

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

DISPOSAL OF ORDINARY SHARES IN SENWES LIMITED

1. Introduction

Grindrod shareholders are hereby advised that Grindrod, via its wholly-owned subsidiary, Grindrod Trading Holdings Proprietary Limited ("**GTH**") has entered into an agreement ("**Agreement**") with Agribel Holdings Limited ("**Agribel**") on 28 December 2020, in terms of which Agribel has agreed to acquire from GTH, its entire shareholding in Senwes Limited ("**Senwes**"), being 37 395 213 Senwes ordinary shares ("**Sale Shares**"), for a cash consideration of R385 170 693.90 ("**Sale Consideration**") ("**Disposal**").

2. Information on Agribel and Senwes

Agribel operates as an investment holding company, which, through its subsidiary, Senwes, engages in the development of access to markets for agricultural produce and the supply of input products to agricultural producers.

Senwes is one of the leading agricultural companies in South Africa and has a rich and proud history which extends over a period of 111 years. Senwes serves the agriculture and food sector from farmgate to mill door with a strategic focus which rests on six pillars - agricultural services, resources, investments, logistical services, financial services and corporate support services. The Senwes group has business units in the Northwest, Free State, Gauteng, Mpumalanga, KwaZulu-Natal, Eastern Cape, Northern Cape and Western Cape provinces, and has a personnel complement of 3 600 people.

Agribel and Senwes have been listed on the licenced exchange ZAR X, since 20 February 2017.

3. Rationale for the Disposal and application of sale proceeds

During August 2019, Grindrod announced, as part of its strategic review process, its intention to dispose of certain non-core businesses and/or investments. Negotiations with Agribel have been successfully concluded in respect of Grindrod's investment in Senwes, culminating in the Agreement having been entered into in terms of which GTH will dispose of its entire shareholding in Senwes.

The proceeds from the Disposal will be utilised, *inter alia*, to reduce the debt of the Company.

4. Terms and conditions of the Disposal

4.1 Effective Date

The Sale Shares will be sold by GTH to Agribel, with effect from the third business day following the fulfilment or waiver, as applicable, of the last of the Conditions Precedent (as defined in paragraph 4.3 below) ("**Closing Date**").

4.2 Sale Consideration

4.2.1 The Sale Shares will be sold by GTH to Agribel, for the Sale Consideration, which is payable on the Closing Date.

4.2.2 The Sale Consideration shall be reduced by the amount of any dividend that may be declared in respect of the Sale Shares during the month of December 2020 and which is actually paid to GTH (for purposes of clarity, depending on whether the Sale Shares are transferred to Agribel in terms of the Agreement, before or after the record date for any such dividend).

4.3 Conditions precedent

The Agreement is subject to the fulfilment, or waiver by the written agreement of both parties to the Agreement, of the following outstanding conditions precedent, by not later than 17:00 on 31 March 2021:

- 4.3.1 confirmation by Agribel in writing that it has secured the funding required in order to make payment of the Sale Consideration; and
- 4.3.2 approval of the Disposal by way of a written resolution passed by the board of directors of Agribel.

4.4 Representations and Warranties

The Agreement contains representations and warranties by GTH in favour of Agribel, and by Agribel in favour of GTH, which are considered standard for a transaction of this nature.

5. Financial information

The carrying value of the net assets that are the subject of the Disposal as at 30 June 2020 is R446 873 000, and the profit attributable to the net assets that are the subject of the Disposal for the six months ended 30 June 2020 is R nil, as the Sale Shares have been classified as held for sale in terms of International Financial Reporting Standards ("IFRS") ("**Financial Information**").

The Financial Information has been extracted from the Grindrod group's unaudited results for the interim period ended 30 June 2020, was prepared in terms of IFRS, is the responsibility of the board of directors of Grindrod and has not been reported on or reviewed by a reporting accountant.

6. Categorisation

In terms of the JSE Listings Requirements, the Disposal is classified as a Category 2 transaction for Grindrod, which requires an announcement.

Durban
28 December 2020

Investment Bank, Corporate Advisor and Sponsor
Nedbank Corporate and Investment Banking

Legal Advisor
Edward Nathan Sonnenbergs Inc