

**KAAP AGRI LIMITED**

(Incorporated in the Republic of South Africa)

(Registration number: 2011/113185/06)

Share code: KAL

ISIN: ZAE000244711

("KaaP Agri" or "the Company")



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**IMPLEMENTATION OF THE DISPOSAL OF TFC PROPERTIES AND PROSPECTS**

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**Disposal**

Shareholders are referred to Kaap Agri's announcement released on SENS on 4 October 2021, in terms of which Kaap Agri advised shareholders of the conclusion of the agreement for the disposal by Kaap Agri, through its wholly-owned subsidiary, Kaap Agri Bedryf Limited ("**KABL**"), of its shareholding in TFC Properties Proprietary Limited ("**TFC Properties Disposal**").

Shareholders are advised that the remaining conditions precedent have been met and the TFC Properties Disposal has been implemented. The TFC Properties Disposal consideration proceeds for Kaap Agri comprises R444,191,981, payable against the required transfer and related documentation. R380,000,000 has already been received and the balance should be received on or about May 2022.

**Prospects**

The proposed category 1 acquisition ("**Acquisition**") of the PEG Retail Holdings Proprietary Limited ("**PEG**") group, as announced on SENS 19 January 2022, is proceeding but remains subject to certain suspensive conditions. The Acquisition aligns with Kaap Agri's communicated strategy and focuses to enhance the earnings of the fuel and fuel retail environments. The Acquisition will add 41 service stations (mostly national highway sites), across all major oil company brands. Furthermore, following the Acquisition, TFC Operations Proprietary Limited ("**TFC Operations**"), a subsidiary of Kaap Agri's wholly-owned subsidiary KABL, will have approximately 50.98% direct broad-based black economic empowerment shareholding and the strong management team within PEG will remain. Looking forward, this Acquisition is expected to be earnings and ROIC enhancing, should generate stable and predictable income streams, and is expected to be highly profitable and cash generative, and to have a favourable working capital cycle and will contribute to the diversified fuel brand offering of TFC Operations. The Acquisition is expected to contribute 4 months earnings to the Kaap Agri group for the current financial year ending 30 September 2022 ("**F22**").

The overall medium-term outlook for the Kaap Agri group is encouraging. Overall fruit sector expectations are positive, however wine grape producer cashflow pressure is expected to continue. Record wheat, barley and canola harvest are currently in storage. Weather patterns appear volatile this year. Moderate growth in the retail channel is expected, whilst growth in the quick service restaurant sector continues to recover slowly. Although the high fuel prices are curtailing consumer usage, the Kaap Agri group's fuel volumes are only down 1% due to market share gains with alternative customers.

Considering current information available, management remains comfortable that the Company's F22 performance should be in line with the upper end of medium-term growth targets, as presented at the annual general meeting and shared with the market *via* SENS on 10 February 2022.

The financial information and any reference to future financial performance included in this announcement has not been reviewed or reported on by the Company's external auditor.

22 April 2022

Sponsor and Transaction Advisor

PSG Capital



PSG CAPITAL