



Grindrod Limited
(Incorporated in the Republic of South Africa)
(Registration number 1966/009846/06)
Share code: GND & GNDP
ISIN: ZAE000072328 & ZAE000071106
("Grindrod" or "the Company")

ACQUISITION OF EXISTING SUB-LEASES FROM SA CORPORATE REAL ESTATE LIMITED

1. INTRODUCTION

Shareholders are advised that Grindrod Property Holdings Limited ("**Grindrod Property**"), a wholly-owned subsidiary of Grindrod, has entered into an agreement with SA Corporate Real Estate Limited ("**SA Corporate**" or the "**Seller**") to acquire various letting enterprises comprising head leases (the "**Head-Leases**") and underlying sub-leases ("**Sub-Leases**") (collectively the "**Leases**") held over five properties (the "**Properties**") based within the Port of Durban (collectively the "**Acquisition**").

Grindrod (South Africa) Proprietary Limited ("**Grindrod South Africa**"), a wholly-owned subsidiary of Grindrod, currently leases the Properties from subsidiaries of SA Corporate (the "**Sub-Leases**"). The Acquisition will result in Grindrod Property becoming the lessee in respect of the Head Leases and the lessor in terms of the Sub-Leases.

The effective date of the Acquisition will be the date on which the cession of the Head-Leases are registered into the name of Grindrod Property at the Pietermaritzburg Deeds Office, which is anticipated to be by the end of September 2020.

2. RATIONALE FOR THE ACQUISITION

The Sub-Leases are part of existing operations of Grindrod South Africa and therefore integral to the business.

3. DETAILS OF THE SUB-LEASES

The expiry dates of the Head Leases are between 1 December 2029 and 1 April 2054 and a description of the leasehold areas is as follows:

- 3.1 Leases 32, 33, 34 and 35 of Lot 10014;
- 3.2 Leases 29, 30 and 15 of Lot 10014;
- 3.3 Leases 36 and 37 of Lot 10014;
- 3.4 Leases 56 of Lot 10014; and
- 3.5 Sub 1, 2, Rem of Sub 3, 4, 5, 6 Block M of Lot 10014.

4. DETAILS OF THE ACQUISITION

4.1 Purchase consideration

Grindrod Property will acquire the Sub-Leases via a notarial deed of cession of the Head Leases for a consideration of R212 million, exclusive of VAT (the “**Purchase Consideration**”). The Purchase Consideration will be settled through debt funding against registration of transfer of the Head Leases into the name of Grindrod Property.

4.2 Conditions precedent

The Acquisition is subject to the following conditions precedent:

4.2.1 Competition Commission approval; and

4.2.2 consent by the Seller’s lenders to the cancellation of the existing mortgage bonds over the Properties.

4.3 Value of the net assets of the Acquisition and profits attributable to the Leases

The value of the net assets that are the subject of the Acquisition is R220.8 million as at 31 December 2019. The annual net property income attributable to the Acquisition is R20.48 million. This information has been extracted from SA Corporate’s audited annual financial statements for the year ended 31 December 2019, which have been prepared in terms of International Financial Reporting Standards.

The Acquisition will result in increased debt facilities of R212 million for Grindrod and will also increase its total assets by R212 million. The Acquisition will have no impact on the net asset value of Grindrod.

5. CATEGORISATION OF THE ACQUISITION

The Acquisition is classified as a Category 2 transaction in terms of JSE Limited Listings Requirements and accordingly, no shareholder approval is required.

Durban
12 June 2020

Corporate advisor and Sponsor
Nedbank Corporate and Investment Banking