

GRINDROD LIMITED

(Incorporated in the Republic of South Africa)

(Registration Number: 1966/009846/06)

Ordinary share code: GND and ISIN: ZAE000072328

Preference share code: GNPD and ISIN: ZAE000071106

ACQUISITION OF THE REMAINING 35% INTEREST IN THE SHARE CAPITAL OF TERMINAL DE CARVÃO DA MATOLA LIMITADA

1. INTRODUCTION

1.1 Shareholders are advised that:

- 1.1.1 Grindrod Limited ("**Grindrod**"), through its wholly-owned subsidiary Grindrod Mauritius (the "**Purchaser**"), holds a 65% interest in the share capital of Terminal de Carvão da Matola Limitada ("**TCM**");
- 1.1.2 the remaining 35% interest in the share capital of TCM is held by Vitol Mauritius Limited (the "**Seller**");
- 1.1.3 the Seller is wholly owned by Vitol Holding II SA, a shareholding vehicle for the ultimate shareholders being the employees of Vitol Group. No individual shareholder owns more than 5% of the equity of Vitol Holding II SA;
- 1.1.4 on 17 September 2024, the Seller, the Purchaser and TCM entered into a 'sale of quota agreement' (the "**Agreement**");
- 1.1.5 in terms of the Agreement, the Purchaser is to purchase the remaining 35% of the share capital of TCM from the Seller (the "**Acquisition**"); and
- 1.1.6 following the implementation of the Acquisition and through the Purchaser, Grindrod will hold 100% of the share capital of TCM.

2. DESCRIPTION OF TCM

- 2.1 TCM is a private company, currently owned 65% and 35% by the Purchaser and the Seller respectively and is headquartered in Maputo, Mozambique.
- 2.2 TCM owns a dry bulk terminal in Maputo which has the annual capacity to export in excess of 7 million tonnes of primarily magnetite, and coal ("**Terminal**"). TCM is operated under a sub-concession to the Maputo Port Development Company's main port concession and has the capacity to receive cargo by rail and road with its own dedicated export berth which handles gearless panamax and baby cape vessels.

3. RATIONALE FOR THE ACQUISITION

TCM's long-term sub-concession is a strategic asset enabling Grindrod to provide cost-effective and efficient integrated logistics solutions for its customers' cargo flows. Through this asset, Grindrod will unlock its value creation across the Maputo corridor and meaningfully drive its pit-to-port solution for its customers.

4. PURCHASE CONSIDERATION

- 4.1 The purchase consideration for the Acquisition is USD77 million (the "**Purchase Consideration**").
- 4.2 The Purchase Consideration is made up as follows:
 - 4.2.1 an initial purchase consideration (the "**Initial Purchase Consideration**") being an amount of USD55 million, which will incur interest at the Secured Overnight Financing Rate ("**SOFR**") calculated from 17 September 2024 until the first business day of the month after that in which the last of the conditions precedent as set out in paragraph 5 below have been met (the "**Closing Date**"); and
 - 4.2.2 a deferred purchase consideration (the "**Deferred Purchase Consideration**") being an amount of USD22 million, will be paid in sixteen equal quarterly instalments of USD1.375 million.
- 4.3 The Purchase Consideration will be payable as follows:
 - 4.3.1 on Closing Date, the Initial Purchase Consideration, along with the interest referred to in paragraph 4.2.1, shall be paid by the Purchaser to the Seller;

- 4.3.2 three months after the Closing Date, the first instalment in respect of the Deferred Purchase Consideration shall be paid by the Purchaser to the Seller; and
- 4.3.3 at consecutive three-monthly intervals thereafter, the remaining instalments shall be paid by the Purchaser to the Seller such that the whole of the Deferred Purchase Consideration shall have been paid by forty-eight months from the Closing Date.
- 4.4 There is also provision for a potential additional component to the Purchase Consideration if the Purchaser (or an affiliate, if applicable) sells more than a 65% interest in the share capital of TCM within twelve months of the Closing Date at a price higher on a *pro rata* basis than the abovementioned consideration (such additional component being capped at a maximum of USD15 million).

5. CONDITIONS PRECEDENT

- 5.1 The Acquisition is subject to the fulfilment of the following conditions precedent (the “**Conditions Precedent**”), which are required to be fulfilled by 17 January 2025, being four months from the signature date of the Agreement (the “**Long-Stop Date**”):
 - 5.1.1 the Seller confirming that certain of its required resolutions have been duly certified and translated for use in Mozambique;
 - 5.1.2 the Seller confirming in writing that it has obtained a certificate issued by the Mauritius Revenue Authority confirming that the Seller is tax resident in Mauritius for purposes of the double taxation agreement in place between Mauritius and Mozambique;
 - 5.1.3 the Seller confirming in writing that copies of its certificate of incorporation and certificate of current standing have been duly certified and translated for use in Mozambique;
 - 5.1.4 the Mozambican Tax Authority issuing a binding prior tax ruling that is unequivocally to the effect that no capital gains tax shall be payable by the Seller in respect of the sale of its 35% interest in the share capital of TCM in terms of the Agreement, on a basis accepted in writing by the Seller;
 - 5.1.5 the Seller opening a United States Dollar denominated bank account in Mozambique, with a Mozambican commercial bank, and notifying the Purchaser in writing of the details of such bank account;
 - 5.1.6 TCM and Vitol Coal South Africa Proprietary Limited (“**VCSA**”), an affiliate of the Seller, entering into a new throughput agreement, which is expected to be for a period of up to nine years and an initial capacity allocation of 2.25 million tonnes per annum, which will replace the existing throughput agreement between TCM and VCSA (“**Existing Throughput Agreement**”);
 - 5.1.7 the Purchaser obtaining the approval of the Bank of Mozambique for a bank guarantee to be provided in respect of the Deferred Purchase Consideration (or written confirmation from the Bank of Mozambique that no such approval is required), and providing such bank guarantee to the Seller;
 - 5.1.8 TCM completing the installation of four truck weighbridges at its Terminal and ensures that such weighbridges are commercially operable to the satisfaction of the Seller;
 - 5.1.9 the parties to the Existing Throughput Agreement resolving certain stock loss claims that have been made by VCSA, to the satisfaction of the Seller; and
 - 5.1.10 the applicable competition authorities, in Mozambique and South Africa, issuing written notice of their non-objection to the sale or decision to approve the Acquisition (respectively) either unconditionally or subject to such condition/s as are acceptable to the Seller and the Purchaser in writing, which acceptance shall not unreasonably be withheld or delayed.
- 5.2 The Conditions Precedent referred to in:
 - 5.2.1 paragraphs 5.1.1 to 5.1.7 above (both inclusive) are stipulated for the benefit of the Purchaser and the Seller and may be waived (in whole or in part) by the Purchaser and the Seller in writing at any time on or before the Long-Stop Date;
 - 5.2.2 paragraphs 5.1.8 and 5.1.9 are stipulated for the benefit of the Seller and may be waived (in whole or in part) by the Seller by written notice to the Purchaser and TCM any time on or before the Long-Stop Date; and
 - 5.2.3 paragraph 5.1.10 above is regulatory in nature and is accordingly incapable of waiver.

6. COMPLETION DATE OF THE ACQUISITION

The Acquisition will become effective on the Closing Date, whereupon ownership in and all risk in and all benefit attaching to the remaining 35% of the share capital of TCM shall pass to the Purchaser.

7. FINANCIAL INFORMATION

7.1 The value of the net assets and the profits attributable to the net assets that are the subject of the Acquisition are as follows:

7.1.1 net asset value of USD116 million at 30 June 2024; and

7.1.2 profit after tax attributable to the net assets for the six months ended 30 June 2024 of USD9.2 million.

7.2 The financial information has been extracted from the TCM unaudited management accounts for the six months ended 30 June 2024 which were prepared in terms of International Financial Reporting Standards.

8. WARRANTIES AND OTHER SIGNIFICANT TERMS OF THE AGREEMENT

8.1 The Seller has provided warranties and indemnities to the Purchaser that are standard for a transaction of this nature.

8.2 The reciprocal warranties covered under the Agreement are also standard for a transaction of this nature.

8.3 The Agreement contains interim period undertakings, applicable for the period between the signature date of the Agreement and the Closing Date, which are also standard for a transaction of this nature.

8.4 The implementation of the Agreement will represent a 'clean break' between the Purchaser and the Seller, with neither they nor any of their respective affiliates to have any claims against each other or TCM, relating in any way to TCM or the shareholders' agreement currently in place between the Seller, the Purchaser and TCM (other than any claims under the Agreement, the existing or replacement throughput agreement between VCSA and TCM, or for enforcement of any of the surviving provisions of such shareholders' agreement).

9. CLASSIFICATION OF THE ACQUISITION

In terms of the Listings Requirements of the JSE Limited, the Acquisition is classified as a Category 2 transaction for Grindrod and does not require shareholder approval.

18 September 2024

Financial Adviser and Transaction Sponsor to Grindrod

Rand Merchant Bank
(A division of FirstRand Bank Limited)

Legal Adviser to Grindrod

Edward Nathan Sonnenbergs Incorporated

Sponsor to Grindrod

Nedbank Corporate and Investment Banking, a division of Nedbank Limited