

29 April 2020

The Directors

Value Group Limited
49 Brewery Street
Isando
Kempton Park
1600

Dear Sirs,

INDEPENDENT FAIRNESS OPINION IN RELATION TO THE SMALL RELATED PARTY TRANSACTION PERTAINING TO THE EXTENSION OF THE RELATED PARTY LOAN GRANTED BY VALUE LOGISTICS LIMITED (“THE COMPANY” OR “VALUE LOGISTICS”) TO SKR MARKETING CC (THE “RELATED PARTY LOAN”) (THE “B-BBEE TRANSACTION AMENDMENT”)

INTRODUCTION

We have been appointed by the Board of Directors (“Board”) to advise the shareholders of Value Group Limited (“Value Group”) whether, in our opinion, the B-BBEE Transaction Amendment, in which the Related Party Loan will be extended by two years is fair.

The details of the Related Party Loan are as follows:

The loan was advanced to SKR Marketing CC which belongs to the wife of Mano Padiyachy, an executive director of Value Group. As the value of the related party loan as a percentage of the company’s market capitalisation is between 0.25% and 5%, the transaction is classified as a small related party transaction in terms of section 10.7 of the Listings Requirements. As such, the Board is required to obtain a fairness opinion from an independent expert, prepared in accordance with Schedule 5 of the JSE Listings Requirements.

The loan was advanced by Value Logistics for B-BBEE purposes. The outstanding loan balance allows Value Logistics to claim B-BBEE points every year. The loan is interest free. There have been no defaults in the past.

As the loan was advanced as a social development initiative, an extension of payment terms to 31 March 2020 was granted. The Company wishes to extend the Related Party Loan payment terms by a further two year, ending 31 March 2022.

Had interest been charged at the prime bank overdraft rate, interest would have amounted to R343,994 in 2020 (2019: R188,300; 2018: R188,900; 2017: R209,700). In 2019 Value Group received 15 B-BBEE points for enterprise development as a result of the Related Party Loan. If Value Group did not have the Related Party Loan for the enterprise development initiative, Value Group would have had to spend 3% of net profit after tax in each of the preceding years in order to achieve the same score of 15 points. 3% of Net Profit After Tax was calculated as follows by management:

- 2017: R2.5 million;
- 2018: R2.46 million;
- 2019: R3.88 million; and
- 2020: Redacted.

EXPLANATION OF THE TERM 'FAIR'

The term 'fairness' is defined in Schedule 5 of the JSE Listings Requirements as being primarily based on quantitative issues. Therefore, the B-BBEE Transaction Amendment would be considered fair to the Value Group shareholders if the cost of the interest income forgone is less than the cost that would have had to been spent on enterprise development to achieve the same B-BBEE scoring had it not acquired the B-BBEE credentials from the Related Party Loan.

ASSUMPTIONS

We arrived at our opinion based on the following assumptions:

- Current economic, regulatory and market conditions will not change materially. This included an analysis of publically available information relating to the forecast market outlook;
- That reliance can be placed on the audited annual financial statements of Value Group for the years ended 28 February 2017, 28 February 2018 and 29 February 2019;
- That reliance can be placed on the unaudited management accounts of Value Group for the 12 months ended 29 February 2020;
- That reliance can be placed on Value Group's B-BBEE certificate for the financial years ended 28 February 2017, 28 February 2018 and 29 February 2019;
- That reliance can be placed on management's calculation of interest income forgone;
- That reliance can be placed on management's calculation of the cost that would have had to been spent on enterprise development to achieve the same B-BBEE scoring had it not acquired the B-BBEE credentials from the Related Party Loan;
- That reliance can be placed on the signed loan agreement between Value Logistics, SKR Marketing CC, Mano Padiyachy, Ranitha Lazarus and Kogila Padiyachy;
- That reliance can be placed on the addendum to the loan agreement for the extension of repayment signed 19 March 2020.

Where relevant, representations made by management and/or directors were corroborated to source documents prepared by third parties, independent analytical procedures performed by us and by examining and analysing external factors that influence the business.

SOURCES OF INFORMATION

In the course of our analysis, we relied upon financial and other information, including financial information obtained from 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.

The principle sources of information used in formulating our opinion regarding the B-BBEE Transaction Amendment include:

- Information and assumptions made available by and from discussions held with management of Value Group in terms of the rationale for the B-BBEE Transaction Amendment;
- Audited annual financial statements of Value Group for the years ended 28 February 2017, 28 February 2018 and 29 February 2019;
- Unaudited management accounts of Value Group for the 12 months ended 29 February 2020;
- Value Group's B-BBEE certificate for the financial years ended 28 February 2017, 28 February 2018 and 29 February 2019;
- Management's calculation of interest income forgone;
- Management's calculation of the cost that would have had to been spent on enterprise development to achieve the same B-BBEE scoring had it not acquired the B-BBEE credentials from the Related Party Loan;
- Signed loan agreement between Value Logistics, SKR Marketing CC, Mano Padiyachy, Ranitha Lazarus and Kogila Padiyachy;
- The addendum to the loan agreement for the extension of repayment signed 19 March 2020; and
- Publicly available information relating to Value Group and other competitors in the Industrial Transportation industry that we deemed to be relevant, including company announcements.

We obtained the information through:

- Conducting interviews with management;
- Obtaining corroborating evidence from third parties; and
- Extracting information from the internet and the press.

LIMITING CONDITIONS AND RELATED PARTY RELATIONSHIPS

We have relied upon the accuracy of information provided to us or otherwise reviewed by us, for the purposes of this opinion, whether in writing or obtained through discussion with the management of Value Group. We express no opinion on this information.

There were no limiting conditions, or any restrictions of scope imposed by the client whilst this opinion was being prepared.

Our opinion is based on current economic, regulatory, market as well as other conditions. Subsequent developments may affect this opinion, which we are under no obligation to update, review or re-affirm.

This letter and opinion is provided solely for the benefit of the shareholders of Value Group in connection with and for the purposes of their consideration of the B-BBEE Transaction Amendment.

There is no relationship between Mazars Corporate Finance (Pty) Ltd ("MCF") and any other parties involved in the B-BBEE Transaction Amendment. MCF has no shares in Value Group or any other party involved in the B- BBEE Transaction Amendment. MCF's fee in respect of this opinion is not payable in Value Group shares and is not contingent or related to the outcome of the B-BBEE Transaction Amendment.

Each shareholder's individual decision may be influenced by such shareholder's particular circumstances and accordingly each shareholder should consult an independent advisor if in any doubt as to the merits or otherwise of the B-BEE Transaction Amendment.

PROCEDURES

In order to assess the fairness of the terms and conditions relating to the B-BBEE Transaction Amendment, we have performed, amongst others, the following procedures:

- Considered the terms of the B-BBEE Transaction Amendment;
- Considered the B-BBEE benefits of the B-BBEE Transaction Amendment;
- Considered information made available by and from discussions held with management of Value Group;
- Reviewed the audited annual financial statements of Value Group for the years ended 28 February 2017, 28 February 2018 and 29 February 2019;
- Reviewed the management accounts of Value Group for the 12 months ended 29 February 2020;
- Reviewed Value Group's B-BBEE certificate for the financial years ended 28 February 2017, 28 February 2018 and 29 February 2019;
- Reviewed the signed loan agreement between Value Logistics, SKR Marketing CC, Mano Padiyachy, Ranitha Lazarus and Kogila Padiyachy;
- Reviewed the addendum to the loan agreement for the extension of repayment signed 19 March 2020;
- Reviewed the historic South African prime interest rate;
- Reviewed Management's calculation of interest income forgone;
- Recalculated interest income forgone on granting the Related Party Loan;
- Reviewed management's calculation of the cost that would have had to been spent on enterprise development to achieve the same B-BBEE scoring had it not acquired the B-BBEE credentials from the Related Party Loan;
- Recalculated the cost that would have had to been spent on enterprise development to achieve the same B-BBEE scoring had it not acquired the B-BBEE credentials from the Related Party Loan;
- Performed a sensitivity analysis on the interest rate when recalculating interest income forgone on granting the Related Party Loan;
- Assessed the funding structure provided by Value Group in terms of the B-BBEE Transaction Amendment and compared this to other market related funding structures; and

- Reviewed general economic, market and related conditions in which Value Group operates.

We believe the above procedures commercially justify the conclusion outlined below.

OPINION

Our opinion is based upon the market, regulatory and trading conditions as they currently exist and can only be evaluated at the date of this letter. It should be understood that subsequent developments may affect our opinion, which we are under no obligation to update, revise or re-affirm.

We have considered the terms and conditions of the B-BBEE Transaction Amendment, and subject to the foregoing, we are of the opinion that all the elements of the B-BBEE Transaction Amendment are fair to the shareholders of Value Group as the cost of the interest income foregone is less than the cost that would have had to been spent on enterprise development to achieve the same B-BBEE scoring had it not acquired the B-BBEE credentials from the Related Party Loan.

CONSENT

We hereby consent to the inclusion of this letter and references thereto, in the form and context in which they appear in any required regulatory announcement or document.

Yours faithfully

A handwritten signature in black ink, consisting of several vertical strokes and a horizontal line at the bottom, positioned above the typed name.

Anoop Ninan
Managing Director
Mazars Corporate Finance (Pty) Ltd
54 Glenhove Road
Melrose Estate, 2196