

ZEDER INVESTMENTS LIMITED

(Incorporated in the Republic of South Africa)

(Registration number: 2006/019240/06)

Share code: ZED

ISIN: ZAE000088431

LEI: 37890022AF5FD117D649

("the Company" or "Zeder")



UNBUNDLING OF KAAP AGRI LIMITED ("Kaap Agri") SHARES: APPORTIONMENT OF TAX COST FOR SOUTH AFRICAN INCOME TAX PURPOSES AND CASH PAYMENT IN RESPECT OF FRACTIONAL ENTITLEMENTS

Shareholders are referred to the announcements published by the Company on the Stock Exchange News Service ("**SENS**") on 28 February 2022 ("**Declaration Announcement**") and 22 March 2022 ("**Finalisation Announcement**") regarding the unbundling of the Company's shareholding in Kaap Agri ("**Zeder Unbundling**"). In particular, the Company is in the process of unbundling 31 286 956 Kaap Agri no par value ordinary shares ("**Kaap Agri Distribution Shares**"), comprising approximately 42.2% of the total issued share capital of Kaap Agri, to shareholders of Zeder ("**Shareholders**") by way of a *pro rata* distribution *in specie*, in the ratio of 1 Kaap Agri share for every 49.22692 Zeder shares held by Shareholders on the record date of the Zeder Unbundling ("**Zeder Unbundling Record Date**") ("**Distribution Ratio**").

Terms appearing in title case and that are not otherwise defined herein, shall bear the meanings ascribed to those terms in the Declaration Announcement.

1. INTRODUCTION

1.1. The purpose of this announcement is to notify Shareholders of:

1.1.1. the apportionment ratio to be applied by Shareholders in determining the apportionment of the cost of their existing shareholding to be allocated to (a) the unbundled Kaap Agri Distribution Shares to be distributed to Shareholders, with the remainder being allocated to (b) the ordinary shares in the issued share capital of Zeder ("**Zeder Shares**") held by Shareholders following the Zeder Unbundling; and

1.1.2. the payment of cash in respect of fractional entitlements by the Company to Shareholders who may be entitled thereto.

1.2. The tax-related summary below represents general comments and is not intended to constitute a complete analysis of the tax consequences for Shareholders, in terms of existing South African tax law, of the Zeder Unbundling or of the payment of cash in respect of fractional entitlements. It is not intended to be, nor should it be considered as legal or tax advice. Neither Zeder nor its associates, advisors, directors or employees can be held responsible for the tax consequences of the Zeder Unbundling and therefore Shareholders are advised to consult their own tax advisors in this regard.

2. APPORTIONMENT TAX PRINCIPLES

2.1. Zeder Shares held as trading stock

- 2.1.1. Any Shareholder holding Zeder Shares as trading stock or on revenue account will be deemed to acquire the Kaap Agri Distribution Shares as trading stock or on revenue account, as the case may be.
- 2.1.2. The combined expenditure of the Zeder Shares and Kaap Agri Distribution Shares will be the original aggregate expenditure incurred in respect of the Zeder Shares, as contemplated in section 11(a), section 22(1) or section 22(2) of the Income Tax Act.
- 2.1.3. The portion of the above combined expenditure to be allocated to the Kaap Agri Distribution Shares will be determined by applying the ratio that the market value of the Kaap Agri Distribution Shares, bears to the sum of the market value of the Zeder Shares and the Kaap Agri Distribution Shares as at the last day to trade plus one Business Day, being Wednesday, 30 March 2022, taking the Distribution Ratio into account. The expenditure so allocated to the Kaap Agri Distribution Shares will reduce the expenditure relating to the retained Zeder Shares, as set out in paragraph 2.3 below.

2.2. Zeder Shares held as capital assets

- 2.2.1. Any Shareholder holding Zeder Shares as capital assets will be deemed to acquire the Kaap Agri Distribution Shares as capital assets.
- 2.2.2. The combined expenditure of the Zeder Shares and Kaap Agri Distribution Shares will be the original expenditure incurred in respect of the Zeder Shares, that is allowable in terms of paragraph 20 of the Eighth Schedule to the Income Tax Act.
- 2.2.3. The portion of the above combined expenditure to be allocated to the Kaap Agri Distribution Shares will be determined by applying the ratio that the market value of the Kaap Agri Distribution Shares, bears to the sum of the market value of the Zeder Shares and the Kaap Agri Distribution Shares as at the last day to trade plus one Business Day, being Wednesday, 30 March 2022, taking the Distribution Ratio into account. The expenditure so allocated to the Kaap Agri Distribution Shares will reduce the expenditure relating to the retained Zeder Shares, as set out in paragraph 2.3 below.

2.3. Apportionment Ratio

- 2.3.1. Shareholders are hereby advised that the expenditure of their Zeder Shares as referred to above and their unbundled Kaap Agri Distribution Share must be apportioned in accordance with the apportionment ratio set out below ("**Apportionment Ratio**"). The Apportionment Ratio is based on the closing price of 274 cents per Zeder Share and 4 686 cents per Kaap Agri Distribution Share on the last day to trade, plus one Business Day, being Wednesday, 30 March 2022, and has been calculated as follows:

$$\text{Apportionment Ratio of Kaap Agri Distribution Share} = (A / (A+B))$$

Where:

A = the closing price of an unbundled Kaap Agri Distribution Share multiplied by the Distribution Ratio, i.e. 95.19182 cents
(calculated as 4 686 cents*(1 / 49.22692))

B = the closing price of a Zeder Share, i.e. 274 cents

With the result that the Apportionment Ratio amounts to:

$$= 95.19182 \text{ cents} / (95.19182 \text{ cents} + 274 \text{ cents})$$

$$= 25.78\%$$

2.3.2. Accordingly, Shareholders are hereby advised that the expenditure of their Zeder Shares must be apportioned in the ratio of 74.22% to a Zeder Share held after the Zeder Unbundling and 25.78% to an unbundled Kaap Agri Distribution Share received.

2.3.3. No Securities transfer tax is payable upon the transfer of Kaap Agri Distribution Shares in terms of the Zeder Unbundling.

3. IMPLEMENTATION OF THE ZEDER UNBUNDLING

3.1. As indicated in the Declaration Announcement, under the Zeder Unbundling, Shareholders will receive the Kaap Agri Distribution Shares in Dematerialised form only.

3.2. Accordingly, all Certificated Shareholders wishing to receive their Kaap Agri Distribution Shares must appoint a CSDP under the terms of the Financial Markets Act, directly or through a Broker, to receive the Kaap Agri Distribution Shares on their behalf.

3.3. The CSDP or Broker accounts of Dematerialised Shareholders or Certificated Shareholders wishing to receive their Kaap Agri Distribution Shares in Dematerialised form will be updated to reflect such shares on Monday, 4 April 2022, in accordance with the timetable contained in the Finalisation Announcement.

3.4. Should a Certificated Shareholder not appoint a CSDP under the terms of the Financial Markets Act, directly or through a Broker, to receive the Kaap Agri Distribution Shares on its behalf, such Shareholder will be issued with a statement of allocation on Monday, 4 April 2022, reflecting its Kaap Agri Distribution Shares, by the Transfer Secretaries. Such Shareholders can thereafter instruct the Transfer Secretaries to transfer their Kaap Agri Distribution Shares, represented by the statement of allocation, to their appointed CSDP or they can instruct the Transfer Secretaries to issue them with a share certificate at their risk at any time following the Zeder Unbundling.

3.5. If a Shareholder is in any doubt as to what action to take in respect of the Zeder Unbundling, such Shareholder should consult its Broker, CSDP, banker, attorney or other professional advisor.

4. FRACTIONAL ENTITLEMENTS

4.1. The Cash Payment

4.1.1. As set out in the Declaration Announcement, where a Shareholder's entitlement to the Kaap Agri Distribution Shares in terms of the Zeder Unbundling, calculated in accordance with the Distribution Ratio, gives rise to a fraction of a Kaap Agri Distribution Share, such fraction will be rounded down to the nearest whole number, resulting in allocations of whole Kaap Agri Distribution Shares and a cash payment to the Shareholder in respect of such fraction. The aggregated fractions to which Shareholders would otherwise be entitled will not be transferred to such Shareholders, but will instead be sold in the market for their benefit as soon as practical after the Zeder Unbundling.

- 4.1.2. In accordance with the JSE Listings Requirements, the value of the Kaap Agri Distribution Share to be utilised in determining the fractional cash payment due to a Shareholder is 4 221.69935 cents, being the volume weighted average traded price of Kaap Agri Distribution Shares on the JSE on Wednesday, 30 March 2022 (being the last day to trade, plus one Business Day) less 10%.
- 4.1.3. Payment of the cash relating to such fractional entitlements will be made, on Monday 4 April 2022, to the CSDP or Broker accounts of Dematerialised Shareholders or to the bank accounts of Certificated Shareholders. Certificated Shareholders whose bank account details are not held by the Transfer Secretaries, are requested to provide such details to the Transfer Secretaries to enable payment of the cash amount due for the aforementioned fraction of a Kaap Agri Distribution Share. Should no details be on record, the funds will be held by the Company in trust until such time as the details have been provided and the cash will thereafter be paid to the Shareholder upon its request without interest, subject to the applicable laws of prescription.
- 4.2. Tax implications of the Cash Payment
- 4.2.1. Shareholders are informed that, as far as the tax implications of the cash payment of the fractional entitlements is concerned, the receipt of the cash payment by Shareholders will be subject to capital gains tax for Shareholders holding Zeder Shares as capital assets or, to income tax for Shareholders holding Zeder Shares as trading stock or on revenue account, as the case may be.

5. **NON-RESIDENT SHAREHOLDERS**

Shareholders who are non-resident for tax purposes in South Africa are advised to consult their own professional advisors regarding the tax and regulatory treatment of the Zeder Unbundling in their respective jurisdictions, having regard to the laws in their jurisdiction and any applicable tax treaties between South Africa and their country of residence.

In particular the distribution of Kaap Agri Distribution Shares to non-resident Shareholders may be affected by the laws governing such non-resident Shareholders. It is the responsibility of those Shareholders (including nominees, agents and trustees acting for the benefit of those Shareholders) wishing to receive Kaap Agri Distribution Shares to fully satisfy themselves of the requirements in those jurisdictions relating to the Unbundling, including the ability to receive Kaap Agri Distribution Shares, whatever governmental and other consents must be obtained and to pay transfer and other taxes in those jurisdictions, if applicable. Non-resident Shareholders are obliged to comply with the laws of the foreign jurisdictions applying to them.

Stellenbosch
31 March 2022

Transaction Advisor and Sponsor
PSG Capital



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