

**Grindrod Limited**

(Incorporated in the Republic of South Africa)

(Registration number 1966/009846/06)

Ordinary share code: GND and ISIN: ZAE000072328

Preference share code: GNDP and ISIN: ZAE 000071106

("Grindrod")

**CASH PAYMENT APPLICABLE TO THE GRINDROD DISTRIBUTION**

The ordinary shareholders and preference shareholders of Grindrod (collectively, "Shareholders") are referred to the circular to Shareholders, distributed on Monday, 7 May 2018 ("Circular") (using terms defined therein) detailing, *inter alia*, the terms of the Grindrod Distribution.

Following Shareholders' approval of the Proposed Transaction at the General Meeting held today, 4 June 2018, the Grindrod Distribution will be effected on the Implementation Date, being Monday, 18 June 2018.

The Entitlement Ratio applicable to the Grindrod Distribution is 2.5 GRIN compulsorily convertible notes for every 100 Ordinary Shares held on the Grindrod Distribution Record Date, being Friday, 15 June 2018.

If the application of this ratio gives rise to a fraction of a GRIN CCN, such fraction will be rounded down to the nearest whole number, resulting in allocations of whole GRIN CCNs and a cash payment for the Fractional Entitlements ("Rounding Provision").

The cash payment will be determined with reference to the implied value of each GRIN CCN of US\$16.82 (being the aggregate value of the GRIN CCNs, being USD320 683 000, divided by the aggregate number of GRIN CCNs to be distributed, being 19 063 832 GRIN CCNs). The South African Rand equivalent will be calculated with reference to the closing US\$/ZAR exchange rate on the business day prior (i.e. Thursday, 14 June 2018) to the Grindrod Distribution Record Date.

The Grindrod Distribution to all Qualifying SA Corporates constitutes a dividend *in specie*. The Grindrod Distribution to all other Ordinary Shareholders constitutes a return of capital and made out of the contributed tax capital as defined in section 1 of the Income Tax Act of Grindrod and, accordingly, the base cost of their Ordinary Shares will be adjusted by the value of the Grindrod Distribution. Any excess amount will be treated as a capital gain in the determination of all other Ordinary Shareholders aggregate capital gain or aggregate capital loss for the year of assessment in which the return of capital will be received by or accrue to all other Ordinary Shareholders.

Example of Fractional Entitlement:

This example assumes that an Ordinary Shareholder holds 100 Ordinary Shares on the Grindrod Distribution Record Date.

GRIN CCN distribution entitlement =  $(100 / (100 / 2.5)) = 2.5$  GRIN CCNs.

The Rounding Provision described above is then applied and the shareholder will receive: 2 GRIN CCNs in respect of the 100 ordinary shares held and a cash payment for the Fractional Entitlement of  $0.5 \times \text{US\$}16.82 = \text{US\$}8.41$  to be converted at the closing US\$/ZAR exchange rate the business day prior (i.e. Thursday, 14 June 2018) to the Grindrod Distribution Record Date.

Durban  
4 June 2018

**Transaction Sponsor**

Rand Merchant Bank, a division of FirstRand Bank Limited

**Corporate Sponsor**

Grindrod Bank Limited