

REMGRO LIMITED

Incorporated in the Republic of South Africa

(Registration number: 1968/006415/06)

ISIN: ZAE000026480

JSE and A2X share code: REM

("Remgro")

DISTRIBUTION OF SHAREHOLDING IN GRINDROD LIMITED ("GRINDROD"), CASH PROCEEDS IN RESPECT OF FRACTIONAL ENTITLEMENTS AND APPORTIONMENT OF TAX COST FOR SOUTH AFRICAN TAX PURPOSES

1. INTRODUCTION

Holders of Remgro no par value ordinary shares and Remgro unlisted no par value B ordinary shares ("**Remgro Shareholders**") are referred to the detailed declaration and finalisation announcement released by Remgro on the Stock Exchange News Service on 26 September 2022 ("**Terms Announcement**") regarding the unbundling by way of a dividend *in specie* of the 174,507,905 no par value ordinary shares in Grindrod (the "**Unbundled Grindrod Shares**") to Remgro Shareholders. Remgro Shareholders will, pursuant to the dividend *in specie*, become entitled to Unbundled Grindrod Shares in the ratio of 30.70841 Unbundled Grindrod Shares for every 100 ordinary share and every 100 class B ordinary share, respectively, in Remgro ("**Remgro Shares**") (the "**Remgro Unbundling**"). The Remgro Unbundling constitutes an unbundling transaction in terms of section 46 of the South African Income Tax Act, No. 58 of 1962 ("**Income Tax Act**").

2. PURPOSE OF THE ANNOUNCEMENT

The purpose of this announcement is to advise of the following:

- 2.1. the closing prices of both the Unbundled Grindrod Shares and Remgro Shares on Wednesday, 12 October 2022, the day the Remgro Shares began trading "ex" the entitlement to receive the Unbundled Grindrod Shares;
- 2.2. the ratio at which the expenditure incurred and/or the market value (for purposes of paragraph 29 of the Eighth Schedule to the Income Tax Act) ("**Market Value**") in respect of the Remgro Shares must be apportioned between the Remgro Shares and the Unbundled Grindrod Shares for South African taxation purposes ("**Apportionment Ratio**"); and
- 2.3. the value to be utilised in determining the cash payment due to a Remgro Shareholder in respect of any fractional entitlement in respect of the Unbundled Grindrod Shares to which such shareholder may be entitled ("**Cash Proceeds**").

3. APPORTIONMENT RATIO TAX PRINCIPLES

- 3.1. Remgro Shareholders will have a combined expenditure in respect of the Remgro Shares and the Unbundled Grindrod Shares received pursuant to the Remgro Unbundling.
- 3.2. **Remgro Shares held as trading stock:** Any Remgro Shareholder holding Remgro Shares as trading stock will be deemed to acquire the Unbundled Grindrod Shares as trading stock. The combined expenditure of such Remgro Shares and Unbundled Grindrod Shares will be the amount taken into account by the Remgro Shareholder in respect of those Remgro Shares, as contemplated in section 11(a), section 22(1), or section 22(2) of the Income Tax Act. The portion of the above-combined expenditure to be allocated to the Unbundled Grindrod Shares will be determined by applying the ratio that the Market Value of the Unbundled Grindrod Shares bears to the sum of the Market Value of the Remgro Shares and the Unbundled Grindrod Shares at the end of the first business day after the last day to trade date ("**LDT Date**"), being Wednesday, 12 October 2022 (on the basis that the LDT Date was Tuesday, 11 October 2022). The expenditure so allocated to the Unbundled Grindrod Shares will reduce the expenditure relating to the retained Remgro Shares.

- 3.3. **Remgro Shares held as capital assets:** Any Remgro Shareholder holding Remgro Shares as capital assets will be deemed to acquire the Unbundled Grindrod Shares as capital assets. The combined expenditure of such Remgro Shares and Unbundled Grindrod Shares will be the original expenditure incurred in respect of the Remgro Shares, that is allowable in terms of paragraph 20 of the Eighth Schedule to the Income Tax Act, and where the Remgro Shares were acquired before 1 October 2001, the expenditure and/or Market Value, as the case may be, adopted or determined as contemplated in paragraph 29 of the Eighth Schedule to the Income Tax Act. The portion of the above-combined expenditure and/or Market Value, as the case may be, to be allocated to the Unbundled Grindrod Shares will be determined by applying the ratio that the Market Value of the Unbundled Grindrod Shares bear to the sum of the Market Value of the Remgro Shares and the Unbundled Grindrod Shares at the end of the first business day after the LDT Date, being Wednesday, 12 October 2022 (on the basis that the LDT Date was Tuesday, 11 October 2022). The expenditure and/or Market Value, as the case may be, so allocated to the Unbundled Grindrod Shares will reduce the expenditure and/or Market Value, as the case may be, of the retained Remgro Shares.
- 3.4. Remgro Shareholders are advised to consult their own professional tax advisors should they have any queries regarding the taxation consequences of the Remgro Unbundling and the calculation of their costs for taxation purposes.

4. **APPORTIONMENT RATIO CALCULATION**

- 4.1. Remgro Shareholders are further referred to paragraph 8.4.6 of the Terms Announcement, which require Remgro to advise Remgro Shareholders of the Apportionment Ratio.
- 4.2. Remgro Shareholders are hereby advised that the Apportionment Ratio is based on the closing price of 13174.00000 cents per Remgro Share and 873.00000 cents per Unbundled Grindrod Share on 12 October 2022.

The Apportionment Ratio applicable to the Unbundled Grindrod Shares has therefore been calculated as follows:

$$\text{Apportionment Ratio} = (A / (A + B))$$

where:

A = the closing price of an Unbundled Grindrod Share x the unbundling ratio, i.e. ZAR2.68081 (being ZAR8.73000 X 0.30708)

B = the closing price of a Remgro Share, i.e. ZAR 131.74000

$$\begin{aligned} \text{Thus, the Apportionment Ratio} &= \frac{\text{ZAR2.68081}}{\text{ZAR2.68081} + \text{ZAR131.74000}} \\ &= 1.99434\% \end{aligned}$$

- 4.3. Remgro Shareholders are hereby advised that the expenditure incurred and/or Market Value, as the case may be, in respect of Remgro Shares must therefore be apportioned in the ratio of 1.99434% to an Unbundled Grindrod Share and 98.00566% to a Remgro Share.

5. **INCREASE TO TAX COST / BASE COST PER SHARE BASED ON “DISQUALIFIED PERSON” RULES**

In relation to paragraph 8.4 of the Terms Announcement, Remgro Shareholders are advised that no tax is payable by Remgro in relation to the distribution of the Unbundled Grindrod Shares to “disqualified persons” as envisaged in section 46(7)(a) of the Income Tax Act. As a result, there will be no increase in the tax cost / base cost for Remgro Shareholders.

6. CASH PROCEEDS OF FRACTIONAL ENTITLEMENT

- 6.1. As outlined in paragraph 4 of the Terms Announcement, in implementing the Remgro Unbundling Remgro is required by the Listings Requirements of JSE Limited (“**Listings Requirements**”) to round down the fractional entitlements to Unbundled Grindrod Shares to the nearest whole Unbundled Grindrod Share. The fractions of Unbundled Grindrod Shares to which Remgro Shareholders remain entitled will not be transferred to them, but will be aggregated and sold on Remgro Shareholders’ behalf in the open market as soon as practically possible after the Remgro Unbundling.
- 6.2. Remgro Shareholders will accordingly receive a monetary amount (i.e. the Cash Proceeds) in respect of their fractional entitlements to Unbundled Grindrod Shares. In accordance with the Listings Requirements, the Cash Proceeds have now been determined with reference to the volume-weighted average price (“**VWAP**”) of an Unbundled Grindrod Share on the securities exchange operated by JSE Limited on Wednesday, 12 October 2022, reduced by 10%.
- 6.3. Taking into account the VWAP of 862.37530 cents, Remgro Shareholders are advised that the calculation of the Cash Proceeds due to Remgro Shareholders in respect of any fractional entitlements will be based on a price of 776.13777 cents (i.e. 862.37530 cents x 90%) per Unbundled Grindrod Share.
- 6.4. The Cash Proceeds will not be subject to dividend withholding tax in terms of the Income Tax Act. Remgro Shareholders are advised to consult their own professional tax advisors should they have any queries regarding the revenue and/or capital gain taxation consequences of the Cash Proceeds when paid and the calculation of their costs for taxation purposes.

Stellenbosch
13 October 2022

Financial adviser and Sponsor
Rand Merchant Bank, a division of FirstRand Bank Limited

Legal adviser
ENSAfrica