

KAAP AGRI LIMITED

(Incorporated in the Republic of South Africa)

(Registration number: 2011/113185/06)

Share code: KAL

ISIN: ZAE000244711

("KAL" or the "Company")



ODD-LOT OFFER AND NOTICE OF GENERAL MEETING

1. INTRODUCTION AND RATIONALE

- 1.1. As at 7 February 2023, KAL had approximately 14 777 ordinary shareholders ("**Odd-lot Holders**") each holding less than 100 KAL ordinary shares of no par value ("**KAL Shares**"). At that date, these Odd-lot Holders held a total of 312 942 KAL Shares, representing 0.42% of the total issued share capital of the Company. To reduce the administrative time and costs associated with this large number of Odd-lot Holders, the board of directors of the Company ("**Board**") proposes the implementation of an odd-lot offer ("**Odd-lot Offer**") to facilitate the reduction in these Odd-lot Holders in a fair manner, which will result in the repurchase by the Company of the Odd-lot holdings from the Odd-lot Holders at the offer price, being the volume weighted average traded price of a KAL Share on the JSE Limited over the thirty trading days immediately prior to the general meeting ("**General Meeting**"), due to be held on Thursday, 30 March 2023 ("**Offer Price**").
- 1.2. The Odd-lot Offer will provide Odd-lot Holders with the ability to dispose of their Odd-lot holdings on a cost-efficient basis and will provide liquidity for those Odd-lot Holders who elect to sell their Odd-lot holdings or who make no election. For KAL it will, *inter alia*, reduce the complexity and ongoing administration costs associated with a significantly larger shareholder base, including a sizeable number of Odd-lot Holders.

2. KEY TERMS OF THE ODD-LOT OFFER**2.1. Odd-lot Offer mechanics**

- 2.1.1. Following receipt of shareholder approval at the General Meeting, the Odd-lot Offer will open and, if you are an Odd-lot Holder, you must decide to either:
- 2.1.1.1. sell your Odd-lot Holding to KAL at the Offer Price; or
- 2.1.1.2. retain your Odd-lot Holding.
- 2.1.2. If you wish to retain your KAL Shares, you must specifically make an election to do so.
- 2.1.3. Those Odd-lot Holders who do not make an election by 12:00 pm on Friday, 21 April 2023 will automatically be regarded as having accepted the Odd-lot Offer and chosen to dispose of their KAL Shares to the Company and will receive the cash consideration, being their Odd-lot holding multiplied by the Offer Price ("**Cash Consideration**").

2.2. Transaction costs and tax

- 2.2.1. The transfer costs of Odd-lot Holders who sell their holdings to KAL will be borne by KAL.
- 2.2.2. KAL, by proposing the Odd-lot Offer, is therefore making it possible for the Odd-lot Holders who wish to dispose of their shareholding to do so in a cost-effective manner.
- 2.2.3. The Cash Consideration payable to Odd-lot Holders will constitute a “dividend” as defined in section 1 of the Income Tax Act, No. 58 of 1962, as amended (“**Income Tax Act**”). The Cash Consideration will give rise to a liability for dividends tax in accordance with the Income Tax Act in the event that any Odd-lot Holder does not qualify for an exemption from the dividends tax.
- 2.2.4. In the event that any Odd-lot Holder does not qualify for an exemption from the dividends tax, KAL will withhold the relevant portion from the Cash Consideration in relation to a particular Shareholder in order to make payment of such liability for dividends tax.
- 2.2.5. The implementation of the Odd-lot Offer will not result in a reduction of the contributed tax capital of the Company.
- 2.2.6. The summary of the tax considerations pertaining to the Odd-lot Offer is based on the current laws that are applicable as at the date of this Circular and is subject to potential changes that may be made to such legislation subsequently, which could be retrospective. The summary is a general guide and is not intended to constitute a complete analysis of the tax consequences of the Odd-lot Offer provisions in terms of South African tax law. It is not intended to be, nor should it be considered as legal or tax advice. KAL and its advisors cannot be held responsible for the tax consequences of the Odd-lot Offer and therefore Shareholders are advised to consult their own tax advisors in this regard.
- 2.2.7. The Odd-lot Offer may be subject to tax in the relevant jurisdiction of the Odd-lot Holders arising from the disposal of the Odd-lot holdings by the Odd-lot Holders who make an election to sell their respective Odd-lot holdings to KAL, or who do not make an election in the case of Odd-lot Holders.

2.3. Financial effect

- 2.3.1. The repurchase of Shares pursuant to the Odd-lot Offer will have no significant effect on KAL’s earnings per Share, headline earnings per Share, net asset value per Share or tangible net asset value per Share.
- 2.3.2. Based on current shareholdings and an assumed KAL share price of R42.73, and assuming that 312 942 Shares are repurchased in terms of the Odd-lot Offer, the cost of the Odd-lot Offer for KAL is expected to amount to approximately R13 372 012 (excluding transfer costs), plus transaction costs of approximately R716 000 excluding VAT.
- 2.3.3. All Shares repurchased in terms of the Odd-lot Offer will be cancelled, with the result that the number of treasury shares held by the Company (currently 4 258 183) will remain unchanged.

3. DISTRIBUTION OF CIRCULAR AND NOTICE OF GENERAL MEETING

- 3.1. The Board is seeking approval from Shareholders to implement the Odd-lot Offer and is therefore convening the General Meeting to be conducted entirely by electronic communication on Thursday, 30 March 2023 at 10:00 am.
- 3.2. A circular ("**Circular**") containing details of the Odd-lot Offer, together with a notice of General Meeting, is being distributed to Shareholders today, 28 February 2023.
- 3.3. The Circular is available in English. Copies may be obtained during normal business hours from the registered office of the Company and from the offices of the Company's Transaction Advisor and Sponsor, PSG Capital, from Tuesday, 28 February 2023 until Thursday, 30 March 2023 (both days inclusive). A copy of the Circular will also be available on the Company's website (<https://www.kalgroupp.co.za/investors/reports>).
- 3.4. Unless otherwise indicated, capitalised words and terms contained in this announcement shall bear the same meanings ascribed thereto in the Circular.

4. SALIENT DATES AND TIMES

	2023
Record date to determine which Shareholders are entitled to receive the Circular	Friday, 17 February
Circular and notice of General Meeting distributed to Shareholders on	Tuesday, 28 February
Announcement regarding distribution of the Circular and notice of General Meeting released on SENS on	Tuesday, 28 February
Announcement regarding distribution of the Circular and notice of General Meeting published in the press on	Wednesday, 1 March
Last day to trade in order to be eligible to attend and vote at the General Meeting	Monday, 20 March
Record date to determine which Shareholders are entitled to attend and vote at the General Meeting	Friday, 24 March
For administrative purposes, the time and date by which Forms of Proxy for the General Meeting are requested to be lodged, by 10:00 am on	Tuesday, 28 March
Forms of Proxy (grey) not lodged timeously with Computershare, for convenience, to be emailed to Computershare (who will provide same to the chairman of the General Meeting) before the proxy exercises the rights of the Shareholder at the General Meeting on	Thursday, 30 March
General Meeting to be held at 10:00 am on	Thursday, 30 March
Finalisation announcement, including the results of the General Meeting and the final Offer Price, announced on SENS on	Thursday, 30 March
Finalisation announcement published in the press on	Friday, 31 March
Odd-lot Offer opens at 09:00 am	Friday, 31 March
Last day to trade in order to participate in the Odd-lot Offer	Tuesday, 18 April
Shares trade "ex" the Odd-lot Offer on	Wednesday, 19 April
Forms of Election and Surrender for the Odd-lot Offer (blue) to be received by Computershare by 12:00 pm on	Friday, 21 April
Odd-lot Offer closes at 12:00 pm on	Friday, 21 April
Record date for the Odd-lot Offer (to determine which Shareholders are entitled to participate in the Odd-lot Offer) at close of business on	Friday, 21 April
Implementation of the Odd-lot Offer on	Monday, 24 April
Dematerialised Odd-lot Holders who have accepted the Odd-lot Offer or are deemed to have accepted the Odd-lot Offer will have their accounts held at their CSDP or broker credited with the Offer Price on	Monday, 24 April

Payments of the Offer Price to certificated Odd-lot Holders who have accepted the Odd-lot Offer on	Monday, 24 April
Results of the Odd-lot Offer released on SENS on	Monday, 24 April
Results of the Odd-lot Offer published in the press on	Tuesday, 25 April
Cancellation and termination of listing of KAL Shares repurchased in terms of the Odd-lot Offer expected on or about	Friday, 28 April

Notes:

1. The above dates and times are subject to change. Any changes will be published on SENS.
2. Shareholders should note that as transactions in KAL Shares are settled in the electronic settlement system used by Strate, settlement of trades takes place three Business Days after such trades. Therefore, Shareholders who acquire KAL Shares after close of trade on Monday, 20 March 2023 will not be eligible to attend, participate in and vote at the General Meeting.
3. All times quoted in this announcement are local times in South Africa.
4. Dematerialised Odd-lot Holders are requested to notify their duly appointed CSDP or broker of their election by the cut-off time stipulated by their CSDP or broker. This will be an earlier date than the closing of the Odd-lot Offer.
5. In the case of certificated Odd-lot Holders who accept the Odd-lot Offer or are deemed to have accepted the Odd-lot Offer, payment will be made by electronic funds transfer into the bank accounts of such Odd-lot Holders on or about Monday, 24 April 2023, if such holders' banking details have been provided in the relevant Form of Election and Surrender. Should no banking details be on record for such holders, the funds will be held by KAL until such time as the details have been provided to Computershare.
6. Those Odd-lot Holders who do not make an election will automatically be regarded as having chosen and accepted the Cash Consideration.
7. If the General Meeting is adjourned or postponed, Forms of Proxy submitted for the initial General Meeting will remain valid in respect of any adjournment or postponement of the General Meeting unless the contrary is stated on such Forms of Proxy.
8. Shareholders may not dematerialise or rematerialise their Shares after the last day to trade, being Tuesday, 18 April 2023 to the record date, being Friday, 21 April 2023.

Paarl
28 February 2023

Transaction Advisor and Sponsor
PSG Capital



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