



GRINDROD LIMITED

PRE-CLOSE BUSINESS UPDATE

GROUP UPDATE

Group continues to focus its efforts on executing the Port and Terminals, Logistics, and Bank strategies and disposal of non-core businesses.

Port and Terminals have reported healthy volume growth with record performances in the third quarter.

Coastal Shipping and Clearing and Forwarding businesses in the Logistics segment have performed well despite the congestion at the ports.

The Bank focused on quality lending and maintained compliance with its capital and liquidity ratios.

Proceeds from the disposal of non-core assets were applied to settle private equity debt of R350 million, with a further R100 million expected to be settled by the end of the year.



Port of Maputo

OPERATIONAL REVIEW

Port and Terminals

Focus on customer solutions, operational excellence drive and rail allocation improvement into Matola from July 2021 to November 2021 (the "Period") yielded positive results.



Terminal De Carvão da Matola

The Maputo Port's third quarter performance of 6.4 million tonnes was higher than the preceding quarters. Delays at the Komatipoort border are slowing down the improvements in the utilisation of its increased berth and, chrome and ferrochrome slab capacities. Progress on streamlining the border is underway with both the South African and Mozambican governments contributing to an enhanced solution for cross border traffic. Additional rail allocation to the port is also being sought to maximise utilisation of the port's increased rail capacity.

Terminals experienced a healthy increase in customer demand for its capacity to handle magnetite and coal exports. An operational excellence drive, improved rail allocation and increased road haulage enabled Matola terminal and Maputo dry-bulk facility to meet this customer demand. Matola terminal handled a record volume of 1 million tonnes in September with volumes of 7.4 million for the eleven months ending November 2021.

Maputo Car Terminal continued to operate as a temporary storage solution for project cargo and experienced increased car transshipment volumes.

Performance at the Richards Bay terminal has been affected by the fire which impacted Terminal's ability to meet increased customer demand for coal capacity. A contingent operation is now in place following collaboration between the Transnet Port Terminal and port users.

Port and Terminal's focus is to deliver efficient and cost-effective customer solutions by regularly seeking alternative and / or additional logistics routes to market for the customer's cargo. This is in addition to continually harnessing our existing routes via Matola, Maputo, Richards Bay and Walvis Bay to ensure sustained relevance.

Logistics

The coastal shipping and container depot business achieved good growth as the container market continued a buoyant trajectory, with the remaining businesses delivering consistent performance for the Period.

Logistics' performance improved as the coastal shipping and container and clearing and forwarding businesses performed well despite congested ports in South Africa. The coastal shipping business continues to assist shipping lines with alternative solutions to minimise delays on their deep-sea voyages and avoid potential demurrage costs as a result of port congestion. The container depot business, in preparation for citrus season, increased reefer capacity, with the installation of further reefer points.

The clearing and forwarding business delivered solid results with the extension of key customer contracts. Grindrod's shareholding increased to 50% following the business's buyback of shares from its minority shareholder.

During the Period, Grindrod concluded a joint venture, wherein the logistics activities of Grindrod's Intermodal business will complement the current Maersk Logistics and Services operations, enabling customers seamless access to a wider range of logistics and service offerings and providing alternative options for our customers. Ultimately, this will contribute to making a positive difference in Africa's trade with the world.

During the second half, the Balama graphite mine continued production and its volume ramp up.

The Rail business redeployed eight locomotives at Sierra Leone's Tonkolili mine following the resumption of the iron ore mine in the region and successfully completed the disposal of four locomotives estimated at US\$11.3 million (Grindrod's share is US\$4.8 million) to the Ugandan government.



Locomotives sold to Uganda Rail



Grindrod Intermodal

Bank

Grindrod Bank's lending and core deposit books increased to R8.9 billion and R10.8 billion at the end of October 2021.

The Bank remains cautious in its lending activities and retained a large surplus liquidity of R6 billion (October 2021). Off the back of our experience in platform banking the Bank concluded an agreement with Shoprite Checkers as a key new platform partner.

The Bank recommenced the project to raise further capital to enable growth and enhance returns.

Investment in Grindrod Shipping and Marine Fuels

During the Period, Grindrod successfully executed the sale of its Grindrod Shipping shares reporting proceeds of R338.1 million.

Management continues to work with the Marine Fuels management and co-shareholder in order to exit this investment.

Private Equity

The private equity portfolio consists of two significant private equity investments and loans provided to KwaZulu Natal North Coast property companies.

The disposal of the offshore real estate investment was concluded during September 2021 for £17.4 million. The strategy is to exit the remaining two investments at the right valuations. These have a carrying value of R526.2 million as reported in June 2021 interim results and are subject to fair valuation assessments at the end of each reporting period.

Good progress has been made by the owners of the KwaZulu Natal north coast properties. Grindrod's loans into these companies remain high and we continue to work with the principals to realise this exposure in the short term.

The information contained in this pre-close business update has not been reviewed or reported on by Grindrod's auditors.

Balance sheet, cashflow and debt

Net debt to equity excluding Grindrod Bank reduced following the repayment of debt with proceeds from disposals.

GROWTH STRATEGY IN A DYNAMIC WORLD

Conclusion

Grindrod delivers an efficient and cost-effective solution for its customer's cargo flow, living its purpose to enable Africa's trade with the world, touching lives of the communities in which it operates.

Grindrod Bank remains focused on its core strengths, expanding its SME offering and providing a compelling platform banking solution.