrangement of an Exempt Person in connection therewith renders such persons (alone or together) able to exercise at least 35% of all of the voting rights attached to the CIG's Shares, the adoption of this resolution will give effect to a waiver of the right to receive a Mandatory Offer from such persons.

ORDINARY RESOLUTION NUMBER 4 – Directors authorised to act

RESOLVED THAT, any Director of the Company or the Company Secretary be and hereby authorised and empowered to:

- sign all documents which may be necessary or desirable for the implementation of such resolutions as have been passed and their filing; and
- generally, do anything necessary or desirable for the implementation of such resolutions as have been passed and all such actions taken prior be and hereby ratified.

Voting requirement

In terms of the Act, ordinary resolutions require a simple majority (at least 50% of the voting rights plus one vote) exercised on the resolution. All CIG Shareholders are eligible to vote on this resolution.

QUORUM

The General Meeting may not begin until at least three CIG Shareholders entitled to attend and vote at the meeting are present in person and sufficient persons are present (in person or by proxy) at the General Meeting to exercise, in aggregate, at least 25% of all the voting rights that are entitled to be exercised in respect of at least one matter to be decided at the General Meeting. Fairfax Africa and its subsidiaries will be taken into account in determining the quorum, but will not vote on Ordinary Resolutions 1, 2 and 3.

IDENTIFICATION

In terms of section 63(1) of the Act, all General Meeting participants will be required to provide identification reasonably satisfactory to the chairman of the General Meeting, who must be reasonably satisfied that the right of that person to participate in, and speak and vote at, the General Meeting, as a CIG Shareholder, as a proxy for a CIG Shareholder or as a representative of a CIG Shareholder, has been reasonably verified.

ENTITLEMENT TO ATTEND AND VOTE AT THE GENERAL MEETING IN PERSON OR BY PROXY

If you hold certificated CIG Shares (i.e. have not dematerialised your CIG Shares) or are registered as an "Own-Name" Dematerialised CIG Shareholder (i.e. have specifically instructed your CSDP to hold your CIG Shares in your own name in the CIG sub-register) then:

- you may attend and vote at the General Meeting; alternatively
- you may appoint an individual as a proxy (who need not also be a CIG Shareholder) to attend, participate in and speak and vote in your place at the General Meeting by completing the attached Form of Proxy (*blue*) and returning it to the registered office of the Company or to the Transfer Secretaries, Computershare Investor Services Proprietary Limited, the details of which are set out in the Corporate Information and Advisers Section of this EGM Circular. For administrative purposes and the sake of good order, it will be appreciated if Forms of Proxy be received or lodged by 10:00 on Monday, 27 August 2018. Please note that your proxy may delegate his/her authority to act on your behalf to another person, subject to the restrictions set out in the attached Form of Proxy (*blue*). Please also note that the attached Form of Proxy (*blue*) must be delivered to the registered office of CIG or to the Transfer Secretaries, as aforesaid, before your proxy may exercise any of your rights as an CIG Shareholder at the General Meeting.

Unless revoked before then, a signed Form of Proxy shall remain valid at any adjournment or postponement of the General Meeting and the proxy so appointed shall be entitled to vote, as indicated on the Form of Proxy, on any resolution at such General Meeting or any adjournment or postponement thereof.

Please note that any CIG Shareholder that is a company may authorise any person to act as its representative at the General Meeting.

Please note that if you are the owner of dematerialised CIG Shares (i.e. have replaced the paper share certificates representing the CIG Shares with electronic records of ownership under the JSE's electronic settlement system, Strate) held through a CSDP or Broker (or their nominee) and are not registered as an "Own-Name" Dematerialised CIG Shareholder then you are not a registered CIG Shareholder, but your CSDP or Broker (or their nominee) would be.

Accordingly, in these circumstances, subject to the mandate between yourself and your CSDP or Broker if you:

- wish to attend the General Meeting you must contact your CSDP or Broker and obtain the relevant letter of representation from it; alternatively
- are unable to attend the General Meeting but wish to be represented at the meeting, you must contact your CSDP or Broker and furnish it with your voting instructions in respect of the General Meeting and/or request it to appoint a proxy. You must not complete the attached Form of Proxy (*blue*). The instructions must be provided in accordance with the mandate between yourself and your CSDP or Broker within the time period required by your CSDP or Broker.

CSDPs, Brokers or their nominees recorded in the Company's sub-register as holders of dematerialised CIG Shares held on behalf of an investor/beneficial owner in terms of Strate should, when authorised in terms of their mandate or instructed to do so by the owner on behalf of whom they hold dematerialised CIG Shares, vote by either appointing a duly authorised representative to attend and vote at the General Meeting or by completing the attached Form of Proxy (*blue*) in accordance with the instructions thereon and returning it to the registered office of the Company or to the Transfer Secretaries. For administrative purposes and the sake of good order, it will be appreciated if Forms of Proxy be received or lodged by 10:00 on Monday, 27 August 2018.

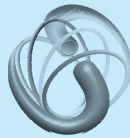
ELECTRONIC PARTICIPATION

CIG Shareholders wishing to participate electronically at the General Meeting are required to deliver the electronic notice to the Company Secretary, with a copy to the Transfer Secretaries, at the applicable addresses as set out in the Corporate Information and Adviser Section of this EGM Circular, by no later than 10:00 on Monday, 27 August 2018.

By order of the Board

Raoul Gamsu
Duly Authorised

Johannesburg
30 July 2018



**Consolidated
Infrastructure
Group Limited**

Consolidated Infrastructure Group Limited

(Incorporated in the Republic of South Africa)
(Registration number 2007/004935/06)

Share code: CIL
ISIN: ZAE000153888
("CIG" or the "Company")

FORM OF PROXY – GENERAL MEETING OF CIG SHAREHOLDERS

FOR COMPLETION BY CIG SHAREHOLDERS WHO HAVE NOT YET DEMATERIALISED THEIR CIG SHARES OR WHO HAVE DEMATERIALISED THEIR SHARES WITH "OWN NAME" REGISTRATION ONLY

If you wish to appoint a proxy to act on your behalf at the General Meeting of the CIG Shareholders to be held at First Floor, 30 Melrose Boulevard, Melrose Arch, 2196, on Wednesday, 29 August 2018 at 10:00 and any adjournment or postponement thereof, please complete and return this Form of Proxy. (Also see the notes overleaf).

All terms defined in the EGM Circular to which this Form of Proxy is attached shall bear the same meanings herein.

Note: If your dematerialised CIG Shares are held through a CSDP or Broker and you have not provided the nominee with a general mandate to act on your behalf at shareholder meetings, and you wish to cast your vote at this General Meeting or you want to attend the General Meeting in person, please contact your CSDP or Broker.

I/WE (Full names in BLOCK LETTERS please)

of (insert address)

Telephone number

Cell phone number

Email address

being the holder(s) of CIG Shares, hereby appoint:

1. _____ or failing him/her,

2. _____ or failing him/her,

3. the chairman of the General Meeting of CIG Shareholders,

as my/our proxy to act for me/us and on my/our behalf at the General Meeting which will be held for the purpose of considering, and if deemed fit, passing the special and ordinary resolutions to be proposed thereat and at any adjournment or postponement thereof and to vote for and/or against the special and ordinary resolutions and/or abstain from voting in respect of the CIG Shares, as applicable, registered in my/our name/s as follows:

Please indicate with an "X" the instructions to your proxy in the spaces provided below. In the absence of such indication the proxy will be entitled to exercise his/her discretion in voting.

	FOR	AGAINST	ABSTAIN
SPECIAL RESOLUTION NUMBER 1 – Increase in authorised share capital			
SPECIAL RESOLUTION NUMBER 2 – Amendment of MOI			
SPECIAL RESOLUTION NUMBER 3 – Issue of CIG Shares pursuant to the Rights Offer			
SPECIAL RESOLUTION NUMBER 4 – Issue of CIG Shares pursuant to the Specific Issue			
ORDINARY RESOLUTION NUMBER 1 – Specific authority to issue CIG Shares			
ORDINARY RESOLUTION NUMBER 2 – Rights Offer Waiver Resolution			
ORDINARY RESOLUTION NUMBER 3 – Conversion Rights Waiver Resolution			
ORDINARY RESOLUTION NUMBER 4 – Directors authorised to act			

Signed at _____ on _____ 2018

Signature

Assisted by (where applicable)

Name

Capacity

Signature

(Please print in BLOCK LETTERS)

Please read the notes overleaf.

Summary of CIG Shareholder's rights in respect of proxy appointments as contained in section 58 of the Act

Please note that in terms of section 58 of the Act:

- this Form of Proxy must be dated and signed by the CIG Shareholder appointing the proxy;
- you may appoint an individual as a proxy, including an individual who is not a CIG Shareholder, to participate in and speak and vote at a CIG Shareholders' meeting on your behalf;
- your proxy may delegate his/her authority to act on your behalf to another person, subject to any restriction set out in this Form of Proxy;
- this Form of Proxy must be delivered to the Company, or to the Transfer Secretaries of the Company, namely Computershare Investor Services Proprietary Limited, details of which can be found in note 5 to this Form of Proxy, before your proxy exercises any of your rights as a CIG Shareholder at the General Meeting;
- the appointment of your proxy or proxies will be suspended at any time to the extent that you choose to act directly and in person in the exercise of any of your rights as a CIG Shareholder at the General Meeting;
- the appointment of your proxy is revocable unless you expressly state otherwise in this Form of Proxy;
- as the appointment of your proxy is revocable, you 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. Please note the revocation of a proxy appointment constitutes a complete and final cancellation of your proxy's authority to act on your behalf as of the later of the date stated in the revocation instrument, if any, or the date on which the revocation instrument was delivered to the Company and the proxy as aforesaid;
- if this Form of Proxy has been delivered to the Company, as long as that appointment remains in effect, any notice that is required by the Act or the Company's MOI to be delivered by the Company to you will be delivered by the Company to you or your proxy or proxies, if you have directed the Company to do so, in writing and paid any reasonable fee charged by the Company for doing so;
- your proxy is entitled to exercise, or abstain from exercising, any voting right of yours at the General Meeting, but only as directed by you on this Form of Proxy; and
- the appointment of your proxy remains valid only until the end of the General Meeting or any adjournment or postponement thereof or for a period of 6 (six) months, whichever is shortest, unless it is revoked by you before then on the basis set out above.

The Form of Proxy shall be valid and shall apply to any adjournment or postponement of the General Meeting to which it relates and shall apply to any resolution proposed at the General Meeting to which it relates and to such resolution including any such resolution to be voted on at any adjourned or postponed meeting of the General Meeting to which the proxy relates, unless the proxy is revoked before the adjourned or postponed meeting.

NOTES TO THE FORM OF PROXY

1. 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 a proxy to the exclusion of those whose names follow thereafter.
2. If no proxy is inserted in the spaces provided, then the chairman shall be deemed to be appointed as the proxy to vote or abstain as the chairman deems fit.
3. A CIG Shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that CIG Shareholder in the appropriate box provided. If there is no clear indication as to the voting instructions to the proxy, the Form of Proxy 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 CIG Shareholder's votes exercisable at the General Meeting.
4. A CIG Shareholder or his/her proxy is not obliged to use all the votes exercisable by the CIG Shareholder or by his/her 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 CIG Shareholder or by his/her proxy. A proxy shall be entitled to demand that voting take place on a poll.
5. Form of Proxy must be lodged at the registered office of the Company, Melrose Arch, 30 Melrose Boulevard, Sandton, 2196, or posted to the Company Secretary at PO Box 61051, Marshalltown, 2107, or lodged with or posted to the Transfer Secretaries, Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 (PO Box 61051, Marshalltown, 2107).
6. For administrative purposes and the sake of good order, it will be appreciated if Forms of Proxy could be received or lodged by 10:00 on Monday, 27 August 2018, being 2 (two) Business Days before the General Meeting to be held at 10:00 on Wednesday, 29 August 2018. CIG Shareholders have until commencement of the General Meeting to lodge Forms of Proxy.
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 Secretary or waived by the chairman of the General Meeting if he/she is reasonably satisfied that the right of the representative to participate and vote has been reasonably verified. CSDPs or Brokers registered in the Company's securities, sub-register voting on instructions from beneficial owners of CIG Shares registered in the Company's securities sub-register, are requested that they identify the beneficial owner in the sub-register on whose behalf they are voting and return a copy of the instruction from such owner to the Company Secretary or to the Transfer Secretaries, Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 (PO Box 61051, Marshalltown, 2107), together with this Form of Proxy.
8. Any alteration or correction made to this Form of Proxy must be initialled by the signatory/ies, but will only be validly made if such alteration or correction is accepted by the chairman of the General Meeting.
9. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the Company Secretary.

