

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION



ELB Group Limited

(Incorporated in the Republic of South Africa)

(Registration number: 1930/002553/06)

Share code: ELR

ISIN: ZAE000035101

("ELB" or "the Company")

CIRCULAR TO ELB SHAREHOLDERS

relating to:

- the proposed specific repurchase by ELB of its own ordinary shares held by ELB International Proprietary Limited, a wholly-owned subsidiary of ELB;

and including:

- a notice of Shareholders' meeting of ELB; and
- a form of proxy for use by certificated shareholders and "own name" dematerialised shareholders only.

Merchant bank and sponsor



Independent expert

DEA-RU

Legal advisor

WEBBER WENTZEL

in alliance with > Linklaters

Date of issue: 16 August 2016

CORPORATE INFORMATION

Company secretary and registered office

Elbex Proprietary Limited
14 Atlas Road
Anderbolt
Boksburg, 1459
(PO Box 565, Boksburg, 1460)

Merchant bank and sponsor

Rand Merchant Bank (a division of FirstRand Bank Limited)
1 Merchant Place
Corner Fredman Drive and Rivonia Road
Sandton, 2196
(PO Box 786273, Sandton, 2146)

Legal advisor

Webber Wentzel
90 Rivonia Rd,
Sandton, 2196
(PO Box 61771, Marshalltown, 2107)

Independent expert

DEA-RU Proprietary Limited
7 Sun Place
Olivedale, 2158

Transfer secretaries

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

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ACTION REQUIRED BY SHAREHOLDERS

This circular is important and requires your immediate attention. The action you need to take is set out below. The definitions and interpretations commencing on page 4 of this circular have been used in this section.

If you have disposed of all your shares, then this circular, together with the attached form of proxy, should be handed to the purchaser of such shares or to the broker, CSDP, banker or other agent through whom the disposal was effected.

If you are in any doubt as to what action to take, you should consult your CSDP, broker, attorney or other professional adviser immediately.

A Shareholders' meeting of ELB is to be held at noon (12:00) on Tuesday, 11 October 2016 in the Boardroom of ELB Engineering Services Proprietary Limited which is located at 345 Rivonia Road, Sandton to consider, and if deemed fit, approve the repurchase by the Company of 3 545 986 of its own shares from ELB International for a purchase consideration of R61 593 777.

You should read this circular carefully and decide how you wish to vote on the resolution to be proposed at the Shareholders' meeting. The notice convening the Shareholders' meeting is attached to and forms part of this Circular.

If you have dematerialised your ELB shares without "own name" registration:

- (a) Voting at the Shareholders' meeting
 - (i) Your CSDP/broker is obliged to contact you in the manner stipulated in the agreement concluded between you and your CSDP/broker to ascertain how you wish to cast your vote at the Shareholders' meeting and thereafter to cast your vote in accordance with your instructions.
 - (ii) If you have not been contacted, it would be advisable for you to contact your CSDP/broker and furnish it with your voting instructions.
 - (iii) If your CSDP/broker does not obtain voting instructions from you, it will be obliged to vote in accordance with the instructions contained in the agreement concluded between you and your CSDP/broker.
 - (iv) You must NOT complete the attached form of proxy.
- (b) Attendance and representation at the Shareholders' meeting

In accordance with the agreement between you and your CSDP/broker, you must advise your CSDP/broker if you wish to attend the Shareholders' meeting in person or if you wish to send a proxy to represent you at the Shareholders' meeting and your CSDP/broker will issue the necessary letter of representation for you or your proxy to attend the Shareholders' meeting.

If you have not dematerialised your ELB shares or you have dematerialised your ELB shares with "own name" registration:

- (a) Voting, attendance and representation at the Shareholders' meeting
 - (i) You may attend and vote at the Shareholders' meeting in person.
 - (ii) Alternatively, you may appoint a proxy to represent you at the Shareholders' meeting by completing the attached form of proxy in accordance with the instructions it contains and returning it to the registered office of the Company or the transfer secretaries to be received by no later than 12:00 on Friday, 7 October 2016.

ELB does not accept responsibility and will not be held liable for any failure on the part of the CSDP of dematerialised shareholders to notify such ELB shareholders of the Shareholders' meeting or of the matters set out in this circular.

SALIENT DATES AND TIMES

The definitions and interpretations commencing on page 4 of this document have been used in the following table of important dates and times:

Event	2016
Record date as determined by the board in accordance with Section 59 of the Companies Act for ELB shareholders to be eligible to receive the circular and notice of Shareholders' meeting	Friday, 5 August
Circular posted to ELB shareholders and notice convening the Shareholders' meeting released on SENS	Tuesday, 16 August
Last day to trade in order to be eligible to vote at the Shareholders' meeting	Tuesday, 27 September
Record date in order to vote at the Shareholders' meeting	Friday, 30 September
Last day to lodge forms of proxy by 12:00	Friday, 7 October
Shareholders' meeting to be held in the boardroom of ELB Engineering Services Proprietary Limited which is located at 345 Rivonia Road, Sandton at noon (12:00)	Tuesday, 11 October
Results of the Shareholders' meeting released on SENS	Wednesday, 12 October
Cancellation and delisting of the 3 545 986 shares on or about	Friday, 14 October

DEFINITIONS AND INTERPRETATIONS

In this circular and the annexures hereto, unless the context indicates otherwise, the words in the first column shall have the meanings assigned to them in the second column, the singular includes the plural and vice versa, an expression which denotes one gender includes the other gender, a natural person includes a juristic person and vice versa, and cognate expressions shall bear corresponding meanings:

“Act” or “Companies Act”	the Companies Act, No. 71 of 2008, as amended;
“board” or “directors”	the board of directors of ELB from time to time;
“business day”	any day other than a Saturday, Sunday or a public holiday in South Africa, within the meaning of the Public Holidays Act, No. 36 of 1994;
“BR Advertising”	the Company’s appointed publisher and printer;
“certificated shareholders”	shareholders who hold ELB shares, represented by a share certificate, which ELB shares have not been dematerialised in terms of the requirements of Strate;
“circular” or “this document”	this bound document, dated Tuesday, 16 August 2016, which includes the circular, the annexures, the notice of Shareholders’ meeting and the form of proxy;
“common monetary area”	South Africa, the Republic of Namibia and the Kingdoms of Lesotho and Swaziland;
“CSDP”	Central Securities Depository Participant, being a “participant” as defined in section 1 of the Financial Markets Act, No. 19 of 2012;
“DEA-RU”	DEA-RU Proprietary Limited, the Independent Expert appointed by the board;
“dematerialise” or “dematerialisation”	the process by which securities held by certificated shareholders are converted or held in an electronic form as uncertificated securities and recorded in a sub-register of security holders maintained by a CSDP or broker;
“dematerialised shareholders”	shareholders who hold ELB shares which have been dematerialised;
“ELB” or “the Company”	ELB Group Limited (registration number 1930/002553/06), a public company incorporated in accordance with the laws of South Africa and listed on the JSE;
“ELB Group” or “Group”	ELB and its subsidiaries;
“ELB International” or “ELBI”	ELB International Proprietary Limited (registration number 1999/003144/07), a wholly owned subsidiary of ELB and incorporated in accordance with the laws of South Africa;
“ELB Participants Share Trust”	a trust (master’s reference IT6718/03) previously used to house shares for the allocation and distribution to eligible employees of the ELB Group in terms of the ELB Executive Bonus Scheme;

“ELB shareholders” or “shareholders”	the holders of ELB shares;
“ELB shares” or “shares”	ordinary shares of 4 cents per share in the issued share capital of ELB;
“Exchange Control Regulations”	the Exchange Control Regulations, 1961, as amended, promulgated in terms of section 9 of the Currency and Exchanges Act, No. 9 of 1933, as amended;
“form of proxy”	the form of proxy attached to and forming part of this circular;
“Income Tax Act”	the Income Tax Act, No. 58 of 1962, as amended;
“JSE”	the Johannesburg Stock Exchange, operated by the JSE Limited (registration number 2005/022939/06), a public company incorporated in accordance with the laws of South Africa and listed on the JSE, which is licensed as an exchange under the Financial Markets Act, No. 19 of 2012;
“last practicable date”	Tuesday, 2 August 2016, being the last practicable date prior to the finalisation of this circular;
“Listings Requirements”	the Listings Requirements of the JSE, as amended from time to time;
“own name dematerialised shareholders”	dematerialised shareholders who have instructed their CSDP to hold their dematerialised shares in their own name on the sub-register (the list of shareholders maintained by the CSDP and forming part of ELB’s shareholder register);
“purchase consideration”	an amount of R61 593 777 which shall be paid by ELB to ELB International as consideration for the specific repurchase of the 3 545 986 shares;
“Rand” or “R”	South African Rand, being the official currency of South Africa;
“repurchase of shares agreement”	the agreement between ELB and ELBI dated 15 June 2016, pursuant to which ELB agreed to repurchase the treasury shares held by ELBI;
“repurchase price”	the price of R17.37 per share payable by ELB to ELB International for each ELB share to be purchased in terms of the repurchase of shares agreement;
“RMB”	Rand Merchant Bank (a division of FirstRand Bank Limited);
“SARS”	the South African Revenue Service;
“SENS”	the Stock Exchange News Service of the JSE;
“Shareholders’ meeting”	the Shareholders’ meeting of ELB to be held in the Boardroom of ELB Engineering Services Proprietary Limited which is located at 345 Rivonia Road, Rivonia, Sandton at noon (12:00) on Tuesday, 11 October 2016 for the purposes of considering and, if deemed fit, to pass the special resolution contained in the notice of Shareholders’ meeting, required to implement the specific repurchase;

“South Africa”	the Republic of South Africa;
“Strate”	Strate Proprietary Limited (registration number 1998/022242/07), a private company incorporated under the laws of South Africa, a registered central securities depository in terms of the Financial Markets Act, No. 19 of 2012;
“STT”	securities transfer tax in terms of the Securities Transfer Tax Act, No. 25 of 2007;
“subsidiary”	shall have the meaning ascribed thereto in the Companies Act;
“the specific repurchase”	the proposed repurchase and cancellation by ELB of the treasury shares as set out in this circular and in terms of section 48 of the Companies Act;
“transfer secretaries” or “Computershare”	Computershare Investor Services Proprietary Limited (registration number 2004/003647/07), a private company incorporated in South Africa and the transfer secretary of ELB;
“treasury shares”	Includes ELB shares held by subsidiaries of ELB and the ELB Share Incentive Trust, which are controlled by the Company. The treasury shares subject to this circular are the 3 545 986 ELB shares held by ELB International, to be repurchased by ELB, cancelled and delisted;
“Takeover Regulations”	the Takeover Regulations made by the Minister of Trade and Industries pursuant to sections 120 and 223 of the Companies Act;
“TRP” or “Panel”	the Takeover Regulation Panel, established in terms of section 196 of the Companies Act;
“VWAP”	volume weighted average price of shares traded on the JSE; and
“Webber Wentzel”	the Company’s legal advisors appointed for the Specific Repurchase.



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CIRCULAR TO ELB SHAREHOLDERS

1. INTRODUCTION

The purpose of this circular is to provide ELB shareholders with the necessary information regarding the specific repurchase and to convene the Shareholders' meeting at which shareholders can vote on the special resolution required to implement the specific repurchase (the requisite percentage of voting rights for such resolution to be adopted being 75%).

2. RATIONALE FOR THE SPECIFIC REPURCHASE

ELB International acquired 3 386 000 ELB shares from the ELB Participants Share Trust in 2011 and has since then been purchasing ELB shares through the open market in terms of the general repurchase authorities granted annually to ELB and each of its subsidiaries by the ELB shareholders.

As at the last practicable date, treasury shares of 3 545 986, held by ELB International constituted 9.90% of the entire issued share capital of ELB. In terms of section 48(2)b of the Companies Act, subsidiaries may only hold up to a maximum of 10% of the aggregate of the number of issued shares of their holding company. Due to the fact that the number of the treasury shares is approaching this 10% threshold, ELB's ability to continue to repurchase its own shares through its subsidiaries is limited. In order to create new capacity for ELB to repurchase further ELB shares through its subsidiaries, the board has resolved that ELB should repurchase the treasury shares from ELB International. The treasury shares will, following their repurchase, be cancelled as issued shares and restored to the status of authorised but unissued shares.

3. TERMS OF THE SPECIFIC REPURCHASE

The specific repurchase will be performed at a price of R17.37 per ELB share, being the 30-day VWAP for ELB shares on the JSE on 15 June 2016, with the full R17.37 per ELB share paid out of existing ELB reserves. Application will be made to the JSE for the delisting of the treasury shares once they have been repurchased.

Attached as Annexure I to this circular is the independent expert's report prepared by DEA-RU relating to the specific repurchase as provided to the full board of ELB, which is required in terms of section 48(8)(b) read with section 114 of the Companies Act, which concluded that the specific repurchase is fair and reasonable to the shareholders. It was determined that, since the specific repurchase is effectively an internal transaction, the appointment of an independent board is not required.

In terms of the Listings Requirements and the provisions of section 115(4) of the Companies Act, the ELB subsidiaries (and their associates), being persons related to the acquiring party (within the meaning of section 115(4) of the Companies Act), will be excluded from voting on the special resolution of shareholders required to authorise the specific repurchase.

A statement informing dissenting shareholders of their rights under section 164 of the Companies Act is set out in Annexure II forming part of this circular.

The TRP granted an exemption pursuant to section 119(6) of the Companies Act in terms of a letter issued to ELB, dated 11 July 2016. Pursuant thereto, the specific repurchase has been exempted from the application of Part B and Part C (of Chapter 8 of the Companies Act), as well as the Takeover Regulations. Accordingly, the independent expert's report included in Annexure I has been prepared in terms of the Companies Act and is not presented in terms of the JSE Listings Requirements.

4. ADEQUACY OF CAPITAL

The directors of ELB have considered the impact of the specific repurchase and are of the opinion that, for a period of 12 months after the date of the approval of the circular, the:

- provisions of section 4 and section 48 of the Companies Act will have been complied with;
- Company and the Group will be able to pay their respective debts as they become due in the ordinary course of business;
- assets of the Company and the Group, as fairly valued, will be in excess of the liabilities of the Company and the Group, as fairly valued. For this purpose, the assets and liabilities were recognised and measured in accordance with the accounting policies used in the latest audited consolidated financial statements of the Company;
- share capital and reserves of the Company and the Group will be adequate for ordinary business purposes;
- working capital of the Company and the Group will be adequate for ordinary business purposes.

In addition, in terms of section 46(1) of the Companies Act, it is stated as follows:

- the board has authorised the specific repurchase by resolution (section 46(1)(a)(ii) of the Companies Act), and
- the board has, by resolution, acknowledged that it has applied the solvency and liquidity test, confirmed that there have been no material changes to the financial position of the Group since the test was applied and reasonably concluded that the Company and Group will satisfy the solvency and liquidity test immediately after completing the specific repurchase (section 46(1)(c) of the Companies Act).

5. MAJOR SHAREHOLDERS

Shareholders, who held a 5% or greater beneficial (direct and indirect) shareholding in the issued ordinary share capital of ELB as at the last practicable date, were as follows:

Shareholder	Number of shares held	Percentage of issued share capital
ELB International	3 545 986	9.90
Tanjo One (Pty) Ltd*	3 294 612	9.20

*Entity through which a director holds an indirect beneficial interest in the Company.

6. MATERIAL CHANGES

Shareholders are advised to refer to the ELB Trading Statement, released on SENS on 2 August 2016, which provides details on the material changes in the financial and trading position of ELB since the publication of the unaudited Group Interim Report for the six months ended 31 December 2015.

7. DIRECTORS' INTERESTS

The interests of the directors in the share capital of ELB as at the last practicable date are set out below:

Director	Direct Beneficial	Indirect beneficial	Percentage of total issued ordinary share capital
PJ Blunden*	859 618	382	2.40
T de Bruyn	–	10 100	0.03
MC Easter	–	–	–
AG Fletcher	100	3 294 612	9.20
Dr JP Herselman	–	158 600	0.44
Dr SJ Meijers	1 310 000	–	3.66
MV Ramollo	100	12 276	0.03
CJ Smith*	258 867	–	0.72
IAR Thomson	100	7 000	0.02
JC van Zyl	–	–	–
	2 428 785	3 482 970	16.50

*Mr PJ Blunden acquired 382 shares and Mr CJ Smith acquired 12 967 shares since 30 June 2015. No other movements in the directors' interests took place between 30 June 2015 and the last practicable date.

8. SHARE CAPITAL OF ELB

The table below set out the authorised and issued share capital of ELB before and after the specific repurchase:

	R'000
Authorised	
50 000 000 ELB shares of 4 cents each	2 000
Issued – before the specific repurchase	
35 824 527 ELB shares of 4 cents each and share premium	107 702
7 270 469 treasury shares	(40 462)
	67 240
Issued – after the specific repurchase	
32 278 541 ELB shares of 4 cents each and share premium	104 479
3 724 483 treasury shares	(36 457)
	68 022

9. FINANCIAL EFFECTS

As the specific repurchase is an intra-group transaction, no significant cash will be utilised and the financial effects are minimal.

The impact on the total issued share capital is that the ordinary shares will be reduced by 3 545 986 ordinary shares to 32 278 541 ELB shares. The treasury shares held across all Group subsidiaries and share option schemes will decrease by 3 545 986 shares.

10. COSTS OF THE SPECIFIC REPURCHASE

The costs of the specific repurchase are anticipated to be approximately R0.5 million (VAT exclusive) which represents less than 0.05% of the ELB Group equity of R952.8 million, as at 31 December 2015:

Description	Name	R'000
Independent expert's report	DEA-RU	90
Legal advisor fees	Webber Wentzel	60
Sponsor and support fees	RMB	45
TRP regulation fees	TRP	30
JSE documentation fees	JSE	21
Printing, publishing and distribution costs	BR Advertising	56
Securities Transfer Tax	SARS	154
		456

11. DIRECTORS' RESPONSIBILITY STATEMENT

The directors, whose names are set out in paragraph 7 above, collectively and individually, accept full responsibility for the accuracy of the information given in this circular and certify that, to the best of their knowledge and belief, no facts have been omitted which would make any statement in this circular false or misleading, that all reasonable enquiries to ascertain such facts have been made and that this circular contains all information required by law and the Listings Requirements.

12. CONSENTS

Each of the merchant bank and sponsor, legal advisor and independent expert have consented in writing to act in the capacities stated in this circular and to their names being stated in this circular, and in the case of the independent expert, reference to their report in the form and context in which it appears, and have not withdrawn their consent prior to the publication of this circular.

13. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents or copies thereof will be available for inspection at the registered office of ELB during normal office hours from 09:00 to 16:30 from the date of posting of this circular up until the Shareholders' meeting on Tuesday, 11 October 2016:

1. the Memorandum of Incorporation of ELB;
2. audited annual financial statements of ELB for each of the years ended 30 June 2015, 2014 and 2013;
3. unaudited Group Interim Report for the six months ended 31 December 2015;
4. the signed consents letters referred to in paragraph 12 above;
5. a signed copy of this circular;
6. the signed independent expert's report required in terms of the applicable provisions of section 114 of the Companies Act;
7. the repurchase of shares agreement;
8. a copy of the resolution of the board authorising the specific repurchase, dated 15 June 2016, referred to in paragraph 4 of this circular; and
9. the letter of exemption issued by the TRP in terms of section 119(6) of the Companies Act, dated 11 July 2016, exempting the specific repurchase from the application of Part B and Part C (of Chapter 8 of the Companies Act) and the Takeover Regulations.

The reviewed Group Condensed Provisional Report for the year ended 30 June 2016 is expected to be released on SENS on 21 September 2016. A copy will be available on the Group's website and at the Company's registered office.

By order of the board

MC Easter

ELB Group Financial Director

16 August 2016

The Directors
ELB Group Limited
14 Atlas Road
Anderbolt
Boksburg
1459

4 August 2016

Dear Sirs

REPORT OF THE INDEPENDENT PROFESSIONAL EXPERT TO ELB GROUP LIMITED REGARDING THE SPECIFIC REPURCHASE BY ELB GROUP LIMITED OF ITS ORDINARY SHARES FROM ELB INTERNATIONAL PROPRIETARY LIMITED, A WHOLLY OWNED SUBSIDIARY

INTRODUCTION

ELB International Proprietary Limited (“ELB International”) acquired 3 386 000 ordinary shares in ELB Group Limited (“ELB”) from the ELB Participants Share Trust in 2011 and has since then, been purchasing ELB’s ordinary shares through the open market in terms of the general authorities granted annually to ELB and each of its subsidiaries by the ELB shareholders.

As at the last practicable date, treasury shares of 3 545 986 (the “ELB Treasury Shares”), held by ELB International constituted 9.90% of the entire issued share capital of ELB. In terms of section 48(2)b of the Companies Act, subsidiaries may only hold up to a maximum of 10% of the aggregate of the number of issued shares of their holding company. Due to the fact that the number of the treasury shares held is approaching this 10% threshold, ELB’s ability to continue to repurchase its own shares through its subsidiaries is limited. In order to create new capacity for ELB to repurchase further ELB shares through its subsidiaries, the board has resolved that ELB should repurchase the ELB Treasury Shares from ELB International (“Specific Repurchase”) at a purchase price of R17.37 per ELB share (“Specific Repurchase Consideration”). The ELB Treasury Shares will, following their repurchase, be cancelled by ELB as issued shares and be restored to the status of authorised but unissued shares.

The Specific Repurchase will have no material financial effect on ELB or ELB shareholders, other than in respect of transaction costs as disclosed in the circular to the ELB shareholders dated 16 August 2016 (“the Circular”). As the Specific Repurchase is intra-group the only impact on the net asset value of ELB will be the transaction costs expected to be incurred and any tax that arises from the Specific Repurchase. The pro forma financial effects have therefore not been disclosed by ELB in the Circular. The effects of the Specific Repurchase detailed above will also apply to the interest of ELB directors in ELB.

As at the date of this opinion, the share capital of the Company prior to the Specific Repurchase is set out in paragraph 8 of the Circular.

The interests of the Directors in ELB shares before the Specific Repurchase basis is set out in paragraph 7 of the Circular.

Copies of the provisions of sections 115 and 164 of the Companies Act are included as Annexure II to the Circular.

FAIR AND REASONABLE OPINION REQUIRED

As the Specific Repurchase involves the acquisition by the Company of more than 5% of the Company's ordinary shares in issue, section 48(8)(b) of the Companies Act specifies that the Specific Repurchase is subject to the requirements of sections 114 and 115 of the Companies Act. In terms of section 114(2) of the Companies Act as read together with Regulation 90 of the Companies Regulations, 2011 (the "Companies Regulations"), the ELB board of directors ("the "Board") must retain an independent expert to compile a report on the Specific Repurchase (the "Fair and Reasonable Opinion"). DEA-RU Proprietary Limited ("DEA-RU") had been appointed by the Board to provide the Fair and Reasonable Opinion.

RESPONSIBILITY

Compliance with the Companies Act is the responsibility of the Directors. Our responsibility is to report to the Board on the fairness and reasonableness of the terms of the Specific Repurchase.

EXPLANATION AS TO HOW THE TERMS "FAIR" AND "REASONABLE" APPLY IN THE CONTEXT OF THE SPECIFIC REPURCHASE

The assessment of the "fairness" of a transaction is primarily based on quantitative considerations. A transaction will generally be considered fair to a company's shareholders if the benefits received by shareholders, as a result of a corporate action, are equal to or greater than the value surrendered by a company.

The Specific Repurchase may be said to be fair if the intrinsic market value attributable to the Company and its shareholders post the Specific Repurchase exceeds or is equal to the attributable intrinsic market value prior to the Specific Repurchase or unfair if the attributable intrinsic market value post the Specific Repurchase is less than the attributable intrinsic market value prior to the Specific Repurchase.

An assessment of reasonableness is generally based on factors other than quantitative considerations. Even though the all-inclusive repurchase consideration may differ from the market value of the assets being acquired, a transaction may still be fair and reasonable after considering other significant qualitative factors.

INFORMATION AND SOURCES OF INFORMATION

In the course of our analysis, we relied upon financial and other information, including ELB management's best estimates for the results and cash flows for the financial year ended 30 June 2016 and the financial position as at 30 June 2016 and prospective financial information, obtained from management ("Management") together with industry related and other information available in the public domain. Our conclusion is dependent on such information being accurate in all material respects and, accordingly, we cannot express any opinion on the financial and other information used in arriving at our opinion.

In arriving at our opinion, amongst other things, we have relied upon and considered the following sources of information:

- the announcement of the Specific Repurchase dated 15 June 2016 and the Circular;
- the terms and conditions of the Specific Repurchase as set out in the agreement dated 15 June 2016;
- the audited annual financial statements of the ELB Group for the 10 years ended 30 June 2015;
- the ELB unaudited group statement of financial position as at 30 June 2016 and statement of comprehensive income and cash flows for the year ended 30 June 2016;
- forecast financial information for the ELB Group for the financial year ending 30 June 2017 as presented by Management;
- financial and non-financial information and assumptions made available by Management regarding the ELB Group operations including the prevailing market, economic, legal and other conditions that may affect the underlying value of the ELB Treasury Shares;
- publically available information relating to the ELB Group that was deemed to be relevant, including company announcements;

- historic revenue, earnings before interest and tax (“EBIT”), earnings before interest, taxation, depreciation and amortisation (“EBITDA”), profit after tax (“PAT”) and other appropriate market multiples for comparable publicly traded companies;
- online databases covering financial markets, share prices, volumes traded and news;
- historic share price and volumes traded information of ELB as published on the JSE Limited;
- discussions with ELB management regarding the information provided and the rationale for the Specific Repurchase; and
- letters of representation from ELB management asserting that we have been provided with all relevant information and that no material information was omitted therefrom and that all such information is accurate.

PROCEDURES

In arriving at our opinion, amongst other things, DEA-RU has undertaken the following procedures and taken into account the following factors in evaluating the fairness and reasonableness of the Specific Repurchase:

- perused the Circular and considered the terms and conditions set out in the agreement governing the Specific Repurchase;
- analysed and reviewed the audited consolidated annual financial statements of ELB for the ten financial years ended 30 June 2015 and the unaudited financial information for the 12 months ended 30 June 2016;
- analysed and reviewed the forecasts of ELB for the year ending 30 June 2017, as presented by Management;
- reviewed and assessed the information provided and assumptions made through discussions with Management;
- analysed and reviewed additional information prepared by Management relating to the business, cash flow, earnings, net assets and the prospects of ELB;
- analysed the value-weighted average high, low and closing shares prices and the volumes and volatility of share prices of ELB for the 10 years ended 15 July 2016;
- considered prevailing economic and market conditions in the industry in which ELB operates; and
- considered other facts and information relevant to concluding this opinion.

We have satisfied ourselves as to the appropriateness and reasonableness of the information and assumptions underlying the valuations, that inter alia included growth in revenue, operating profit margins, capex and working capital requirements, etc, performed by:

- considering the historical trends of such information and assumptions;
- comparing and corroborating such information and assumptions with external sources of information if such information is available; and
- discussing such information and assumptions with Management.

VALUATION

DEA-RU has performed a valuation to determine the intrinsic value of the ELB Treasury Shares so as to determine whether the consideration payable in terms of the Specific Repurchase inclusive of transaction related costs represent fair value to ELB. Valuation methodologies considered and employed, where relevant, included the Income Approach, the Market Approach and the Net Asset Value approach. Under the Income Approach we used the discounted cash flow methodology in terms of which future cash flows are discounted to a net present value using a risk based discount rate. As part of the Market Approach we looked at and applied (where relevant) implied multiples calculated based on comparable transactions which included price: earnings multiples, revenue, EBITDA and cash flow multiples, etc. and also calculated and applied (where relevant) implied valuation multiples/ratios for ELB and the sector within which ELB operates based on the

market value of invested capital (“MVIC”): EBITDA, MVIC: EBIT, MVIC: book value of equity, MVIC: operating cash flow, etc. The primary approaches used were the Income Approach and the Market Approach supplemented by the Net Asset Value approach.

Key internal value drivers included forecast sales, operating profit / loss margins, net profit / loss margins and expected growth rates in revenue and operating costs.

The key external value drivers included forecast inflation rates, future GDP growth rates, currency exchange rates and interest rates.

Sensitivity analyses were conducted, where practical, utilising existing and forecast key value drivers. In determining whether the Specific Repurchase represents fair value, we have to compare the intrinsic value per ELB ordinary treasury share to the price paid to ELB International for each ELB Treasury Share taking into account transaction related costs.

ASSUMPTIONS

We arrived at our opinion based on the following assumptions:

- that all agreements that are to be entered into in terms of the Specific Repurchase will be legally enforceable;
- that the Specific Repurchase will have the legal, accounting and taxation consequences described in discussions with, and materials furnished to us by representatives and advisers of ELB; and
- that reliance can be placed on the financial information of ELB.

APPROPRIATENESS AND REASONABLENESS OF UNDERLYING INFORMATION AND ASSUMPTIONS

We satisfied ourselves as to the appropriateness and reasonableness of the information and assumptions employed in arriving at our opinion by:

- conducting analytical reviews on the historical financial results and financial information, such as key ratio and trend analyses; and
- determining the extent to which representations from management were confirmed by documentary evidence as well as our understanding of ELB and the economic environment in which the Company operates.

LIMITING CONDITIONS

This opinion is provided in connection with and for the purposes of the Specific Repurchase. The opinion does not purport to cater for each individual shareholder’s perspective, but rather that of the general body of ELB shareholders. Individual shareholders’ decisions regarding the Specific Repurchase may be influenced by such shareholders’ particular circumstances and accordingly individual shareholders should consult an independent adviser if in any doubt as to the merits or otherwise of the Specific Repurchase. We have relied upon and assumed the accuracy of the information provided to us in deriving our opinion. Where practical, we have corroborated the reasonableness of the information provided to us for the purpose of our opinion, whether in writing or obtained in discussion with Management, by reference to publicly available or independently obtained information.

While our work has involved an analysis of, inter alia, the annual financial statements, and other information provided to us, our engagement does not constitute an audit conducted in accordance with generally accepted auditing standards. Where relevant, forward-looking information of ELB relates to future events and is based on assumptions that may or may not remain valid for the whole of the forecast period. Consequently, such information cannot be relied upon to the same extent as that derived from audited financial statements for completed accounting periods. We express no opinion as to how closely the actual future results of the ELB Group and management’s best estimates for the financial results and position for financial year ended 30 June 2016 of the ELB Group will correspond to those projected. We have also assumed that the Specific Repurchase will have the legal consequences described in discussions with, and materials furnished to us by representatives and advisers of ELB and we express no opinion on such consequences. Our opinion is based on current economic, regulatory and market as well as other conditions.

Subsequent developments may affect our opinion, and we are under no obligation to update, review or re-affirm our opinion based on such developments.

INDEPENDENCE, COMPETENCE AND FEES

We confirm that DEA-RU meet the requirements as set out in section 114(2) of the Companies Act. We also confirm that we have the necessary qualifications and competence to provide the Fair and Reasonable Opinion on the Specific Repurchase. Furthermore, we confirm that our professional fees of R90 000 excl. VAT, payable in cash, are not contingent upon the success of the proposed Specific Repurchase.

VALUATION RESULTS

In undertaking the valuation exercise above, we determined a valuation range of between R17.23 to R19.93 per ELB treasury share bought back in terms of the Specific Repurchase with a most likely value of R18.80 per ELB treasury share bought back. The valuation above is provided solely in respect of this Fair and Reasonable Opinion and should not be used for any other purposes.

REASONABLENESS OF THE REPURCHASE

We have assessed the terms of the Specific Repurchase with reference to normal market-related practice. We have found no indication that the Specific Repurchase will have any material adverse effect on the Company or its shareholders and have identified no transaction parameters which could be considered unreasonable to the Company or its shareholders.

OPINION

DEA-RU has considered the terms and conditions of the Specific Repurchase and, based on and subject to the conditions set out herein, is of the opinion that the terms and conditions of the Specific Repurchase (including, without limitation, the Subsidiary Repurchase Consideration), based on quantitative considerations, are fair to the ELB shareholders. Based on qualitative factors, we are of the opinion that the terms and conditions of the Specific Repurchase (including, without limitation, the Specific Repurchase consideration), are reasonable from the perspective of ELB shareholders. It is our understanding that following the Specific Repurchase, there is no anticipated material change in ELB's business model. Our opinion is necessarily based upon the information available to us up to 15 July 2016, including in respect of the financial information as well as other conditions and circumstances existing and disclosed to us. We have assumed that all conditions precedent, including any material regulatory and other approvals or consents required in connection with the Specific Repurchase 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.

Yours faithfully

Signed: Danie van Huyssteen
DEA-RU Proprietary Limited
7 Sun Place
Olivedale
2158

RELEVANT SECTIONS OF THE COMPANIES ACT

“115. Required approval for transactions contemplated in Part

(1) Despite section 65, and any provision of a company's Memorandum of Incorporation, or any resolution adopted by its board or holders of its securities, to the contrary, a company may not dispose of, or give effect to an agreement or series of agreements to dispose of, all or the greater part of its assets or undertaking, implement an amalgamation or a merger, or implement a scheme of arrangement, unless:

- (a) the disposal, amalgamation or merger, or scheme of arrangement:
 - (i) has been approved in terms of this section; or
 - (ii) is pursuant to or contemplated in an approved business rescue plan for that company, in terms of Chapter 6; and
- (b) to the extent that Parts B and C of this Chapter, and the Takeover Regulations, apply to a company that proposes to:
 - (i) dispose of all or the greater part of its assets or undertaking;
 - (ii) amalgamate or merge with another company; or
 - (iii) implement a scheme of arrangement,

the Panel has issued a compliance certificate in respect of the transaction, in terms of section 119(4)(b), or exempted the transaction in terms of section 119(6).

(2) A proposed transaction contemplated in subsection (1) must be approved-

- (a) by a special resolution adopted by persons entitled to exercise voting rights on such a matter, at a meeting called for that purpose and at which sufficient persons are present to exercise, in aggregate, at least 25% of all of the voting rights that are entitled to be exercised on that matter, or any higher percentage as may be required by the company's Memorandum of Incorporation, as contemplated in section 64(2); and
- (b) by a special resolution, also adopted in the manner required by paragraph (a), by the shareholders of the company's holding company if any, if:
 - (i) the holding company is a company or an external company;
 - (ii) the proposed transaction concerns a disposal of all or the greater part of the assets or undertaking of the subsidiary; and
 - (iii) having regard to the consolidated financial statements of the holding company, the disposal by the subsidiary constitutes a disposal of all or the greater part of the assets or undertaking of the holding company; and
- (c) by the court, to the extent required in the circumstances and manner contemplated in subsections (3) to (6).

(3) Despite a resolution having been adopted as contemplated in subsections (2) (a) and (b), a company may not proceed to implement that resolution without the approval of a court if:

- (a) the resolution was opposed by at least 15% of the voting rights that were exercised on that resolution and, within five business days after the vote, any person who voted against the resolution requires the company to seek court approval; or
- (b) the court, on an application within 10 business days after the vote by any person who voted against the resolution, grants that person leave, in terms of subsection (6), to apply to a court for a review of the transaction in accordance with subsection (7).

- (4) For the purposes of subsections (2) and (3), any voting rights controlled by an acquiring party, a person related to an acquiring party, or a person acting in concert with either of them, must not be included in calculating the percentage of voting rights:
 - (a) required to be present, or actually present, in determining whether the applicable quorum requirements are satisfied; or
 - (b) required to be voted in support of a resolution, or actually voted in support of the resolution.
- (5) If a resolution requires approval by a court as contemplated in terms of subsection (3) (a), the company must either:
 - (a) within 10 business days after the vote, apply to the court for approval, and bear the costs of that application; or
 - (b) treat the resolution as a nullity.
- (6) On an application contemplated in subsection (3)(b), the court may grant leave only if it is satisfied that the applicant:
 - (a) is acting in good faith;
 - (b) appears prepared and able to sustain the proceedings; and
 - (c) has alleged facts which, if proved, would support an order in terms of subsection (7).
- (7) On reviewing a resolution that is the subject of an application in terms of subsection (5)(a), or after granting leave in terms of subsection (6), the court may set aside the resolution only if-
 - (a) the resolution is manifestly unfair to any class of holders of the company's securities; or
 - (b) the vote was materially tainted by conflict of interest, inadequate disclosure, failure to comply with the Companies Act, the Memorandum of Incorporation or any applicable rules of the company, or other significant and material procedural irregularity.
- (8) The holder of any voting rights in a company is entitled to seek relief in terms of section 164 if that person:
 - (a) notified the company in advance of the intention to oppose a special resolution contemplated in this section; and
 - (b) was present at the meeting and voted against that special resolution.
- (9) If a transaction contemplated in this Part has been approved, any person to whom assets are, or an undertaking is, to be transferred, may apply to a court for an order to effect-
 - (a) the transfer of the whole or any part of the undertaking, assets and liabilities of a company contemplated in that transaction;
 - (b) the allotment and appropriation of any shares or similar interests to be allotted or appropriated as a consequence of the transaction;
 - (c) the transfer of shares from one person to another;
 - (d) the dissolution, without winding-up, of a company, as contemplated in the transaction;
 - (e) incidental, consequential and supplemental matters that are necessary for the effectiveness and completion of the transaction; or
 - (f) any other relief that may be necessary or appropriate to give effect to, and properly implement, the amalgamation or merger.”

“164. Dissenting shareholders’ appraisal rights

- (1) This section does not apply in any circumstances relating to a transaction, agreement or offer pursuant to a business rescue plan that was approved by shareholders of a company, in terms of section 152.

- (2) If a company has given notice to shareholders of a meeting to consider adopting a resolution to:
 - (a) amend its Memorandum of Incorporation by altering the preferences, rights, limitations or other terms of any class of its shares in any manner materially adverse to the rights or interests of holders of that class of shares, as contemplated in section 37(8); or
 - (b) enter into a transaction contemplated in section 112, 113 or 114, that notice must include a statement informing shareholders of their rights under this section.
- (3) At any time before a resolution referred to in subsection (2) is to be voted on, a dissenting shareholder may give the company a written notice objecting to the resolution.
- (4) Within 10 business days after a company has adopted a resolution contemplated in this section, the company must send a notice that the resolution has been adopted to each shareholder who-
 - (a) gave the company a written notice of objection in terms of subsection (3); and
 - (b) has neither-
 - (i) withdrawn that notice; nor
 - (ii) voted in support of the resolution.
- (5) A shareholder may demand that the company pay the shareholder the fair value for all of the shares of the company held by that person if-
 - (a) the shareholder:
 - (i) sent the company a notice of objection, subject to subsection (6); and
 - (ii) in the case of an amendment to the company's Memorandum of Incorporation, holds shares of a class that is materially and adversely affected by the amendment;
 - (b) the company has adopted the resolution contemplated in subsection (2); and
 - (c) the shareholder:
 - (i) voted against that resolution; and
 - (ii) has complied with all of the procedural requirements of this section.
- (6) The requirement of subsection (5)(a)(i) does not apply if the company failed to give notice of the meeting, or failed to include in that notice a statement of the shareholders rights under this section.
- (7) A shareholder who satisfies the requirements of subsection (5) may make a demand contemplated in that subsection by delivering a written notice to the company within-
 - (a) 20 business days after receiving a notice under subsection (4); or
 - (b) if the shareholder does not receive a notice under subsection (4), within 20 business days after learning that the resolution has been adopted.
- (8) A demand delivered in terms of subsections (5) to (7) must also be delivered to the Panel, and must state-
 - (a) the shareholder's name and address;
 - (b) the number and class of shares in respect of which the shareholder seeks payment; and
 - (c) a demand for payment of the fair value of those shares.
- (9) A shareholder who has sent a demand in terms of subsections (5) to (8) has no further rights in respect of those shares, other than to be paid their fair value, unless-
 - (a) the shareholder withdraws that demand before the company makes an offer under subsection (11), or allows an offer made by the company to lapse, as contemplated in subsection (12)(b);
 - (b) the company fails to make an offer in accordance with subsection (11) and the shareholder withdraws the demand; or
 - (c) the company, by a subsequent special resolution, revokes the adopted resolution that gave rise to the shareholder's rights under this section.

- (10) If any of the events contemplated in subsection (9) occur, all of the shareholder's rights in respect of the shares are reinstated without interruption.
- (11) Within five business days after the later of:
- (a) the day on which the action approved by the resolution is effective;
 - (b) the last day for the receipt of demands in terms of subsection (7)(a); or
 - (c) the day the company received a demand as contemplated in subsection (7)(b), if applicable, the company must send to each shareholder who has sent such a demand a written offer to pay an amount considered by the company's directors to be the fair value of the relevant shares, subject to subsection (16), accompanied by a statement showing how that value was determined.
- (12) Every offer made under subsection (11):
- (a) in respect of shares of the same class or series must be on the same terms; and
 - (b) lapses if it has not been accepted within 30 business days after it was made.
- (13) If a shareholder accepts an offer made under subsection (12):
- (a) the shareholder must either in the case of:
 - (i) shares evidenced by certificates, tender the relevant share certificates to the company or the company's transfer agent; or
 - (ii) uncertificated shares, take the steps required in terms of section 53 to direct the transfer of those shares to the company or the company's transfer agent; and
 - (b) the company must pay that shareholder the agreed amount within 10 business days after the shareholder accepted the offer and:
 - (i) tendered the share certificates; or
 - (ii) directed the transfer to the company of uncertificated shares.
- (14) A shareholder who has made a demand in terms of subsections (5) to (8) may apply to a court to determine a fair value in respect of the shares that were the subject of that demand, and an order requiring the company to pay the shareholder the fair value so determined, if the company has-
- (a) failed to make an offer under subsection (11); or
 - (b) made an offer that the shareholder considers to be inadequate, and that offer has not lapsed.
- (15) On an application to the court under subsection (14)-
- (a) all dissenting shareholders who have not accepted an offer from the company as at the date of the application must be joined as parties and are bound by the decision of the court;
 - (b) the company must notify each affected dissenting shareholder of the date, place and consequences of the application and of their right to participate in the court proceedings; and
 - (c) the court-
 - (i) may determine whether any other person is a dissenting shareholder who should be joined as a party;
 - (ii) must determine a fair value in respect of the shares of all dissenting shareholders, subject to subsection (16);
 - (iii) in its discretion may:
 - (aa) appoint one or more appraisers to assist it in determining the fair value in respect of the shares; or
 - (bb) allow a reasonable rate of interest on the amount payable to each dissenting shareholder from the date the action approved by the resolution is effective, until the date of payment;

- (iv) may make an appropriate order of costs, having regard to any offer made by the company, and the final determination of the fair value by the court; and
 - (v) must make an order requiring-
 - (aa) the dissenting shareholders to either withdraw their respective demands or to comply with subsection (13)(a); and
 - (bb) the company to pay the fair value in respect of their shares to each dissenting shareholder who complies with subsection (13)(a), subject to any conditions the court considers necessary to ensure that the company fulfils its obligations under this section.
- (15A) At any time before the court has made an order contemplated in subsection (15)(c)(v), a dissenting shareholder may accept the offer made by the company in terms of subsection (11), in which case:
- (a) that shareholder must comply with the requirements of subsection 13(a); and
 - (b) the company must comply with the requirements of subsection 13(b).
- (16) The fair value in respect of any shares must be determined as at the date on which, and time immediately before, the company adopted the resolution that gave rise to a shareholder's rights under this section.
- (17) If there are reasonable grounds to believe that compliance by a company with subsection (13)(b), or with a court order in terms of subsection (15)(c)(v)(bb), would result in the company being unable to pay its debts as they fall due and payable for the ensuing 12 months-
- (a) the company may apply to a court for an order varying the company's obligations in terms of the relevant subsection; and
 - (b) the court may make an order that-
 - (i) is just and equitable, having regard to the financial circumstances of the company; and
 - (ii) ensures that the person to whom the company owes money in terms of this section is paid at the earliest possible date compatible with the company satisfying its other financial obligations as they fall due and payable.
- (18) If the resolution that gave rise to a shareholder's rights under this section authorised the company to amalgamate or merge with one or more other companies, such that the company whose shares are the subject of a demand in terms of this section has ceased to exist, the obligations of that company under this section are obligations of the successor to that company resulting from the amalgamation or merger.
- (19) For greater certainty, the making of a demand, tendering of shares and payment by a company to a shareholder in terms of this section do not constitute a distribution by the company, or an acquisition of its shares by the company within the meaning of section 48, and therefore are not subject to-
- (a) the provisions of that section; or
 - (b) the application by the company of the solvency and liquidity test set out in section 4.
- (20) Except to the extent-
- (a) expressly provided in this section; or
 - (b) that the Panel rules otherwise in a particular case, a payment by a company to a shareholder in terms of this section does not obligate any person to make a comparable offer under section 125 to any other person."

ELB Group Limited

(Incorporated in the Republic of South Africa)

(Registration number: 1930/002553/06)

Share code: ELR

ISIN: ZAE000035101

("ELB" or "the Company")

NOTICE OF SHAREHOLDERS' MEETING

All the terms defined in the circular, to which this notice of Shareholders' meeting is attached, shall bear the same meaning when used in this notice of Shareholders' meeting.

Notice is hereby given that a Shareholders' meeting of the Company's shareholders will be held in the Boardroom of ELB Engineering Services Proprietary Limited which is located at 345 Rivonia Road, Sandton at noon (12:00) on Tuesday, 11 October 2016, for the purpose of considering and, if deemed fit, passing, with or without modification, the following special resolution:

Special resolution number 1 – Specific authority to purchase treasury shares

"Resolved that the Company be and is hereby authorised, by way of a specific authority, in terms of the Companies Act, the Listings Requirements and Memorandum of Incorporation of the Company, to acquire 3 545 986 ELB shares at a price of R17.37 per ELB share, from ELB International for an aggregate purchase consideration of R61 593 777."

In terms of sections 48(8)(b), 62(3)(c) and 65(9) of the Companies Act and paragraph 5.69(b) of the Listings Requirements, the requisite percentage of voting rights for the resolution to be adopted is 75%.

Reason for and effect of special resolution number 1

The *reason* for special resolution number 1 is the legal requirement to grant the Company's directors specific authority to approve the repurchase of 3 545 986 of its own shares at a price of R17.37 per share, from ELB International, a wholly-owned subsidiary of the Company, for an aggregate purchase consideration of R61 593 777, to be paid out of the Company's existing reserves.

The *effect* of special resolution 1, if adopted, is to grant the Company's directors specific authority to approve the repurchase of 3 545 986 of its own ELB ordinary shares at a price of R17.37 per ELB ordinary share, from ELB International, a wholly-owned subsidiary of the Company for an aggregate repurchase consideration of R61 593 777.

Record dates

The record date on which shareholders must be recorded as such in the register of shareholders of the Company for the purposes of receiving this notice is Friday, 5 August 2016.

The record date on which shareholders must be recorded as such in the register of shareholders of the Company for the purposes of being entitled to attend, participate and vote at the Shareholders' meeting is Friday, 30 September 2016. The last day to trade to be entitled to vote at the Shareholders' meeting is Tuesday, 27 September 2016.

Who may attend and vote

If you hold dematerialised shares which are registered in your name or if you are the registered holder of certificated shares:

- you may attend the Shareholders' meeting in person;
- alternatively, you may appoint a proxy or proxies, who need not be a shareholder of the Company to represent you at the Shareholders' meeting by completing the attached form of proxy in accordance with the instructions it contains and returning it to Computershare Investor Services Proprietary Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) ("transfer secretaries") to be received not later than 12:00 on Friday, 7 October 2016. Any form of proxy not handed in or delivered by this time may be handed to the chairman of the Shareholders' meeting immediately before the appointed proxy exercises any of the shareholder's rights at the Shareholders' meeting.

If you hold dematerialised shares which are not registered in your name and:

- wish to attend the Shareholders' meeting, you must obtain the necessary letter of representation from your Central Securities Depository Participant ("CSDP"), broker or nominee;
- do not wish to attend the Shareholders' meeting but would like your vote to be recorded at the Shareholders' meeting, you should contact your CSDP, broker or nominee and furnish them with your voting instructions;
- you must **not** complete the attached form of proxy.

In terms of the Listings Requirements and the provisions of section 115(4) of the Companies Act, the subsidiaries (and their associates), being persons related to the acquiring party (within the meaning of section 115(4) of the Companies Act) will be excluded from voting on the special resolution of shareholders required to authorise the specific repurchase.

Electronic participation

Shareholders or their proxies may participate in the Shareholders' meeting by way of a teleconference call, provided that if they wish to do so:

- they should contact the Company Secretary by email at the address grahamj@elb.co.za by no later than 12:00 on Friday, 7 October 2016 in order to obtain a pin number and dial-in details for that conference call;
- they will be required to provide reasonably satisfactory identification; and
- they will be billed separately by their own telephone service providers for their telephone call to participate in the Shareholders' meeting.

Appraisal rights for dissenting shareholders

In terms of section 164 of the Companies Act, at any time before special resolution number 1 as set out in this notice is voted on, a dissenting shareholder may give the Company a written notice objecting to special resolution number 1.

Any such dissenting shareholder must also vote against special resolution number 1 at the Shareholders' meeting.

Within 10 business days after the Company has adopted special resolution number 1, the Company must send a notice that special resolution number 1 has been adopted to each ELB shareholder who:

- gave the Company a written notice of objection as contemplated above; and
- has neither withdrawn that notice nor voted in support of special resolution number 1.

A ELB shareholder may demand that the Company pay the shareholder the fair value for all the ELB shares of the Company held by that person if:

- the ELB shareholder has sent the Company a notice of objection;
- the Company has adopted special resolution number 1; and
- the ELB shareholder voted against special resolution number 1 and has complied with all of the procedural requirements of section 164 of the Companies Act.

A copy of section 164 of the Companies Act is set out in Annexure II to this circular.

By order of the board

ELBEX Proprietary Limited

Company secretary

16 August 2016

ELB GROUP LIMITED

(Incorporated in the Republic of South Africa)
Registration No: 1930/002553/06
ISIN : ZAE000035101 Share Code ELR
("ELB" or "the Company")

For completion by shareholders who have not dematerialised their shares or who have dematerialised their shares but with "own name" registration.

FORM OF PROXY

For use by certificated shareholders and "own name registered" dematerialised shareholders, at the Shareholders' meeting of the Company to be held at noon (12:00) on Tuesday, 11 October 2016 in the Boardroom of ELB Engineering Services Proprietary Limited which is located at 345 Rivonia Road, Rivonia, Sandton.

Dematerialised shareholders (other than "own name" dematerialised shareholders) who wish to attend the shareholder meeting must obtain from their CSDP or broker the necessary authorisation to attend the shareholder meeting or advise their CSDP or broker as to what action they wish to take in respect of voting at the shareholder meeting.

**FORM OF PROXY FOR THE SHAREHOLDER MEETING OF
ELB GROUP LIMITED**

I/We (please print)

of address (please print)

Telephone number Cellphone number

being the holder/s of shares in the Company, do hereby appoint

1. or failing him/her

2. or failing him/her

3. the Chairman of the shareholder meeting

as my/our proxy to act for me/us and on my/our behalf at the Shareholders' meeting which will be held for the purposes of considering and, if deemed fit, for the passing, with or without modification, the special resolution to be proposed thereat and at any adjournment thereof, and to vote for and/or against such resolution and/or abstain from voting in respect of the shares registered in my/our name(s), in accordance with the following (see note 4):

	In Favour	Against	Abstain
Special Resolution number 1 (Specific share repurchase)			

Signed at on 2016

Signature (see note 6)

Assisted by me where applicable (see note 9) (State capacity and full name)

Please read the notes on the reverse side hereof.

Notes to the proxy form

Summary of the rights of a shareholder to be represented by proxy, as set out in section 58 of the Companies Act:

1. A proxy appointment must be in writing, dated and signed by the shareholder appointing a proxy and, subject to the rights of a shareholder to revoke such appointment (as set out below), remains valid only until the end of the meeting.
2. A proxy may delegate the proxy's authority to act on behalf of a shareholder to another person, subject to any restrictions set out in the instrument appointing the proxy.
3. The appointment of a proxy is suspended at any time and to the extent that the shareholder who appointed such proxy chooses to act directly and in person in the exercise of any rights as a shareholder.
4. The appointment of a proxy is revocable by the shareholder in question cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and to the Company. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of (a) the date stated in the revocation instrument, if any; and (b) the date on which the revocation instrument is delivered to the Company as required in the first sentence of this paragraph.
5. If the instrument appointing the proxy or proxies 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 Memorandum of Incorporation to be delivered by the Company to the shareholder, must be delivered by the Company to (a) the shareholder, or (b) the proxy or proxies, if the shareholder has (i) directed the Company to do so in writing; and (ii) paid any reasonable fee charged by the Company for doing so.
6. Attention is also drawn to the "Notes to the proxy form"
7. The completion of a form of proxy does not preclude any shareholder attending the meeting.

Notes to the proxy form

1. A shareholder entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend, speak and vote in his/her stead. A proxy need not be a shareholder of the Company. Satisfactory identification must be presented by any person wishing to attend the meeting.
2. A form of proxy is only to be completed by those shareholders who hold shares in certificated form or are recorded on sub-register electronic form in "own name". All other beneficial owners who have dematerialised their shares through a Central Securities Depository

Participant ("CSDP") or broker and wish to attend the meeting must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker.

3. A shareholder may insert the name of a proxy or the names of two alternative proxies of his/her choice in the spaces provided, with or without deleting "the Chairman of the meeting", but any such deletion must be initialed by the shareholder. The person whose name is first on this form of proxy and who is present at the meeting will be entitled to act as proxy to the exclusion of those whose names follow.
4. Please insert an "X" in the relevant spaces indicating how you wish your votes to be cast. However, if you wish to cast your votes in respect of a lesser number of shares than you own in the Company, insert the number of shares held in respect of which you wish to vote. Failure to comply with the above will be deemed to authorise the proxy to vote or abstain from voting at the meeting as he/she deems fit in respect of all the shareholders' votes exercisable thereat. A shareholder or his/her proxy is not obliged to use all the votes exercisable by the shareholder or by his/her proxy, but the total of the votes cast in respect of which abstention is recorded may not exceed the total of the votes exercisable by the shareholder or by his/her proxy.
5. The form of proxy appointing a proxy must reach the registered office of the Company or the transfer secretaries, Computershare Investor Services Proprietary Limited, 70 Marshall Street Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) by not later than noon (12:00) on Friday, 7 October 2016. Any forms of proxy not received by this time must be handed to the Chairman of the meeting immediately prior to the meeting.
6. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof.
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 transfer secretaries or waived by the Chairman of the meeting.
8. Any alteration or correction made to this form of proxy must be initialed by the signatory/ies.
9. A minor must be assisted by his/her parents or guardian unless the relevant documents establishing his/her capacity are produced or have been registered by the transfer secretaries.
10. The Chairman of the meeting may reject or accept any form of proxy which is completed other than in accordance with these instructions provided he is satisfied as to the manner in which the shareholder wishes to vote.