



**MEDIA STATEMENT**  
**8 December 2017**

**KUTANA GROUP CLARIFIES ITS POSITION ON GRINAKEK-LTA EMPOWERMENT DEAL**

Following the announcement today by Aveng Limited (Aveng) that it will terminate the agreement to sell a 51% interest in its Grinaker-LTA unit to Kutana Construction (now known as Singabakhi Holdings) (Kutana), the empowerment group responded by saying that the difficulties encountered in closing the deal related to the unexpected under-performance by Grinaker-LTA rather than Kutana's ability to fund the transaction.

Furthermore, the ongoing strategic review announced by Aveng on 26 September 2017 has raised significant concerns for Kutana given the uncertainties this review potentially poses regarding Aveng's commitment to Grinaker-LTA.

Thoko Mokgosi-Mwantembe, CEO and founding member of Kutana commented:

"Whilst Kutana is in a position to meet its financial commitment in terms of the purchase agreement, which in fact was demonstrated to Aveng, the significant deterioration in Grinaker-LTA's financial performance since signing the deal, and the uncertainties surrounding Aveng's ongoing strategic review are a great concern to myself, our investment committee and our board.

To ensure our investment and financial contribution would yield the projected return and desired impact, we raised these crucial and fundamental concerns with Aveng and began to engage on how best to find a workable solution in the interests of both parties. Despite these discussions being on-going, Aveng has chosen to abandon the transaction based upon a technicality."

The upfront payment had been raised, and demonstrated as such to Aveng.

However, the unconditional release of such funds in light of the material changes affecting the business unit and its parent could not have been undertaken without Kutana having secured greater certainty from Aveng regarding these material changes, and the impact thereon on the long-term sustainability of the overall transaction. This certainty is especially relevant to Kutana given the significant commitments made in terms of the Settlement Agreement reached with the SA Government.

As ably demonstrated by Kutana's significant track record of successful acquisitions over the last nine years, its philosophy remains to invest in companies that believe in and are able to deliver on their projections. The group targets companies with strong fundamentals, even though they may operate in difficult environments – taking a long-term view of their growth potential.

Ms Mokgosi-Mwantembe concluded by commenting:

"We remain 100% committed to the construction sector and will continue to seek opportunities to invest financially whilst fundamentally contributing to true transformation of the industry.

To this end, we wish Aveng and Grinaker-LTA every success ahead."

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## Notes

- Kutana Group is a 100% black women-owned investment holding group that has a long-term investment horizon.
- We believe in the long-term growth in infrastructure, development and mining in South Africa and the development this drives the construction, steel and industrial manufacturing sectors.
- We are black women industrialists who are committed to the transformation of the economy.
- Given the number of people employed in the construction and steel sectors, it is imperative that there is investment in this sector.