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## THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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The definitions and interpretations commencing on page 5 of this Circular have, where appropriate, been used on this cover page.

### Action required

If you have disposed of all of your Grindrod Shares, this Circular, together with the attached notice of General Meeting and form of proxy and electronic participation application form, should be handed to the purchaser of such Shares or to the broker, CSDP, banker or other agent through whom the disposal was affected.

Beneficial Shareholders who hold Dematerialised Shares through a CSDP or broker but who have not elected own-name registration who wish to electronically participate in and/or vote at the General Meeting must request their CSDP or broker to provide them with the necessary letter of representation to electronically participate in and/or vote at the General Meeting or must instruct their CSDP or broker to vote on their behalf in terms of their agreement with their CSDP or broker.

Shareholders are referred to page 2 of this Circular, which sets out the detailed action required of them in respect of the Repurchase and ancillary matters set out in this Circular. If you are in any doubt as to the action you should take, please consult your broker, CSDP, banker, legal advisor, accountant or other professional advisor immediately.

**Grindrod does not accept responsibility and will not be held liable for any failure on the part of the CSDP or broker of any holder of Dematerialised Shares to notify such Shareholder of the action required of them in respect of the Repurchase and ancillary matters set out in this Circular.**

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### GRINDROD LIMITED

(Incorporated in the Republic of South Africa)

(Registration number: 1966/009846/06)

Share codes: GND and GNDP

ISIN: ZAE000072328 and ZAE000071106

("Grindrod" or the "Company")

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## CIRCULAR TO GRINDROD SHAREHOLDERS

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relating to:

- a specific repurchase of 64 000 000 Grindrod Shares constituting 8.39% of the total issued share capital of Grindrod from BEE SPV, in terms of sections 4, 48(8)(b) and 114, read together with sections 115 and 164 of the Act, Section 5 of the Listings Requirements and Grindrod's MOI; and
- the delisting and cancellation of such repurchased Grindrod Shares.

and enclosing:

- a notice of General Meeting;
  - a form of proxy for use by certificated and "own name" Dematerialised Shareholders only; and
  - an electronic participation application form.
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Investment Bank, Corporate  
Advisor and Sponsor



Legal  
Adviser



Independent Reporting  
Accountants



Independent  
Expert



Date of issue: Friday, 7 August 2020

*This Circular is available in English only and copies thereof may be obtained at the Company's Registered Office between 09:00 and 17:00 or from the Company Secretary by emailing [Vicky.Commaille@grindrod.com](mailto:Vicky.Commaille@grindrod.com) or from the Sponsor, by emailing [sanyab@nedbank.co.za](mailto:sanyab@nedbank.co.za) between Friday, 7 August 2020 to Monday, 7 September 2020, both days inclusive. The Circular will also be available on Grindrod's website ([www.grindrod.co.za/Pages/Investor-Relations](http://www.grindrod.co.za/Pages/Investor-Relations)) from Friday, 7 August 2020.*

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## CORPORATE INFORMATION

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### **Company Secretary and Registered Office**

Grindrod Limited  
(Registration number 1966/009846/06)  
Vicky Commaile  
2nd Floor, Grindrod Mews  
106 Margaret Mncadi Avenue  
Durban  
(PO Box 1, Durban, 4000)

### **Legal Adviser**

Edward Nathan Sonnenbergs Inc  
(Registration number 2006/01800/21)  
1 Richeford Circle  
Ridgeside Office Park  
Umhlanga  
Durban  
(PO Box 3052, Durban, 4000)

### **Transfer Secretaries**

Link Market Services South Africa Proprietary Limited  
13th Floor  
19 Ameshoff Street  
Braamfontein  
(PO Box 4844, Johannesburg, 2000)

### **Scrutineers**

The Meeting Specialist Proprietary Limited  
(Registration Number 2017/287419/07)  
JSE Building, One Exchange Square  
2 Gwen Lane, Sandown, 2196  
(PO Box 62043, Marshalltown, 2107)

### **Date and place of incorporation of Grindrod**

Incorporated on 19 October 1966 in the Republic of South Africa

### **Investment Bank, Corporate Adviser and Sponsor**

Nedbank Limited, acting through its Corporate and  
Investment Banking division  
(Registration number 1951/000009/06)  
135 Rivonia Road  
Sandton, 2196  
(PO Box 1144, Johannesburg, 2000)

### **Independent Reporting Accountants**

Deloitte & Touche  
(Practice number 902276)  
La Lucia Ridge Office Estate  
No. 2 Pencarrow Crescent – DTT Place  
Pencarrow Park  
La Lucia  
Durban  
(PO Box 243, Durban, 4000)

### **Independent Expert**

BDO Corporate Finance Proprietary Limited  
(Registration number 1983/002903/07)  
Wanderers Office Park, Corlette Drive  
Illovo, 2196  
(Private Bag X60500, Houghton 2041)

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## **ACTION REQUIRED BY GRINDROD SHAREHOLDERS**

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The definitions and interpretations commencing on page 5 of this Circular shall apply, *mutatis mutandis*, to this section.

### **IF YOU HAVE DEMATERIALIZED YOUR GRINDROD SHARES WITHOUT OWN NAME REGISTRATION**

#### **Voting at the General Meeting**

Your CSDP or broker should contact you to ascertain how you wish to cast your vote at the General Meeting and thereafter cast your vote in accordance with your instructions.

If you have not been contacted, it would be advisable for you to contact your CSDP or broker and to furnish them with your voting instructions.

If your CSDP or broker does not obtain voting instructions from you, it will be obliged to vote in accordance with the instructions contained in the custody agreement concluded between you and your CSDP or broker.

You must not complete the attached proxy form.

### **ELECTRONIC PARTICIPATION AND REPRESENTATION AT GENERAL MEETING**

In accordance with the custody agreement between you and your CSDP or broker, you must advise your CSDP or broker if you wish to electronically participate in and/or vote at the General Meeting and your CSDP or broker will issue the necessary letter of representation for you to electronically participate in and/or vote at the General Meeting.

#### **Terms and conditions for participation at the General Meeting via electronic communication**

- a) The cost of dialling in using a telecommunication line/webcast/web-streaming to electronically participate in and/or vote at the General Meeting is for the expense of the Participant and will be billed separately by the Participant's own telephone service provider.
- b) The Participant acknowledges that the telecommunication lines/webcast/web-streaming are provided by a third party and indemnifies Grindrod, the JSE and TMS against any loss, injury, damage, penalty or claim arising in any way from the use or possession of the telecommunication lines/webcast/web-streaming, whether or not the problem is caused by any act or omission on the part of the Participant or anyone else. In particular, but not exclusively, the Participant acknowledges that he/she will have no claim against Grindrod, the JSE and TMS, whether for consequential damages or otherwise, arising from the use of the telecommunication lines/webcast/web-streaming or any defect in it or from total or partial failure of the telecommunication lines/webcast/web-streaming and connections linking the telecommunication lines/webcast/web-streaming to the General Meeting.
- c) Participants will be able to vote during the General Meeting through an electronic participation platform.
- d) Such Participants, should they wish to have their vote(s) counted at the General Meeting, must act in accordance with the requirements set out in this Circular.
- e) Once the Participant has received the link, the onus to safeguard this information remains with the Participant.
- f) The application will only be deemed successful if the electronic participation application form has been completed and fully signed by the Participant and emailed to TMS at [proxy@tmsmeetings.co.za](mailto:proxy@tmsmeetings.co.za)

#### **Logistical arrangements**

- a) Shareholders who wish to electronically participate in and/or vote at the General Meeting are required to complete the electronic participation application form attached and email same to TMS at [proxy@tmsmeetings.co.za](mailto:proxy@tmsmeetings.co.za) and contact them on +27 11 520 7950/1/2 as soon as possible, but in any event no later than 10:00 Thursday, 3 September 2020.
- b) Shareholders are strongly encouraged to submit votes by proxy before the meeting.
- c) If shareholders wish to electronically participate in and/or vote at the General Meeting, they should instruct their CSDP or broker to issue them with the necessary letter of representation to electronically participate in and/or vote at the General Meeting, in the manner stipulated in their custody agreement. These instructions must be provided to the CSDP or broker by the cut-off time and date advised by the CSDP or broker, to accommodate such requests.
- d) TMS will assist Shareholders with the requirements for electronic participation in, and/or voting at the General Meeting. TMS is further obliged to validate (in liaison with Grindrod and, in particular, the Transfer Secretary and Shareholders' CSDPs) each such shareholder's entitlement to electronically participate in and/or vote at the General Meeting, before providing it with the necessary means to access the General Meeting and/or the associated voting platform.
- e) Shareholders will be liable for their own network charges in relation to electronic participation in and/or voting at the General Meeting. Any such charges will not be for the account of the JSE, Grindrod and/or TMS.
- f) None of the JSE, Grindrod or TMS can be held accountable in the case of loss of network connectivity or other network failure due to insufficient airtime, internet connectivity, internet bandwidth and/or power outages which prevents any such Shareholder from electronically participating in and/or voting at the General Meeting.

## Voting by proxy

- a) The minimum percentage of voting rights that is required for the adoption of each ordinary resolution is more than 50% of the voting rights exercised on the resolution by Shareholders participating electronically or represented by proxy at the General Meeting.
- b) The minimum percentage of voting rights that is required for the adoption of each special resolution is at least 75% of the voting rights exercised on the resolution by shareholders participating electronically or represented by proxy at the General Meeting.
- c) Shareholders are reminded that they are still able to vote normally through proxy submission, despite deciding to participate either electronically or not at all in the General Meeting. Shareholders are strongly encouraged to submit votes by proxy in advance of the General Meeting to Link, 13th Floor Rennie House, 19 Ameshoff Street, Braamfontein, 2001 (PO Box 4844, Johannesburg, 2000) South Africa, email meetfax@linkmarketservices.co.za or facsimile 086 674 2450 by no later than 10:00 on Thursday, 3 September 2020.
- d) Kindly ensure that TMS is copied when submitting all completed proxy forms and/or letters of representation to Link.
- e) Please forward all relevant information to the below mentioned:

The Meeting Specialist Proprietary Limited  
JSE Building  
One Exchange Square  
2 Gwen Lane  
Sandown  
South Africa  
2196

Attention: Michael Wenner, Farhana Adam or Izzy van Schoor  
Tel: +27 11 520-7950/1/2  
Email: michael.wenner@tmsmeetings.co.za  
Email: farhana.adam@tmsmeetings.co.za  
Email: izzy.vanschoor@tmsmeetings.co.za  
Email: proxy@tmsmeetings.co.za

- f) A shareholder entitled to electronically participate in and/or vote at the General Meeting is entitled to appoint a proxy or proxies to electronically participate, speak and vote in his/her stead. A proxy need not be a Shareholder of Grindrod. The attached form of proxy is only to be completed by those Shareholders who hold ordinary shares in certificated form or are recorded in the sub-register in "own-name" dematerialised form. Shareholders who have dematerialised their ordinary shares through a CSDP or broker without "own-name".

## IF YOU HAVE NOT DEMATERIALISED YOUR GRINDROD SHARES OR HAVE DEMATERIALISED YOUR GRINDROD SHARES WITH OWN NAME REGISTRATION

### Voting, electronic participation and representation at the General Meeting

You may electronically participate in and/or vote at the General Meeting.

Alternatively, you may appoint a proxy to represent you at the General Meeting by completing the attached form of proxy in accordance with the instructions therein, which form must be lodged with or posted to the Transfer Secretaries and copied to TMS to be received by no later than 10:00 on Thursday, 3 September 2020. This cut-off time is for administrative purposes only. Shareholders or their proxies will nonetheless still be able to lodge their proxy forms prior to the commencement of the General Meeting.

Any form of proxy not returned to the Transfer Secretaries or TMS by this time may be emailed to the Transfer Secretaries and copied to TMS at any time before the appointed proxy exercises any of the shareholder's rights at the General Meeting.

### DISSENTING SHAREHOLDERS' APPRAISAL RIGHTS

#### Special Resolution number 1

At any time before special resolution number 1 approving the Repurchase in terms of section 115 of the Act is to be voted on at the General Meeting, a Shareholder may give the Company written notice objecting to special resolution number 1.

Within 10 business days of the Company having adopted special resolution number 1, the Company must send a notice that special resolution number 1 has been adopted to each Shareholder who gave the Company written notice of objection and has not withdrawn that notice and has voted against special resolution number 1.

A Shareholder who has given the Company written notice objecting to special resolution number 1, who is electronically participating at the General Meeting and votes against special resolution number 1 and has complied with all the procedural regulations set out in section 164 of the Act may, if special resolution number 1 has been adopted, then demand in writing within:

- 20 business days after receipt of the aforementioned notice; or
- if the Shareholder does not receive the aforementioned notice from the Company, 20 business days after learning that special resolution number 1, that the Company pay the Shareholder fair value for all the Shares in the Company held by that Shareholder.

A copy of section 164 of the Companies Act is set out in **Annexure C** to the Notice of General Meeting attached to this Circular.

### TRP APPROVALS

Shareholders should take note that the TRP does not consider the commercial advantages or disadvantages of affected transactions when it approves transactions.

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## SALIENT DATES AND TIMES

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The definitions and interpretations commencing on page 5 of this Circular have, where appropriate, been used in this section.

2020

Record date to determine which Shareholders are entitled to receive the Circular containing the Notice of General Meeting	Friday, 31 July
Circular distributed to Grindrod Shareholders and announced on SENS	Friday, 7 August
Last date to trade to electronically participate in and vote at the General Meeting	Tuesday, 25 August
Record date to be eligible to electronically participate in and vote at the General Meeting	Friday, 28 August
Where applicable, forms of proxy and/or electronic participation application forms to be lodged at Transfer Secretaries and/or TMS by 10:00 on (refer Notes 3 and 7 below)	Thursday, 3 September
Last date and time for Grindrod Shareholders to give notice to the Company objecting to the special resolution approving the Repurchase, by 10:00 on	Monday, 7 September
General Meeting to be held at 12:00 on	Monday, 7 September
Results of General Meeting announced on SENS	Monday, 7 September

### **If the Repurchase Resolution is approved by Shareholders at the General Meeting and is not revoked**

Last date for Grindrod Shareholders who voted against the Repurchase Resolution to require the Company to seek Court approval for the Repurchase Resolution in terms of section 115(3)(a) of the Act, if at least 15% of the total votes of Grindrod Shares at the General Meeting were exercised against the Repurchase Resolution	Monday, 14 September
Last day for the Company to send notice of adoption of the Repurchase Resolution to Dissenting Shareholders, in accordance with section 164(4) of the Act	Monday, 21 September
Last day for Grindrod Shareholders who voted against the Repurchase Resolution to apply to Court for leave to apply to the Court for a review of the Repurchase Resolution in terms of section 115(3)(b) of the Act	Monday, 21 September

### **The following dates assume that the Repurchase becomes unconditional, and that the Repurchase Resolution does not require Court approval or a review**

Expected unconditional date of the Repurchase	Monday, 7 September
Finalisation and implementation announcement published on SENS	Tuesday, 8 September
Submit delisting application to JSE	Tuesday, 8 September
Expected cancellation and delisting date of the repurchased Grindrod Shares	Friday, 11 September

#### **Notes:**

1. The definitions and interpretations commencing on page 5 of this Circular apply, *mutatis mutandis*, to the information on important dates and times.
2. The above dates and times are subject to amendment. Any such amendment will be published on SENS.
3. A Shareholder may submit a form of proxy at any time before the commencement of the General Meeting to the Transfer Secretaries or TMS before the appointed proxy exercises any of the relevant shareholder rights at the General Meeting.
4. 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.
5. All times given in this Circular are local times in South Africa.
6. This Circular is available in English only and copies thereof may be obtained at the Company's Registered Office or from the Company Secretary by emailing [Vicky.Commaille@grindrod.com](mailto:Vicky.Commaille@grindrod.com) or from the Sponsor, by emailing [sanyab@nedbank.co.za](mailto:sanyab@nedbank.co.za), from Friday, 7 August 2020 to Monday, 7 September 2020, both days inclusive. The Circular will also be available on Grindrod's website ([www.grindrod.co.za/Pages/Investor-Relations](http://www.grindrod.co.za/Pages/Investor-Relations)).
7. Shareholders who wish to electronically participate in and/or vote at the General Meeting are required to complete the electronic participation application form attached and email same to TMS at [proxy@tmsmeetings.co.za](mailto:proxy@tmsmeetings.co.za) and contact them on +27 11 520 7950/1/2 as soon as possible, but in any event no later than 10:00 Thursday, 3 September 2020.

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## DEFINITIONS AND INTERPRETATIONS

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In this Circular and the Annexures hereto, unless the context indicates otherwise, references to the singular include the plural and *vice versa*, words denoting one gender include the others, expressions denoting natural persons include juristic persons and associations of persons and *vice versa*, and the words in the first column have the meanings stated opposite them in the second column:

<b>“2014 BEE Transaction”</b>	the BEE transaction completed during 2014, in terms of which BEE SPV subscribed for the BEE Placement Shares at the BEE Placement Price, resulting in BEE SPV holding 8.39% of the total issued share capital of Grindrod;
<b>“ABSA”</b>	ABSA Bank Limited, registration number 1986/003934/06, a public company incorporated in accordance with the laws of South Africa, and a registered bank in South Africa;
<b>“Act” or “Companies Act”</b>	the Companies Act, 2008 (Act 71 of 2008), as amended;
<b>“Appraisal Rights”</b>	the rights afforded to Grindrod Shareholders in terms of section 164 of the Act as set out in <b>Annexure C</b> to the Notice of General Meeting that forms part of this Circular;
<b>“Associates”</b>	an associate/the associates of a related party as defined in section 10.1 of the Listings Requirements;
<b>“Attorneys” or “ENS”</b>	Edward Nathan Sonnenbergs Incorporated (registration number 2006/018200/21), a private company incorporated in accordance with the laws of South Africa, full details of which are set out in the “Corporate Information” section;
<b>“Acquisition”</b>	the acquisition by Grindrod of the GSHL Securities, representing 8.39% of the total issued share capital of Grindrod Shipping, from BEE SPV, at the GSHL Purchase Price;
<b>“Acquisition Agreement”</b>	the agreement dated 21 July 2020, entered into between Grindrod and BEE SPV, in terms of which Grindrod will purchase the GSHL Securities from BEE SPV for the GSHL Purchase Price;
<b>“Bank Account”</b>	the bank account held by BEE SPV with ABSA;
<b>“B-BBEE”</b>	broad-based black economic empowerment;
<b>“BEE Placement”</b>	the issue of the BEE Placement Shares in 2014 to BEE SPV in respect of the 2014 BEE Transaction, at the BEE Placement Price, equal in value of R1.6 billion;
<b>“BEE Placement Price”</b>	R25 per BEE Placement Share;
<b>“BEE Placement Shares”</b>	64 000 000 Grindrod Shares issued to BEE SPV in respect of the 2014 BEE Transaction, which shareholding represents 8.39% of Grindrod’s total issue share capital;
<b>“BEE SPV”</b>	Newshelf 1279 (RF) Proprietary Limited (registration number 2011/013310/07), a private company incorporated in accordance with the laws of South Africa, 100% of the issued shares of which are held by Consortium SPV;
<b>“Board” or “Board of Directors” or “Directors”</b>	the board of directors of Grindrod, which, as at the Last Practicable Date, is comprised of the persons whose names appear on page 9 of this Circular;
<b>“Brimstone”</b>	Brimstone Investment Corporation Limited (registration number 1995/010442/06), a public company incorporated in accordance with the laws of South Africa, the shares of which are listed on the main board of the JSE;
<b>“Brimstone Subco”</b>	Newshelf 1063 (RF) Proprietary Limited, (registration number 2010/014101/07), a private company incorporated in accordance with the laws of South Africa, 100% of the issued shares of which are held by Brimstone;
<b>“Business Day”</b>	any day other than a Saturday, Sunday or an official public holiday in South Africa;
<b>“Calulo Newco SPV”</b>	Calulo Newco SPV Proprietary Limited, (registration number 2013/169234/07), a private company incorporated in accordance with the laws of South Africa, 71.43% of the issued shares of which are held by Calulo Newco Proprietary Limited, 9.53% by Adopt a School Foundation NPC and 19.05% by Safika Holdings Proprietary Limited;
<b>“Certificated Shareholders”</b>	Grindrod Shareholders who hold Certificated Shares;
<b>“Certificated Shares”</b>	Grindrod Shares which have not been dematerialised into the Strate system, title to which is represented by physical Documents of Title;
<b>“CIPC”</b>	The Companies and Intellectual Property Commission, an agency of the Department of Trade and Industry in South Africa, established by the Companies Act;
<b>“Circular”</b>	this Circular dated 7 August 2020, including all Annexures thereto, form of proxy and electronic participation form attached hereto;

<b>“Class C Pref Redemption Price”</b>	R137 356 115;
<b>“Class C Preference Shares”</b>	61 473 cumulative, redeemable, Class C preference shares of no par value in the share capital of BEE SPV, issued to Grindrod Holdings at an issue price of R10 000 per Class C Preference Share to the total value of R614 730 000, in terms of the Class C Preference Share Subscription Agreement;
<b>“Class C Preference Share Subscription Agreement”</b>	the agreement entered into between Consortium SPV (as holding company of the issuer), BEE SPV (as issuer) and Grindrod Holdings (as subscriber) on 01 August 2019 in terms of which Grindrod Holdings subscribed for the Class C Preference Shares;
<b>“Closing Date”</b>	the next business day after the fulfilment of the last of the Conditions Precedent;
<b>“Company Secretary”</b>	Vicky Commaille, appointed as Group company secretary of Grindrod;
<b>“Compulsory Convertible Notes”</b>	collectively the GSSA CCNs and the GSPL CCNs;
<b>“Consortium SPV”</b>	Friedshelf 1534 Proprietary Limited (registration number 2014/080920/07), a private company incorporated in accordance with the laws of South Africa, and 72.37% of the issued shares of which are held by Brimstone Subco and 27.63% by Calulo Newco SPV;
<b>“Court”</b>	a division of the High Court of South Africa;
<b>“CSDP”</b>	a Central Securities Depository Participant in South Africa, appointed to hold and administer Dematerialised Shares;
<b>“Dematerialised”</b>	the process whereby paper share certificates or other documents of title are replaced with electronic records of ownership of shares or uncertificated securities as contemplated in section 49 of the Act under the Strate system with a CSDP or stockbroker;
<b>“Dematerialised Shareholder”</b>	Grindrod Shareholders who hold Dematerialised Shares;
<b>“Dematerialised Shares”</b>	Grindrod Shares which have been incorporated into the Strate system, title to which is not represented by physical Documents of Title;
<b>“Dissenting Shareholders”</b>	Grindrod Shareholders who validly exercise their Appraisal Rights by demanding, in terms of section 164 of the Act, that the Company pay them the fair value of all of such number of Grindrod Shares as may form the subject matter of their demand under section 164 of the Act;
<b>“Documents of Title”</b>	share certificates, certified transfer deeds, balance receipts and any other documents of title to Grindrod Shares acceptable to the Board;
<b>“Funding Structure”</b>	the mechanism used to partially fund the acquisition of the BEE Placement Shares, initially comprising the Senior Preference Shares and Vendor Preference Shares, and thereafter upon redemption of the Senior Preference Shares, collectively, the Vendor Preference Shares and the Class C Preference Shares;
<b>“General Meeting”</b>	the general meeting of Grindrod Shareholders to be held electronically at 12:00 on Monday, 7 September 2020 on an interactive electronic platform, convened for the purpose of considering, and if deemed fit passing, with or without modification, the resolutions set out in the Notice of General Meeting;
<b>“Grindrod” or the “Company”</b>	Grindrod Limited (registration number 1966/009846/06), a public company incorporated in accordance with the laws of South Africa, the ordinary shares of which are listed on the JSE;
<b>“Grindrod Holdings”</b>	Grindrod Holdings (South Africa) Proprietary Limited (registration number 1999/024434/07), a limited liability company duly registered and incorporated in accordance with the laws of South Africa, a wholly owned subsidiary of Grindrod;
<b>“Grindrod Shares” or “Shares”</b>	ordinary shares of 0.002 cents each in the Company;
<b>“Grindrod Shareholders” or “Shareholders”</b>	the registered holders of Grindrod Shares;
<b>“Grindrod Shipping”</b>	Grindrod Shipping Holdings Ltd. (registration number 201731497H), a public company incorporated under the laws of Singapore, the ordinary shares of which are listed on the stock exchanges operated by the NASDAQ (as its primary listing) and the JSE (as its secondary listing);
<b>“Grindrod Shipping Shares”</b>	ordinary shares in Grindrod Shipping;
<b>“Group” or “Grindrod Group”</b>	Grindrod and its Subsidiaries, referred to collectively;
<b>“GSPL”</b>	Grindrod Shipping Pte. Ltd., registration number 200407212K, a private company incorporated under the laws of Singapore;
<b>“GSPL CCNs”</b>	the 16 626 600 Compulsorily Convertible Notes issued by Grindrod Shipping to Grindrod in terms of the Spin-Off and as consideration for the acquisition by Grindrod Shipping, from Grindrod, of all of the issued shares in GSPL;

<b>“GSHL Purchase Price”</b>	R77 769 870, being an amount of R48.606169 in respect of each of the GSHL Securities, and representing the Thirty Day VWAP;
<b>“GSHL Securities”</b>	the 1 600 000 shares in Grindrod Shipping issued to BEE SPV pursuant to the GSHL CCN's and GSSA CCN's issued to Grindrod and distributed by Grindrod to all of its ordinary shareholders, including BEE SPV, in terms of the Spin-Off;
<b>“GSSA”</b>	Grindrod Shipping (South Africa) Proprietary Limited (registration number 1975/002219/07), a private company with limited liability incorporated under the laws of South Africa;
<b>“GSSA CCNs”</b>	the 2 437 232 Compulsorily Convertible Notes issued by Grindrod Shipping to Grindrod in terms of the Spin-Off and as consideration for the acquisition by Grindrod Shipping, from Grindrod, of all the issued shares in GSSA
<b>“IFRS”</b>	International Financial Reporting Standards;
<b>“Implementation Agreement”</b>	the agreement entered into between Grindrod, Grindrod Holdings, BEE SPV and Consortium SPV on 21 July 2020 which sets out the basis upon which the parties intend to unwind the 2014 BEE Transaction by implementing the Transaction Agreements, and certain ancillary transactions set out in the Implementation Agreement, in accordance with the Implementation Steps;
<b>“Implementation Steps”</b>	the sequence in which the 2014 BEE Transaction will be collapsed, as further set out in the Implementation Agreement and in paragraph 4 in this Circular;
<b>“Independent Expert” or “BDO”</b>	BDO Corporate Finance Proprietary Limited (registration number 1983/002903/07), a limited liability private company incorporated in accordance with the laws of South Africa, a person or entity with no material relationship with the Company, with the necessary qualification to deliver an opinion on the Repurchase, full details of which are set out in the “Corporate Information” section;
<b>“Independent Reporting Accountants” or “Deloitte”</b>	Deloitte & Touche (practice number 902276), registered auditors, full details of which are set out in the “Corporate Information” section;
<b>“JSE”</b>	as the context indicates, the JSE Limited (registration number 2005/022939/06), a public company incorporated and registered in accordance with the laws of South Africa and licensed as an exchange under the Financial Markets Act, No. 19 of 2012, as amended from time to time, or the securities exchange operated by that company;
<b>“Last Practicable Date”</b>	Friday, 24 July 2020, being the last practicable date prior to the finalisation of the Circular;
<b>“Listings Requirements”</b>	the Listings Requirements of the JSE, as amended from time to time;
<b>“Major Subsidiaries”</b>	a major subsidiary as defined in the JSE Listings Requirements, namely a subsidiary that represents 25% or more of total assets or revenue of the consolidated Group based on the latest published year-end financial results;
<b>“MOI”</b>	the memorandum of incorporation of the Company;
<b>“NASDAQ”</b>	the NASDAQ Global Select Market;
<b>“Nedbank” or “Sponsor”</b>	Nedbank Limited, acting through its Corporate and Investment Banking division (registration number 1951/000009/06), a public company incorporated in accordance with the laws of South Africa, and a registered bank in South Africa, full details of which are set out in the “Corporate Information” section;
<b>“Notice of General Meeting”</b>	the notice convening the General Meeting of Grindrod Shareholders attached to this Circular, containing, <i>inter alia</i> , the special and ordinary resolutions required to authorise the Repurchase;
<b>“Own-Name Dematerialised Shareholders”</b>	Dematerialised Shareholders who have elected own-name registration;
<b>“Press”</b>	the Business Day newspaper;
<b>“Rand” or “R”</b>	South African Rand;
<b>“Redemption Class C Prefs”</b>	12 773 of the Class C Preference Shares;
<b>“Redemption Vendor Prefs”</b>	8 311 of the Vendor Preference Shares;
<b>“Register”</b>	the share register of the Company;
<b>“Repurchase”</b>	the specific repurchase of the Repurchase Shares, from BEE SPV, at the Repurchase Price, subject to the terms and conditions set out in the Repurchase Agreement;
<b>“Repurchase Agreement”</b>	the agreement dated 21 July 2020, entered into between Grindrod and BEE SPV, in terms of which Grindrod will repurchase the Repurchase Shares from BEE SPV for the Repurchase Price;
<b>“Repurchase Price”</b>	R209 814 400, being an amount of R3.27835 in respect of each of the Repurchase Shares, and representing the Thirty Day VWAP;

<b>“Repurchase Resolution”</b>	special resolution number 1 in the Notice of General Meeting proposing the Repurchase;
<b>“Repurchase Shares”</b>	the BEE Placement Shares, subscribed for and held by BEE SPV in terms of the BEE Placement, the subject of the Repurchase;
<b>“Senior Preference Shares”</b>	45 000 cumulative, redeemable, Class A preference shares of no par value in the share capital of BEE SPV, issued to ABSA at an issue price of R10 000 per Senior Preference Share to the total value of R450 million, in terms of the Senior Preference Share Subscription Agreement;
<b>“Senior Preference Share Subscription Agreement”</b>	the agreement entered into between Consortium SPV (as holding company of the issuer), BEE SPV (as issuer) and ABSA (as subscriber and lead arranger) in 2014 in terms of which ABSA subscribed for the Senior Preference Shares;
<b>“SENS”</b>	the Stock Exchange News Service operated by the JSE;
<b>“South Africa”</b>	the Republic of South Africa;
<b>“Spin-Off”</b>	the sale by Grindrod to Grindrod Shipping of all the shares it held in (i) GSPL in exchange for the GSPL CCNs; and (ii) GSSA in exchange for the GSSA CCNs;
<b>“Strate”</b>	Strate Proprietary Limited (registration number 1998/022242/07), a private company incorporated and registered in accordance with the laws of South Africa, a registered central securities depository responsible for the electronic settlement system used by the JSE;
<b>“Takeover Regulations”</b>	the regulations published by the Minister of the Department of Trade and Industry in Chapter 5 of the Companies Regulations 2011;
<b>“Thirty Day VWAP”</b>	the volume-weighted average price of a Grindrod Share or Grindrod Shipping Share, as applicable, being the ratio of the value of such shares traded on the JSE during the 30 (thirty) day period which ended at close of trade on the last trading day prior to the signature date of the Implementation Agreement, being 20 July 2020, to the volume of such ordinary shares traded during that period;
<b>“TMS”</b>	The Meeting Specialist Proprietary Limited (registration Number 2017/287419/07), a private company incorporated and registered in accordance with the laws of South Africa;
<b>“Transaction”</b>	collectively, the Repurchase, the Acquisition and the ancillary transactions set out in the Implementation Agreement;
<b>“Transaction Agreements”</b>	collectively, the Repurchase Agreement and the Acquisition Agreement;
<b>“Transfer Secretaries” or “Link”</b>	Link Market Services South Africa Proprietary Limited (registration number 2000/007239/07), a private company incorporated and registered in accordance with the laws of South Africa, full details of which are set out in the “Corporate Information” section;
<b>“TRP”</b>	the Takeover Regulation Panel, established in terms of section 196 of the Act;
<b>“VAT”</b>	value added tax as defined in the Value Added Tax Act, No. 89 of 1991 as amended from time to time;
<b>“Vendor Pref Redemption Price”</b>	R150 228 155;
<b>“Vendor Preference Shares”</b>	40 000 variable rate, cumulative, redeemable, non-participating no par value Class B preference shares in the share capital BEE SPV, issued to Grindrod at an issue price of R10 000, to the total value of R400 million in terms of the Vendor Preference Share Subscription Agreement;
<b>“Vendor Preference Share Subscription Agreement”</b>	collectively, the Vendor Preference Share Subscription Agreement dated 11 July 2014 and the Amended and Restated Vendor Preference Share Subscription Agreement dated 01 August 2019, entered into between Consortium SPV (as holding company of the issuer), BEE SPV (as issuer) and Grindrod (as subscriber) in terms of which Grindrod subscribed for the Vendor Preference Shares;
<b>“Voting Record Date”</b>	the date on which Grindrod Shareholders must be recorded in the register in order to participate in and vote at the General Meeting, being Friday, 28 August 2020; and
<b>“Winding-Up Resolution”</b>	a special resolution of BEE SPV, passed by both its ordinary and preference shareholders, as contemplated in section 80(1) of the Companies Act, providing that BEE SPV be wound up voluntarily, following the completion of all the other Implementation Steps, as a winding up by the company and specifying the appointment of a liquidator.



**GRINDROD LIMITED**

(Incorporated in the Republic of South Africa)

(Registration number: 1966/009846/06)

Share codes: GND and GNDP

ISIN: ZAE000072328 and ZAE000071106

("Grindrod" or the "Company")

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**Directors**

**Executive:**

AG Waller (Chief Executive Officer)

XF Mbambo (Chief Financial Officer)

DA Polkinghorne

**Non-executive:**

MJ Hankinson (Chairman)

NL Sowazi\* (Lead Independent Chairman)

MR Faku\*

GG Gelink\*

WJ Grindrod

B Magara\*

PJ Uys\*

W van Wyk\*#

ZP Zatu\*

\* Independent

# Alternate

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## **PART I: THE TRANSACTION**

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### **1. BACKGROUND TO THE 2014 BEE TRANSACTION**

- 1.1 During 2014, Grindrod completed a B-BBEE transaction at listed company level. The 2014 BEE Transaction resulted in the establishment of BEE SPV for the purpose of concluding an aggregate R1.6 billion equity investment into Grindrod via the BEE Placement in exchange for the BEE Placement Shares, which resulted in BEE SPV holding 8.39% of the total issued share capital of Grindrod.
- 1.2 In addition to the equity contribution by BEE SPV, and in order to partially fund the acquisition of the BEE Placement Shares, Grindrod and ABSA provided funding to BEE SPV by way of preference share investments, whereby BEE SPV issued the Senior Preference Shares to ABSA and the Vendor Preference Shares to Grindrod in order to raise an aggregate R850 million.
- 1.3 The Senior Preference Shares were redeemed and cancelled in 2019 using the proceeds raised via the issue by BEE SPV of the Class C Preference Shares to Grindrod Holdings.

### **2. BACKGROUND TO THE LISTING OF GRINDROD SHIPPING**

- 2.1 During June 2018, Grindrod spun-off its shipping business via the listing of Grindrod Shipping. In terms of the Spin-Off, Grindrod Shipping acquired 100% of the international dry bulk and tanker shipping group of Grindrod, being GSPL and GSSA. As a result of the separate listing of Grindrod Shipping, Grindrod Shipping and Grindrod became independent, publicly traded companies.
- 2.2 In terms of the Spin-Off, Grindrod sold all of the shares in its shipping subsidiaries, GSPL and GSSA to Grindrod Shipping in exchange for USD 320.7 million that was settled by way of the issuance of 19 063 832 Compulsorily Convertible Notes to Grindrod.
- 2.3 Each Compulsorily Convertible Note converted into one Grindrod Shipping Share with Grindrod Shareholders consequently holding Grindrod Shipping Shares in the same proportion as they held their Grindrod Shares immediately following the consummation of the Spin-Off.
- 2.4 As at the Last Practicable Date, BEE SPV holds 1 600 000 Grindrod Shipping Shares (via the GSHL Securities), equating to 8.39% of the issued share capital of Grindrod Shipping.

### **3. RATIONALE FOR THE TRANSACTION**

#### **3.1 Background to the Funding Structure**

- 3.1.1 ABSA, in terms of the Senior Preference Share Subscription Agreement, and Grindrod, in terms of the Vendor Preference Share Subscription Agreement, provided funding to BEE SPV for the purpose of funding the acquisition of the BEE Placement Shares.
- 3.1.2 At the time, approval was not sought from Grindrod Shareholders for Grindrod to repurchase the BEE Placement Shares should the Funding Structure collapse, as ABSA, being the lead financier at the time, ranked first in security over the BEE Placement Shares. In terms of the Senior Preference Share Subscription Agreement, on winding up or a return of capital by BEE SPV, the value of the outstanding Senior Preference Shares plus any unpaid preference dividends attached thereto ranked in priority to and before any provision for, or payment of, any distribution in respect of another class of share in the capital of BEE SPV.
- 3.1.3 The Senior Preference Share funding term with ABSA came to an end during July 2019, at which time BEE SPV settled ABSA through the issue of the Class C Preference Share to Grindrod Holdings for purposes of applying the proceeds raised towards the redemption of the Senior Preference Shares and any accrued, unpaid dividends in respect of the Senior Preference Shares.
- 3.1.4 In terms of the Class C Preference Share Subscription Agreement and the Amended and Restated Vendor Preference Share Subscription Agreement, the rights of Grindrod as holder of the Vendor Preference Shares rank ahead of the rights of Grindrod Holdings as the holder of the Class C Preference Shares, in terms of which BEE SPV has pledged and ceded all of its reversionary rights, title and interest in and to the BEE Placement Shares, the GSHL Securities and the Bank Account as security for its obligations, firstly, in respect of the Vendor Preference Shares and secondly, in respect of the Class C Preference Shares.

#### **3.2 Impact of the Funding Structure on the financial statements of Grindrod**

- 3.2.1 A share cover ratio (calculated as the ratio of the aggregate three day volume weighted average price of the BEE Placement Shares to the sum of (i) the value of the Senior Preference Share Issue Price multiplied by the number of outstanding Senior Preference Shares (ii) plus any accrued, unpaid preference dividends (iii) less the amount in credit to the Bank Account) of 1.9 times was set out in the Senior Preference Share Agreement. The share covenant was initially breached in 2016 and several times thereafter. In order to continue to support the Funding Structure, Grindrod provided guarantees and cash collateral to remedy the share cover ratio breach.
- 3.2.2 Due to the significant decline in the Grindrod Share price over the past two years, the aggregate outstanding redemption value and value of accrued, unpaid dividends in respect of the Vendor Preference Shares and the Class C Preference Shares is c. R1.4 billion whilst the market value of the BEE Placement Shares and the GSHL Securities is c. R0.3 billion (as at the date the Transaction was announced on SENS, on 21 July 2020).
- 3.2.3 The level of debt in the Funding Structure, which is in excess of the assets held by BEE SPV, in addition to guarantees and cash collateral provided by Grindrod over the years, resulted, from an accounting perspective, in BEE SPV (and as a result, the BEE Placement Shares and the GSHL Securities held by BEE SPV), being consolidated in Grindrod's financial statements since December 2018.
- 3.2.4 This resulted in the BEE Placement Shares being treated as treasury shares and eliminated against share premium, and the GSHL Securities included in investments of Grindrod. A debit of R1 billion was recorded in equity, between share premium and retained earnings at the date of consolidation of BEE SPV as detailed in the statement of changes in equity of Grindrod's 2018 audited financial statements. The fair value gain/loss on the GSHL Securities are recognised in the results of Grindrod and are not eliminated.

#### **3.3 Unwind of the 2014 BEE Transaction**

- 3.3.1 Grindrod Shareholders have been appraised of the above developments and the financial support provided by the Company to BEE SPV over the years as per the disclosures contained in Grindrod's annual financial statements.
- 3.3.2 The administrative process to unwind the 2014 BEE Transaction has therefore already commenced, and the Board has subsequently resolved that the most efficient and cost-effective method to legally bring the Funding Structure to an end, and to bring to a close the 2014 BEE Transaction would be via the Repurchase and the Acquisition from BEE SPV. As such, the Transaction does not result in any material financial effect for Grindrod.

### **4. TERMS OF THE TRANSACTION**

#### **4.1 The Implementation Steps**

The Implementation Agreement sets out the basis upon which the parties intend to implement the Transaction Agreements and certain ancillary transactions set out in the Implementation Agreement, so as to achieve (i) the Repurchase and the Acquisition, (ii) the redemption by BEE SPV of the Redemption Vendor Prefs and the Redemption Class C Prefs; and (iii) the winding up of BEE SPV. The 2014 BEE Transaction will be collapsed with effect from the Closing Date in the following sequence:

- 4.1.1 the release by Grindrod (to the extent necessary) and Grindrod Holdings of the security held by each of them in respect of BEE SPV's obligations in terms of the Vendor Preference Shares and the Class C Preference Shares respectively, in each case such security being in the form of pledge and cessions of both the BEE Placement Shares and the GSHL Securities (with Grindrod's security being first ranking, and Grindrod Holdings' security being second ranking);

- 4.1.2 the implementation of the Repurchase Agreement in accordance with its terms, such that Grindrod repurchases the Repurchase Shares from BEE SPV, for the Repurchase Price which is left outstanding on interest free loan account (“**Repurchase Loan Account**”);
- 4.1.3 the redemption by BEE SPV of the Redemption Vendor Prefs at the Vendor Pref Redemption Price, with the Vendor Pref Redemption Price settled in full by way of set off against a corresponding portion of the Repurchase Loan Account;
- 4.1.4 the implementation of the Acquisition Agreement in accordance with its terms, such that Grindrod purchases the GSHL Securities from BEE SPV, for the GSHL Purchase Price which is left outstanding on interest free loan account (“**Purchase Loan Account**”);
- 4.1.5 the redemption by BEE SPV of the Redemption Class C Prefs at the Class C Pref Redemption Price, with the Class C Pref Redemption Price settled in full by way of a cession by BEE SPV, to Grindrod Holdings, of BEE SPV’s right to receive payment of:
  - 4.1.5.1 the balance of the Repurchase Loan Account, being the balance remaining after the set-off referred to in paragraph 4.1.2 above; and
  - 4.1.5.2 the Purchase Loan Account; and
- 4.1.6 the filing with CIPC of the Winding-Up Resolution.

4.2 **The Repurchase**

- 4.2.1 In terms of the Repurchase Agreement, BEE SPV sells to Grindrod, which repurchases, the Repurchase Shares with effect from the Closing Date, for the Repurchase Price.
- 4.2.2 The Repurchase Price shall be left outstanding on interest free loan account and settled in accordance with the Implementation Steps.
- 4.2.3 The Repurchase will be effective on the Closing Date.

4.3 **The Acquisition**

- 4.3.1 In terms of the Acquisition Agreement, BEE SPV sells to Grindrod, which purchases, the GSHL Securities with effect from the Closing Date, for the GSHL Purchase Price.
- 4.3.2 The GSHL Purchase Price shall be left outstanding on interest free loan account and settled in accordance with the Implementation Steps.
- 4.3.3 The Acquisition constitutes a uncategorisable (c. 3%) transaction for Grindrod in terms of the Listings Requirements, and does not require any shareholder, JSE or TRP approval. However, the Acquisition is inter-conditional with the Repurchase. Therefore, if the Repurchase is not implemented, the Acquisition will not be undertaken, and vice versa.

4.4 **Conditions Precedent**

The Repurchase Agreement and the Acquisition Agreement are subject to the fulfilment of the condition precedent that by no later than 17:00 on 5 October 2020, the Implementation Agreement has become unconditional in accordance with its terms.

The Implementation Agreement is subject to the outstanding conditions precedent that by 17:00 on 7 August 2020:

- 4.4.1 the various authorising resolutions required for the conclusion and implementation of the Transaction are duly passed (other than the Repurchase Resolution, which is dealt with under paragraph 4.4.8);
  - 4.4.2 the Winding-Up Resolution is duly passed;
  - 4.4.3 the Winding-Up Resolution and certain specified documents relating to the contemplated winding up of BEE SPV are provided to Grindrod;
  - 4.4.4 the Independent Expert compiles a report as required in terms of section 114(3) of the Companies Act, in respect of the Repurchase;
  - 4.4.5 Grindrod and Grindrod Holdings each consent in writing to the conclusion by BEE SPV of the Implementation Agreement and the Repurchase and Acquisition Agreements, and to the implementation by BEE SPV of all the transactions contemplated in such aforementioned agreements, as required in terms of BEE SPV’s memorandum of incorporation;
  - 4.4.6 the TRP has approved and issued a compliance certificate in respect of the Transaction;
- and, by no later than 5 October 2020:
- 4.4.7 the Repurchase Resolution is approved -
    - 4.4.7.1 at the General Meeting by the requisite majority of Grindrod Shareholders present and voting thereon;
    - 4.4.7.2 if required in terms of section 115(3) of the Companies Act, by a court of appropriate jurisdiction; and

- 4.4.8 the Repurchase Resolution has not been revoked, in terms of the special resolution of Grindrod Shareholders providing that if there are any Dissenting Shareholders exercising their appraisal rights in accordance with sections 164(5) to (8) of the Companies Act, then the Board is authorised, but not obliged, to revoke the Repurchase Resolution as contemplated in section 164(9)(c) of the Companies Act (as per special resolution 2 in the Notice to General Meeting).

## 5. SHAREHOLDER, JSE AND TRP APPROVALS REQUIRED TO IMPLEMENT THE REPURCHASE

- 5.1 In terms of the JSE Listings Requirements, the Repurchase constitutes a specific repurchase of Shares which requires the approval by way of a special resolution of the Grindrod Shareholders, present or represented by proxy.
- 5.2 In addition, as the Repurchase will result in the Company acquiring in excess of 5% of the entire issued share capital of the Company, the Repurchase is, in terms of section 48(8)(b) of the Act, subject to the provisions of section 114, read with sections 115 and 164 of the Act. Therefore:
- 5.2.1 In terms of section 48(8) of the Act, the Repurchase may only be implemented if approved in terms of section 115 of the Act by the adoption of the Repurchase Resolution by persons entitled to exercise voting rights on such matter at the General Meeting and at which General Meeting sufficient persons are present to exercise, in aggregate, at least 25% of all the voting rights that are entitled to be exercised on that matter;
- 5.2.2 The Grindrod Shares held by BEE SPV and their Associates will not be included in calculating the percentage of voting rights required to be present, or actually present, in determining whether the applicable quorum requirements for the General Meeting are satisfied; or required to be voted in support of a resolution, or actually voted in support of the resolution.
- 5.2.3 The special resolution in respect of the Repurchase is contained in the Notice of General Meeting which is attached to and forms part of this Circular. The Board has passed a resolution acknowledging that it has applied the solvency and liquidity test, as set out in section 4 of the Act, and has reasonably concluded that Grindrod and its Subsidiaries will satisfy the solvency and liquidity test immediately after completing the proposed Repurchase; and
- 5.2.4 The Act requires, *inter alia*, the preparation of a report by an independent expert on the Repurchase.
- 5.3 Accordingly, Grindrod has appointed the Independent Expert to provide external advice to the Board in relation to the Repurchase in terms of the Act and Regulation 90 and 110 of the Takeover Regulations. The Independent Expert's report is attached as **Annexure 1** to this Circular and the statements of the Board as to whether the Repurchase is fair to Grindrod Shareholders, are included in paragraph 16 of this Circular.
- 5.4 Subsequent to the Repurchase, BEE SPV will not hold any Grindrod Shares.
- 5.5 Grindrod is authorised to undertake the Repurchase in terms of its MOI.

## 6. DISSENTING SHAREHOLDERS

- 6.1 Extracts of sections 115 and 164 of the Act, containing details of the remedies available for aggrieved Shareholders, are set out in **Annexures B and C** of the Notice of General Meeting, which is attached to, and forms part of this Circular. The Repurchase Resolution will only be proposed to Grindrod Shareholders at the General Meeting if no Grindrod Shareholders objected thereto in terms of section 164(3) of the Act, or in the case where any Grindrod Shareholders objected as aforesaid, the Directors have not resolved at the time of the General Meeting to retract the proposal of the Repurchase Resolution.
- 6.2 Grindrod Shareholders will be requested to specifically approve an authority for the Directors to revoke the Repurchase Resolution in the event that any Shareholders exercise their Appraisal Rights in respect of the Repurchase and the Directors are of the opinion that it would be in the best interest of Grindrod to do so.
- 6.3 In addition, Grindrod Shareholders will be requested to approve an authority (but not an obligation) for the Directors to revoke the Repurchase Resolution in the event that any Grindrod Shareholders exercise their Appraisal Rights.
- 6.4 The Directors will only utilise this authority if they are of the view that it is in the best interest of the Company to do so.

## 7. CANCELLATION AND DELISTING OF THE REPURCHASE SHARES

- 7.1 The Repurchase Shares represent 8.39% of the total issued share capital of the Company at the Last Practicable Date. The Company proposes, subsequent to the approval of the Repurchase Resolution at the General Meeting of Grindrod Shareholders, that these Grindrod Shares will revert to authorised but unissued shares in the share capital of the Company and will then be cancelled and delisted.

## PART II: FINANCIAL INFORMATION

### 8. SHARE CAPITAL OF GRINDROD

#### 8.1 Share capital before and after the Repurchase

Share capital before the Repurchase	R'000
<b>Authorised Shares:</b>	
2 750 000 000 ordinary shares of 0.002 cents each	55
20 000 000 cumulative, non-redeemable, non-participating and non-convertible preference shares of 0.031 cents each	6
<b>Issued Shares:</b>	
762 553 314 ordinary shares of 0.002 cents each	15
7 400 000 cumulative, non-redeemable, non-participating and non-convertible preference shares of 0.031 cents each	2
Share premium	4 822 995
Share capital after the Repurchase	R'000
<b>Authorised Shares:</b>	
2 750 000 000 ordinary shares of 0.002 cents each	55
20 000 000 cumulative, non-redeemable, non-participating and non-convertible preference shares of 0.031 cents each	6
<b>Issued Shares:</b>	
698 553 314 ordinary shares of 0.002 cents each	14
7 400 000 cumulative, non-redeemable, non-participating and non-convertible preference shares of 0.031 cents each	2
Share premium	4 613 182

8.2 21 409 973 Shares are held in treasury.

8.3 The Company has not issued or cancelled any Grindrod Shares in the 3 years preceding the Last Practicable Date.

8.4 As at 31 December 2019, Grindrod had 6 939 public shareholders, holding 493 149 331 Grindrod Shares, representing 64.67% of Grindrod's issued share capital.

8.5 Subject to the Companies Act, Articles 1.3(2) and 2.1(2)(c) of the MOI governs the creation of any class of shares; the variation of any preferences, rights, limitations or other share terms attaching to any class of shares; the conversion of one class of shares into one or more other classes; the increase of number of securities; the consolidation of securities; the sub-division of securities; a change of the name of the Company; and a conversion of shares from par value to no par value. If a proposed amendment relates to the variation of any preferences, rights, limitations or other terms attaching to the preference shares (including, but not limited to, the creation of further securities ranking in priority to, or *pari passu* with, the preference shares), such amendment shall not be implemented without the sanction of a special resolution of the holders of such preference shares passed at a separate meeting of such holders or passed by such shareholders in writing.

### 9. PRO FORMA FINANCIAL EFFECTS OF THE TRANSACTION

9.1 The *pro forma* consolidated statement of comprehensive income for the year ended 31 December 2019 and the *pro forma* consolidated statement of financial position as at 31 December 2019 of the Grindrod Group before and after the Transaction, including the notes thereto ("**Pro Forma Financial Information**") are set out in **Annexure 2** to this Circular.

9.2 The *Pro Forma* Financial Information is provided for illustrative purposes only and, because of their nature, may not fairly present the financial position or results of operations of the Grindrod Group and its Subsidiaries. The *Pro Forma* financial Information has been prepared to illustrate the impact of the Transaction on the published financial information of the Group for the year ended 31 December 2019, based on the assumption that the Transaction took place on 1 January 2019 for purposes of the *pro forma* consolidated statement of comprehensive income and on 31 December 2019 for purposes of the *pro forma* consolidated statement of financial position.

9.3 The *Pro Forma* Financial Information has been prepared using the accounting policies of the Grindrod Group, which comply with IFRS and are consistent with those applied in Grindrod's consolidated annual financial statements for the year ended 31 December 2019.

9.4 The *Pro Forma* Financial Information is the responsibility of the Directors.

- 9.5 The Independent Reporting Accountants' report on the *Pro Forma* Financial Information is set out in **Annexure 3** to this Circular.

	<b>Before the Transaction</b>	<b>After the Transaction</b>	<b>% Change</b>
Total number of Shares in issue	762 553 314	698 553 314	(8.39)
<b>Number of treasury shares held</b>	<b>82 269 444</b>	<b>18 269 444</b>	<b>(77.79)</b>
Held by BEE SPV	64 000 000	–	(100.00)
Held by Grindrod subsidiaries and share scheme	18 269 444	18 269 444	–
Number of Shares in issue net of shares held by Subsidiaries	680 283 870	680 283 870	–
Weighted average number of Shares in issue	680 442 490	680 442 490	–
Diluted weighted average number of Shares in issue	681 304 098	681 304 098	–
<b>Basic earnings/(loss) per Share (cents):</b>			
From continuing operations	44.1	44.5	0.91
From discontinued operations	(104.0)	(104.0)	–
<b>Diluted earnings/(loss) per Share (cents):</b>			
From continuing operations	44.0	44.4	0.91
From discontinued operations	(104.0)	(104.0)	–
<b>Headline earnings/(loss) per Share (cents):</b>			
From continuing operations	77.2	77.6	0.52
From discontinued operations	(69.1)	(69.1)	–
<b>Diluted headline earnings/(loss) per Share (cents):</b>			
From continuing operations	77.1	77.5	0.52
From discontinued operations	(69.0)	(69.0)	–
Net asset value per Share (cents)	1 175	1 174	(0.09)
Net tangible asset value per Share (cents)	1 156	1 155	(0.09)

## 10. ANNUAL FINANCIAL STATEMENTS

- 10.1 The integrated reports of Grindrod for the years ended 31 December 2019, 2018 and 2017 are incorporated in this Circular by reference in terms of a dispensation granted by the TRP can be obtained from the Company will be available for inspection as set out in paragraph 22 below and are available at the Company's website: <http://www.grindrod.co.za/Pages/AnnualReport>.
- 10.2 Extracts of the consolidated audited historical financial statements of Grindrod in respect of the financial years ended 31 December 2019, 2018 and 2017 are contained in **Annexure 4** to this Circular.

## 11. INTERESTS IN GRINDROD SHARES

As at the Last Practicable Date:

- 11.1 BEE SPV held 64 000 000 (8.39%) Grindrod Shares. Subsequent to the Repurchase, BEE SPV will not hold any Grindrod Shares;
- 11.2 21 409 973 Grindrod Shares are held in treasury by Grindrod Group;
- 11.3 As at 30 June 2020 no Grindrod Shares are held by any share trust(s) or a consolidated structured entity, save for the 64 million Grindrod Shares held by BEE SPV and the 21 409 973 Shares held in treasury;
- 11.4 No Grindrod Shares were purchased in terms of the general authority to repurchase Grindrod Shares granted by Shareholders at the annual general meeting held on 28 May 2019 nor the annual general meeting of 26 May 2020; and
- 11.5 None of the parties listed under paragraphs 11.1 to 11.4 above dealt in any Grindrod Shares during the 6 months preceding the Last Practicable Date.

## PART III: INFORMATION RELATING TO THE COMPANY

### 12. MAJOR SHAREHOLDERS

According to the information available to the Company at the Last Practicable Date, the following Grindrod Shareholders, other than Directors of the Company, either directly or indirectly, are beneficially interested in 5% or more of the issued share capital of the Company:

Shareholder	Number of Shares held before the Repurchase	% Shareholding	Number of Shares held after the Repurchase	% Shareholding
Remgro	173 183 235	22.71	173 183 235	24.79
Grindrod Investments (Pty) Ltd	76 909 634	10.09	76 909 634	11.01
Government Employees Pension Fund	70 898 634	9.30	70 898 634	10.15
PSG Konsult	66 480 096	8.72	66 480 096	9.52
BEE SPV	64 000 000	8.39	0	0.00
<b>Total</b>	<b>451 471 599</b>	<b>59.21</b>	<b>387 471 599</b>	<b>55.47</b>

### 13. DIRECTORS

#### 13.1 The Board of Directors

13.1.1 The Board will not change following or as a result of the Repurchase. Details relating to the Directors are set out below:

Name, age and qualifications of Director	Designation	Business Address
Andrew Waller (57) CA (SA)	Chief Executive Officer	Grindrod's Registered Office
Xolani Mbambo (45) CA (SA)	Chief Financial Officer	Grindrod's Registered Office
David Polkinghorne (55) BCom, MA (OXON)	Executive Director	Grindrod's Registered Office
Mike Hankinson (70) BCom, CA (SA)	Non-Executive Chairman	Grindrod's Registered Office
Nkululeko Sowazi (56) MA (UCLA)	Lead Independent Chairman Independent Non-Executive Director	100 West Street, Wierda Valley, Sandton
Mkhuseli Faku (53) BA (Law – Rhodes University), MAP (WITS Business School), OPM (Harvard Business School)	Independent Non-Executive Director	48 Grosvenor Road, Turnberry Office Park, Bryanston
G Gelink (70) BCompt (Hons), BCom (Hons), CA(SA), HDip Education, Dip Public Administration	Independent Non-Executive Director	25 Kingsbridge Manor, 22 Malgas Road, Douglasdale, 2191
Walter Grindrod (53)	Non-executive Director	52 Sir Arthur Road, Morningside, Durban
Ben Magara (52) BSc Mining Engineering (Hons)	Independent Non-Executive Director	31 Saddlebrook Drive, Saddlebrook Estate, Kyalami, Midrand, 1682
PJ Uys (57) MSc, MBA	Independent Non-Executive Director	Millennia Park, 16 Stellentia Avenue, Stellenbosch, 7600
W van Wyk (41) CA (SA), BACC (Hons), BCom (Hons) (Taxation)	Independent Non-Executive Director	Millennia Park, 16 Stellentia Avenue, Stellenbosch, 7600
Zimkitha Zatu (36) BCom, HDip (Accountancy), MSc (Corporate Finance), CA (SA)	Independent Non-Executive Director	7 Federal Avenue, Sandhurst Office Park, Sandhurst, 2196

13.1.2 Details of Directors whom have resigned or retired in the past 18 months:

Zola Malinga, resigned 01 January 2020  
Raymond Ndlovu, resigned 01 January 2020  
Bongiwe Ntuli resigned 31 December 2018  
Sandile Zungu resigned on 23 August 2019  
H Adams and W Geach retired on 30 November 2018

13.1.3 The executive Directors have entered into service contracts with the Company on such terms and conditions as are standard for contracts of this nature.

13.2 **Director's interests in securities**

At the Last Practicable Date, the Directors held, directly and indirectly, interests in the Company's issued ordinary share capital as reflected below:

<b>Director</b>	<b>Direct beneficial Shares held</b>	<b>Indirect beneficial Shares held</b>	<b>Total Shares held</b>	<b>Shareholding (%)</b>
WJ Grindrod	0	21 610	21 610	0.003
MJ Hankinson	27 000	8 000	35 000	0.005
XF Mbambo	661 397	0	661 397	0.087
DA Polkinghorne	357 026	0	357 026	0.047
AG Waller	902 461	0	902 461	0.118
<b>Total</b>	<b>1 947 884</b>	<b>29 610</b>	<b>1 977 494</b>	<b>0.26</b>

13.3 **Independence of the Board**

The independence of each of the Directors has been assessed in terms of the provisions of Regulation 108(7) of the Takeover Regulations and it has been determined that none of the Directors have any conflicts of interest, any interests in Shares or in the outcome of the Repurchase that render them non-independent in relation to the Repurchase and that the entire Board is therefore independent as required in terms of the Act.

13.4 **Directors' responsibility statement**

The Board has considered all statements of fact and opinion in this Circular; collectively and individually, accepts full responsibility for the accuracy of the information given; certifies that, to the best of its knowledge and belief, there are no other facts, the omission of which would make any statement false or misleading; has made all reasonable enquiries in this regard; and certifies that, to the best of its knowledge and belief, the Circular contains all information required in terms of the Act and the Listings Requirements.

**14. MATERIAL CHANGES**

The Directors report that there have been no material changes in the financial or trading position of the Group between 28 April 2020, being the date of the last published audited financial results of the Company for the year ended 31 December 2019 and the Last Practicable Date, save for what was published in the pre-close business update on 26 June 2020:

"Trading in the first quarter of this year was strong throughout most of Grindrod's businesses. The Covid-19 lockdowns in the southern African countries impacted significantly on many of the continuing businesses ability to generate revenue and cover their cost base during the second quarter.

Those businesses that were permitted to operate as essential services continued to do so in very complex circumstances. All the businesses curtailed and deferred costs.

Following the announcement that South Africa would move to Covid-19 alert level 3 with effect from 1 June 2020, all the remaining businesses opened. Although Mozambique remains in the state of emergency until 30 June 2020, mineral cargo flows had resumed and the port and terminals are operating albeit under strict conditions.

As logistics supply chains start the recovery process and the market demand returns we have begun to see increased demand for our services."

**15. MATERIAL RISKS**

COVID-19 has impacted businesses, governments and society at large at an unprecedented scale and is the top industry risk, followed by economic uncertainty and political instability, social unrest and inequality, business interruption, cyber, fraud and corruption, global economic crisis and trade wars, commodity demand and price volatility with customer concentration, energy and water cost fluctuation, infrastructure and SOE deficiencies, declining regional investment and climate change. Post COVID-19 risks that will be faced are a prolonged global recession, industries failing to recover, high government debt, high unemployment, prolonged supply chain disruption, cyber risks due to remote working, retention of government powers accumulated during the pandemic, economic inequality and ultimately a second wave or another disease outbreak.

The key risk areas that have a material impact on Grindrod's ability to create value have been identified as part of the enterprise-wide risk identification and management system, and are the COVID-19 pandemic; credit; liquidity; customer and commodity concentration; key logistic service providers' engagement; empowerment compliance; political and sovereign; regulatory compliance; cyber; SHERQ; fraud, bribery and corruption. Risk management processes are designed based on the ISO 31000 standard for risk management, to identify, quantify, prioritise, respond to and monitor the consequences of an agreed risk schedule that encompasses both internal and external risks.

## 16. OPINIONS AND RECOMMENDATIONS

### 16.1 The Board

The Board has considered the terms and conditions of the Repurchase and, taking into account the opinion of the Independent Expert in respect of the Repurchase, is of the opinion that the terms and conditions thereof are fair and reasonable to Grindrod Shareholders and recommends that Shareholders vote in favour of the Repurchase Resolution at the General Meeting.

### 16.2 Opinion of the Independent Expert

BDO, acting as Independent Expert to the Board, has advised the Board that it has considered the terms and conditions of the Repurchase in terms of the Act and the Takeover Regulations and is of the opinion that there are no adverse effects of the Repurchase on the business and prospects of Grindrod and on Grindrod Shareholders. There is no impact of the Repurchase on the fair value of a Grindrod Share as BEE SPV was previously consolidated in the Company's financial statements. The text of the letter from BDO is included as **Annexure 1** to this Circular and such letter has not been withdrawn prior to the publication of this Circular.

### 16.3 Role of the Independent Reporting Accountants

Deloitte is the independent auditor to Grindrod and has issued the necessary reporting accountant's report on the *pro forma* financial information of Grindrod presented in **Annexure 2** to this Circular.

### 16.4 Role of the Sponsor

Nedbank is the Sponsor to Grindrod. The role of the sponsor included preparing this Circular and advising the Board on the application of the Listings Requirements and the Act. Nedbank did not provide any advice or opinion to the Board in respect of the fairness and reasonableness of the Repurchase nor any recommendations with regard to its implementation.

## 17. SOLVENCY AND LIQUIDITY AND WORKING CAPITAL STATEMENT

The Directors are of the opinion that the working capital available to Grindrod subsequent to the Repurchase is adequate for the requirements of the Group for a period of 12 months from the date of issue of this Circular. Having considered the effect of the Repurchase, the Directors are of the opinion that:

- 17.1 the Company and the Group will be able, in the ordinary course of business, to pay its debts for a period of 12 months after the date of issue of this Circular;
- 17.2 the assets of the Company and the Group will be in excess of the liabilities of the Company and the Group for a period of 12 months after the date of issue of this Circular. For this purpose, the assets and liabilities have been recognised and measured in accordance with the accounting policies used in the latest audited consolidated annual financial statements of the Group;
- 17.3 the stated capital and reserves of the Company and the Group will be adequate for ordinary business purposes for a period of 12 months after the date of issue of this Circular; and
- 17.4 the working capital of the Company and the Group will be adequate for ordinary business purposes for a period of 12 months after the date of issue of this Circular.

The Board has authorised the Repurchase by resolution and the Board has, by resolution, acknowledged that it has applied the solvency and liquidity test as set out in section 4 of the Act, and reasonably concluded that the Company and its Subsidiaries will satisfy the solvency and liquidity test immediately after completing the Repurchase.

Since the solvency and liquidity test was performed, there have been no material changes to the financial position of the Group.

## 18. EXPENSES

The estimated total amount of preliminary and issue expenses (excluding VAT) incurred by Grindrod in respect of the Transaction within the three years preceding the Last Practicable Date, are set out below:

<b>Fees</b>	<b>Recipient</b>	<b>Rand</b>
JSE Sponsor fees	Nedbank	350 000
TRP fee	TRP	100 000
Legal Adviser fees	ENS	700 000
Independent Reporting Accountants' fees	Deloitte	150 000
Independent Expert's fees	BDO	150 000
JSE documentation fees	JSE	32 266
Printing costs	GreymatterFinch	118 000
Securities Transfer Tax	South African Revenue Service	388 000
Contingency	Various	1 399 734
<b>Total</b>		<b>3 388 000</b>

Grindrod has not incurred any preliminary expenses during the three-year period prior to the issue of this Circular.

## 19. CONSENTS

- 19.1 Each of the Independent Expert, Independent Reporting Accountants, Legal Adviser, Sponsor and Transfer Secretary have consented in writing to act in the capacity stated and to their names being stated in this Circular and have not withdrawn their consent prior to the issue of this Circular.
- 19.2 The Independent Expert and Independent Reporting Accountants have consented in writing to the inclusion of their reports in this Circular in the form and context in which it appears and have not withdrawn such consent prior to the publication of this Circular.

## 20. CONFIRMATION OF INDEPENDENCE

- 20.1 In terms of paragraph IV of the Appendix to Schedule 16 contained in the Listings Requirements, Nedbank in its capacity as Sponsor to Grindrod, is required to disclose details of all matters that might reasonably be expected to impair its independence and objectivity in its professional dealings with Grindrod in relation to the Repurchase.
- 20.2 Nedbank is acting in the capacity of Sponsor to Grindrod in respect of the Repurchase requiring the preparation of this Circular in terms of section 5 of the Listings Requirements and sections 114 and 115 of the Act.
- 20.3 There are no matters that may be perceived to influence Nedbank's independence in relation to its role as Sponsor to Grindrod in connection with the Repurchase.
- 20.4 Nedbank confirms that acting as Sponsor to Grindrod in respect of the Repurchase does not affect Nedbank's independence as Sponsor to Grindrod. Nedbank does not have a vested interest in the successful implementation of the Repurchase other than the agreed fee charged for the preparation of the Circular and ancillary documentation. This fee is not impacted by the success or otherwise of the Repurchase.

## 21. GENERAL MEETING AND ACTION REQUIRED

A General Meeting of Grindrod Shareholders will be held electronically at 12:00 on Monday, 7 September 2020, for the purpose of considering and, if deemed fit, passing, with or without modification, the special and ordinary resolutions set out in the Notice of General Meeting. The Notice convening the General Meeting is attached to and forms part of this Circular. Grindrod Shareholders are advised to follow the instructions set out in the "Action required by Grindrod Shareholders" section of the Circular in respect of voting.

Grindrod has appointed TMS to remotely host the General Meeting on an interactive electronic platform, in order to facilitate remote participation and voting by Shareholders. TMS will also act as scrutineers.

## 22. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents, or copies thereof, can be obtained at the Company's Registered Office between 09:00 and 17:00 or from the Company Secretary by emailing [Vicky.Commaile@grindrod.com](mailto:Vicky.Commaile@grindrod.com) or the Sponsor by emailing [sanyab@nedbank.co.za](mailto:sanyab@nedbank.co.za) between Friday, 7 August 2020 to Monday, 7 September 2020, both days inclusive:

- 22.1 the Circular;
- 22.2 the MOI of the Company;
- 22.3 the memorandum of incorporation of each of the Company's Major Subsidiaries;
- 22.4 the Repurchase Agreement;
- 22.5 the Acquisition Agreement;
- 22.6 the Implementation Agreement;
- 22.7 the audited consolidated financial statements of the Group for the three years ended 31 December 2019, 2018 and 2017;
- 22.8 the *Pro Forma* Financial Information;
- 22.9 the original report of the Independent Expert on the Repurchase;
- 22.10 the original report of the Independent Reporting Accountants on the *Pro Forma* Financial Information;
- 22.11 the letter of approval of this Circular from the TRP; and
- 22.12 the consent letters of the advisors to the Company.

Signed on behalf of the Board of Directors

**Andrew Waller**  
*Chief Executive Officer*

7 August 2020

## INDEPENDENT EXPERT'S REPORT

The Board of Directors  
Grindrod Limited  
Grindrod Mews  
106 Margaret Mncadi Avenue  
Durban, 4001  
South Africa

27 July 2020

Dear Sirs/Mesdames

### REPORT OF THE INDEPENDENT PROFESSIONAL EXPERT TO GRINDROD LIMITED REGARDING THE PROPOSED REPURCHASE BY GRINDROD LIMITED OF 64 000 000 SHARES IN ITS ORDINARY SHARE CAPITAL FROM NEWSHELF 1279 (RF) PROPRIETARY LIMITED

#### Introduction

Newsheff 1279 (RF) Proprietary Limited (the "BEE SPV") currently hold 8.39% of the issued share capital of Grindrod Limited ("Grindrod" or the "Company") and 8.39% of the issued share capital of Grindrod Shipping Holdings Limited ("Grindrod Shipping"). 100% of BEE SPV is held by Friedshel 1534 Proprietary Limited ("Consortium SPV"), 72.37% of which is held by Newsheff 1063 (RF) Proprietary Limited, a 100% subsidiary of Brimstone Investment Corporation Limited ("Brimstone") ("Brimstone Subco") and 27.63% by Calulo Newco SPV (Proprietary) Limited ("Calulo Newco SPV").

During 2014, Grindrod completed a black economic empowerment ("BEE") transaction at listed company level, in terms of which BEE SPV subscribed for 64 000 000 ordinary shares of 0.002 cents each in the Company ("Grindrod Shares") ("BEE Placement Shares") at R25 per BEE Placement Share (the "BEE Placement Price"), resulting in BEE SPV holding 8.39% of the total issued share capital of Grindrod.

In addition to the equity contribution by BEE SPV, and in order to partially fund the acquisition of the BEE Placement Shares, Grindrod and ABSA Limited ("ABSA") provided funding to BEE SPV by way of a preference share investment, whereby BEE SPV issued:

- 45 000 cumulative, redeemable, Class A preference shares of no par value in the share capital of BEE SPV (the "Senior Preference Shares") to ABSA at an issue price of R10 000 per Senior Preference Share to the total value of R450 000 000, in terms of the agreement entered into between Consortium SPV (as holding company of the issuer), BEE SPV (as issuer) and ABSA (as subscriber and lead arranger) in 2014 in terms of which ABSA subscribed for the Senior Preference Shares ("Senior Preference Share Subscription Agreement"); and
- 40 000 variable rate, cumulative, redeemable, non-participating no par value Class B preference shares in the share capital of BEE SPV ("Vendor Preference Shares") to Grindrod to the total value of R400 000 000 in order to raise an aggregate R850 000 000.

The Senior Preference Shares were redeemed and cancelled in 2019 using the proceeds raised via the issue by BEE SPV of 61 473 cumulative, redeemable, Class C preference shares of no par value in the share capital of BEE SPV (the "Class C Preference Shares") issued to Grindrod Holdings (South Africa) Proprietary Limited, a wholly owned subsidiary of Grindrod ("Grindrod Holdings") at an issue price of R10 000 per Class C Preference Share to the total value of R614 730 000, in terms of the agreement entered into between Consortium SPV (as holding company of the issuer), BEE SPV (as issuer) and Grindrod Holdings (as subscriber) on 01 August 2019 in terms of which Grindrod Holdings subscribed for the Class C Preference Shares ("Class C Preference Share Subscription Agreement").

During June 2018, Grindrod unbundled its shipping business via the listing of Grindrod Shipping in terms of which Grindrod sold:

- all the shares it held in Grindrod Shipping Pte. Limited ("GSPL") to Grindrod Shipping in exchange for 16 626 600 GSPL Compulsorily Convertible Notes issued by Grindrod Shipping to Grindrod (the "GSPL CCNs"); and
- all of the shares it held in Grindrod Shipping (South Africa) Proprietary Limited ("GSSA") in exchange for 2 437 232 GSSA Compulsorily Convertible Notes issued by Grindrod Shipping to Grindrod (the "GSSA CCNs") (the GSSA CCNs and the GSPL CCNs are collectively the "Compulsory Convertible Notes") (the "Spin-Off")

Each Compulsorily Convertible Note converted into one Grindrod Shipping Share with shareholders of Grindrod Shipping holding ordinary shares in Grindrod Shipping ("Grindrod Shipping Shares") in the same proportion as they held their Grindrod Shares immediately following the consummation of the Spin-Off. BEE SPV holds 1 600 000 Grindrod Shipping Shares ("GSHL Securities"), equating to 8.39% of the issued share capital of Grindrod Shipping

Grindrod, Grindrod Holdings, BEE SPV and Consortium SPV have entered into an agreement on 21 July 2020 ("Implementation Agreement") which sets out the basis upon which the parties intend to unwind the 2014 BEE Transaction by implementing the Transaction Agreements in accordance with a number of Transaction Steps which include *inter alia*:

- the specific repurchase of the BEE Placement Shares (the "Repurchase Shares"), from BEE SPV, for an amount of R3.28 in respect of each of the BEE Placement Shares, and representing the thirty day volume-weighted average price ("VWAP") (the "Repurchase Price"), subject to the terms and conditions set out in the agreement dated 21 July 2020, entered into between Grindrod and BEE SPV (the "Repurchase Agreement") ("Repurchase"); and
- the acquisition by Grindrod of the GSHL Securities from BEE SPV, for an amount of R48.61 in respect of each of the GSHL Securities, and representing the thirty day VWAP (the "GSHL Acquisition Price"), subject to the terms and conditions set out in the agreement dated 21 July 2020, entered into between Grindrod and BEE SPV (the "Acquisition") (the Repurchase and the Acquisition are collectively the ("Transaction")).

Full details of the Transaction are contained in the Circular to registered holders of Grindrod Shares (“Grindrod Shareholders” or “Shareholders”) dated 7 August 2020 (“Circular”), which will include a copy of this letter.

Extracts of sections 115 and 164 of the Companies Act are set out as Annexures B and C of the Circular respectively.

BDO Corporate Finance Proprietary Limited (“BDO Corporate Finance”) has been appointed by the board of directors of Grindrod (“Board” or “Board of Directors” or “Directors”) to provide independent expert advice to Grindrod with regards to the Repurchase.

As at Friday, 24 July 2020, being the last practicable date prior to the finalisation of the Circular (the “Last Practicable Date”) the authorised and issued ordinary share capital of the Company is as follows:

	<b>Stated Capital (R)</b>
<b>Authorised share capital</b>	
2 750 000 000 ordinary shares of 0.002 cents each	55 000
20 000 000 cumulative, non-redeemable, non-participating and non-convertible preference shares of 0.031 cents each	6 200
<b>Issued share capital</b>	
762 553 314 ordinary shares of 0.002 cents each	15 251
7 400 000 cumulative, non-redeemable, non-participating and non-convertible preference shares of 0.031 cents each	2 294

As at the Last Practicable Date, the Directors directly held the following beneficial interests in Grindrod Shares:

<b>Director</b>	<b>Direct beneficial Shares held</b>	<b>Indirect beneficial Shares held</b>	<b>Total Shares held</b>	<b>Shareholding (%)</b>
WJ Grindrod	–	21 610	21 610	0.003
MJ Hankinson	27 000	8 000	35 000	0.005
XF Mbambo	661 397	–	661 397	0.087
DA Polkinghorne	357 026	–	357 026	0.047
AG Waller	902 461	–	902 461	0.118
<b>Total</b>	<b>1 947 884</b>	<b>29 610</b>	<b>1 977 494</b>	<b>0.259</b>

#### **Opinion required in terms of the Companies Act, No.71 of 2008**

As the Repurchase involves the acquisition by the Company of more than 5% of the Company’s ordinary shares in issue, section 48(8)(b) of the Companies Act, No.71 of 2008 (“Companies Act”) specifies that the Repurchase is subject to the requirements of section 114 and 115 of the Act. In terms of section 114(2) of the Companies Act as read together with Regulation 90 of the Companies Regulations, 2011 (to the extent applicable) (the “Takeover Regulations”), the Board must retain an independent expert to compile a report on the Repurchase in compliance with section 114(3) of the Companies Act and Regulation 90 of the Takeover Regulations (the “Independent Expert Report”), to the extent applicable.

#### **Responsibility**

Compliance with the Companies Act is the responsibility of the Directors. Our responsibility is to report on the Repurchase as required in terms of section 114(3) of the Companies Act and Regulation 90 of the Takeover Regulations, to the extent applicable.

#### **Details and sources of information**

In arriving at our opinion we have relied upon the following principal sources of information:

- Company announcement published on the Stock Exchange News Service (“SENS”) of the exchange operated by the JSE Limited (“JSE”) on 06 April 2020 regarding the impact of Covid-19 on group operations;
- Company announcement published on SENS on 21 July 2020 regarding the Transaction;
- The terms and conditions of the Transaction, as set out in the Circular;
- The Transaction agreements comprising the Implementation Agreement, the Repurchase Agreement and the Acquisition Agreement;
- Historical and forecast financial information of Grindrod, comprising:
  - Audited annual financial statements of Grindrod for the years ended 31 December 2018 and 2019;
  - Management income statement results for the three months ended 31 March 2020;
  - Management income statement results for the five months ended 31 May 2020;
  - Forecast financial information of Grindrod, per operating segment (namely Ports, Terminals, Logistics, Financial Services and Group) and on a consolidated basis for the year ending 31 December 2020, and
  - Forecast financial information of Grindrod, for the Terminals Logistics and Group operating segments, for the financial years ending 31 December 2020 to 31 December 2024;
- Precedent transactions of a similar nature;
- Discussions with Grindrod directors and management and advisers regarding the rationale for the Transaction;
- Discussions with Grindrod directors and management regarding the historic and forecast financial information;
- Discussions with Grindrod directors and management on prevailing market, economic, legal and other conditions which may affect underlying value; and
- Publicly available information relating to Grindrod, comparable publicly traded companies and the markets in which Grindrod and its peers operate.

The information above was secured from:

- Directors and management of Grindrod and their advisors; and
- Third party sources, including information related to publicly available economic, market and other data which we considered applicable to, or potentially influencing, Grindrod.

## Procedures and consideration

In arriving at our opinion we have undertaken the following procedures and taken into account the following factors:

- Reviewed the terms and conditions of the Repurchase;
- Reviewed the audited and unaudited historical financial information related to Grindrod as detailed above;
- Held discussions with the management of Grindrod and considered such other matters as we consider necessary, including assessing the prevailing economic and market conditions and trends;
- Reviewed and obtained an understanding from management as to the forecast financial information of Grindrod prepared by management. Considered the forecast cash flows and the basis of the assumptions therein including the prospects of the business. This review included an assessment of the recent historical performance to date as well as the reasonableness of the outlook assumed based on discussions with management and assessing the achievability thereof by considering historical information as well as macro-economic and sector-specific data;
- Assessed the long-term potential of Grindrod;
- Evaluated the relative risks associated with Grindrod and the industry in which it operates;
- Performed such other studies and analyses as we considered appropriate and have taken into account our assessment of general economic, market and financial conditions and our experience in other transactions, as well as our experience in securities valuation and knowledge of the industries in which Grindrod operates generally;
- Reviewed certain publicly available information relating to Grindrod and comparable publicly traded companies that we deemed to be relevant; including Company announcements and media articles, including available analyst coverage;
- Where relevant, representations made by Grindrod management and/or Directors and/or their advisers were corroborated to source documents or independent analytical procedures were performed by us to examine and understand the industries in which Grindrod operates and to analyse external factors that could influence the business; and
- Held discussions with the Directors and management of Grindrod and their advisors as to their strategy and the rationale for the Transaction and assessed prevailing economic and market conditions and trends.

## Assumptions

We arrived at our opinions based on the following assumptions:

- That all agreements that are to be entered into in terms of the Transaction will be legally enforceable;
- That the Transaction will have the legal, accounting and taxation consequences described in discussions with, and materials furnished to us by representatives and advisors of Grindrod; and
- That reliance can be placed on the financial information of Grindrod.

## Appropriateness and reasonableness of underlying information and assumptions

We satisfied ourselves as to the appropriateness and reasonableness of the information and assumptions employed in arriving at our opinion by:

- Conducting analytical reviews on the historical financial results and forecast financial information, such as key ratio and trend analyses; and
- Determining the extent to which representations from management were confirmed by documentary evidence as well as our understanding of Grindrod and the economic environment in which the Company operates.

## Limiting conditions

This opinion is provided in connection with and for the purposes of the Repurchase. The opinion does not purport to cater for each individual Shareholder's perspective but rather that of the general body of Shareholders.

Individual Shareholders' decisions regarding the Repurchase may be influenced by such Shareholders' particular circumstances and accordingly individual Shareholders should consult an independent advisor if in any doubt as to the merits or otherwise of the Repurchase.

We have relied upon and assumed the accuracy of the information provided to us in deriving our opinion. Where practical, we have corroborated the reasonableness of the information provided to us for the purpose of our opinion, whether in writing or obtained in discussion with management, by reference to publicly available or independently obtained information. While our work has involved an analysis of, *inter alia*, the annual financial statements and other information provided to us, our engagement does not constitute an audit conducted in accordance with generally accepted auditing standards.

Where relevant, forward-looking information of Grindrod relates to future events and is based on assumptions that may or may not remain valid for the whole of the forecast period. Consequently, such information cannot be relied upon to the same extent as that derived from audited financial statements for completed accounting periods. We express no opinion as to how closely the actual future results of Grindrod will correspond to those projected. We have however compared the forecast financial information to past trends as well as discussing the assumptions inherent therein with management.

We have also assumed that the Repurchase will have the legal consequences described in discussions with, and materials furnished to us by, representatives and advisors of Grindrod and we express no opinion on such consequences.

Our opinion is based on current economic, regulatory and market as well as other conditions. Subsequent developments may affect the opinion and we are under no obligation to update, review or re-affirm our opinion based on such developments.

## Independence

We confirm that we have no direct or indirect interest in Grindrod Shares or the Repurchase. We also confirm that we have the necessary qualifications, experience and competence to provide the opinion on the Repurchase, which includes understanding the Repurchase, evaluating the consequences of the Repurchase and assessing the effect of the Repurchase on the value of the securities of Grindrod and on the rights and interests of a holder of any securities of Grindrod, or a creditor of Grindrod. We confirm that we are able to express opinions, exercise judgment and make decisions impartially.

We confirm that we (i) do not have any relationship with Grindrod, or any other proponent of the Repurchase, such as would lead a reasonable and informed third party to conclude that the integrity, impartiality or objectivity of us is compromised by that relationship, (ii) have not had such a relationship with Grindrod for the two years prior to the date of this report or (iii) are not related (as that term is defined in the Companies Act) to any person contemplated in items (i) and (ii) of this paragraph.

Furthermore, we confirm, in terms of Regulation 90(6)(h) of the Companies Regulations, that our professional fees of R172 500 (including VAT), payable in cash, are not contingent upon the success of the Repurchase.

#### **Valuation approach**

BDO Corporate Finance performed a valuation of a Grindrod Share. The valuation of Grindrod was performed as at 31 May 2019 but taking into consideration prevailing circumstances in markets and the economy as at the Last Practicable Date by applying the sum of the parts methodology ("SOTP"). The DCF methodology was used as our approach to perform the valuations of the Terminals, Logistics and Group operating segments. In addition, we considered the market approach (based on financial data for comparable publicly traded companies) as a methodology to the valuation of the Ports and Financial Services operating segments.

The valuation was performed taking cognisance of risk and other market and industry factors affecting each operating segment. Additionally, sensitivity analyses were performed considering key value drivers.

#### **Valuation results**

In undertaking the valuation exercise above we determined a valuation range of R9.95 per Grindrod Share to R10.99 per Grindrod Share, with a most likely value of R10.47 per Grindrod Share. In arriving at the value range we have considered the impact that Covid-19 has had on the company's operation in the near term and longer term.

The valuation ranges are provided solely in respect of the Independent Expert Report.

#### **Section 114(3) requirements**

As required in terms of section 114(3) of the Companies Act (read together with section 48 of the Companies Act), this report deals with the following:

**a. state all prescribed information relevant to the value of the securities affected by the proposed arrangement;**

The Repurchase will result in the Company acquiring 8.39% of the issued listed ordinary share capital which Grindrod Shares have been valued as indicated above.

**b. identify every type and class of holders of the Company's securities affected by the proposed arrangement;**

The issued share capital of Grindrod immediately prior to the Repurchase comprises of 762 553 314 Grindrod Shares and 7 400 000 cumulative, non-redeemable, non-participating and non-convertible preference shares of 0.031 cents each.

The issued share capital of Grindrod immediately after the Repurchase will comprise of 698 553 314 Grindrod Shares and 7 400 000 cumulative, non-redeemable, non-participating and non-convertible preference shares of 0.031 cents each.

**c. describe the material effects that the proposed arrangement will have on the rights and interests of the persons mentioned in paragraph (b);**

Subsequent to the Repurchase, BEE SPV will no longer have any interest in Grindrod. The shares held by BEE SPV did not have voting rights on matters affecting Grindrod.

Due to the significant decline in the Grindrod Share price over the past two years, the aggregate outstanding redemption value and value of accrued, unpaid dividends in respect of the Vendor Preference Shares and the Class C Preference Shares is c. R1.4 billion whilst the market value of the BEE Placement Shares and the GSHL Securities is c. R0.3 billion (as at the date the Transaction was announced on SENS, on 21 July 2020).

The level of debt in the funding structure (initially comprising the Senior Preference Shares and Vendor Preference Shares, and thereafter upon redemption of the Senior Preference Shares, collectively, the Vendor Preference Shares and the Class C Preference Shares), which is in excess of the assets held by BEE SPV, in addition to guarantees and cash collateral provided by Grindrod over the years, resulted, from an accounting perspective, in BEE SPV (and as a result, the BEE Placement Shares and the GSHL Securities held by BEE SPV), being consolidated in Grindrod's financial statements since December 2018

This resulted in the BEE Placement Shares being treated as treasury shares and eliminated against share premium, and the GSHL Securities included in investments of Grindrod. A debit of R1 billion was recorded in equity, between share premium and retained earnings at the date of consolidation of BEE SPV as detailed in the statement of changes in equity of Grindrod's 2018 audited financial statements. The fair value gain/loss on the GSHL Securities are recognised in the results of Grindrod and are not eliminated.

The Repurchase is value neutral to Grindrod as BEE SPV was previously consolidated.

The Repurchase will have no material negative effect on the rights and interests of the remaining Shareholders.

**d. evaluate any material adverse effects of the proposed arrangement against-**

**i. the compensation that any of those persons will receive in terms of that arrangement; and**

None of the parties to the Repurchase are likely to be compensated for the Repurchase. We are not aware of any other persons to be entitled to compensation as a result of the Repurchase, apart from the transaction costs that are normally incurred in transactions of this nature, namely advisors' fees, legal fees, secretarial fees, securities transfer tax, brokers' fees, JSE Limited inspection fees, STRATE settlement fees and independent experts' fees. We are not aware of any material adverse effects on Grindrod either.

ii. **any reasonably probable beneficial and significant effect of that arrangement on the business and prospects of the Company;**

The Repurchase has no impact on value attributable to Grindrod Shareholders or the value per Grindrod Share.

In addition, the Directors have taken cognisance of their duties and responsibilities in terms of section 5.69(c) of the JSE Listings Requirements and section 46 read with section 4 of the Companies Act pertaining to the solvency and liquidity of Grindrod. In this regard, the Directors reasonably confirm that, following solvency and liquidity tests on Grindrod, Grindrod will satisfy the solvency and liquidity test following immediately post payment of the Repurchase, and reasonably concluded that the Company will satisfy the solvency and liquidity test upon passing their resolution and for a period of 12 months after the anticipated effective date of the Indirect Repurchase.

e. **state any material interest of any Director of the Company or Trustee for security holders;**

All Directors of Grindrod registered with the Companies and Intellectual Property Commission have been included in the table below:

<b>Directors name</b>	<b>Executive Director</b>	<b>Shareholder</b>	<b>Material interest</b>	<b>Effect of the Transaction on these interests</b>
XF Mbambo	Executive	Yes	Directors emoluments	No effect noted
DA Polkinghorne	Executive	Yes	Directors emoluments, and Directors shareholding	No effect noted
AG Waller	Executive	Yes	Directors emoluments, and Directors shareholding	No effect noted
MR Faku	Non-Executive	No	Directors emoluments	No effect noted
G Gelink	Non-Executive	No	Directors emoluments	No effect noted
WJ Grindrod	Non-Executive	No	Directors emoluments	No effect noted
MJ Hankinson	Non-Executive	Yes	Directors emoluments, and Directors shareholding	No effect noted
NL Sowazi	Non-Executive	No	Directors emoluments	No effect noted
PJ Uys	Non-Executive	No	Directors emoluments	No effect noted
B Magara	Non-Executive	No	Directors emoluments	No effect noted
W van Wyk	Non-Executive	No	Directors emoluments	No effect noted
ZP Zatu	Non-Executive	No	Directors emoluments	No effect noted

f. **state the effect of the proposed arrangement on the interest and person contemplated in paragraph (e);**

There will be no effect on the Directors contemplated in paragraph (e).

g. **and include a copy of sections 115 and 164**

Copies of sections 115 and 164 of the Companies Act are included as Annexures B and C of the Circular respectively.

**Opinion**

BDO Corporate Finance has considered the terms and conditions of the Transaction and, based on and subject to the conditions set out herein, is of the opinion that there are no material adverse effects of the Repurchase on Grindrod and there is no impact of the Repurchase on the fair value of a Grindrod Share as BEE SPV was previously consolidated.

Our opinion is necessarily based upon the information available to us up to the Last Practicable Date, including in respect of the financial information as well as other conditions and circumstances existing and disclosed to us. We have assumed that all conditions precedent, including any material regulatory and other approvals or consents required in connection with the Repurchase, have been fulfilled or obtained.

As previously noted, we are not aware of any material adverse effects of the Repurchase on Grindrod. We further note that there is no impact on Grindrod's solvency and liquidity from a group perspective as the Repurchase will not result in any cash outflows.

Accordingly, it should be understood that subsequent developments may affect this opinion, which we are under no obligation to update, revise or re-affirm.

Yours faithfully

**N Lazanakis CA (SA)**

*Director*

**BDO Corporate Finance Proprietary Limited**

Wanderers Office Park

52 Corlett Drive

Illovo

2196

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## PRO FORMA FINANCIAL INFORMATION OF THE GROUP

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### Background

As detailed in paragraph 1 of the Circular, the 2014 BEE Transaction resulted in the establishment of BEE SPV for the purpose of concluding an aggregate R1.6 billion equity investment into Grindrod via the BEE Placement in exchange for the BEE Placement Shares. In order to partially fund the acquisition of the BEE Placement Shares, Grindrod and ABSA provided funding to BEE SPV by way of a preference share investment, whereby BEE SPV issued the Senior Preference Shares to ABSA and the Vendor Preference Shares to Grindrod.

Due to the significant decline in the Grindrod Share price and level of debt in the Funding Structure, Grindrod provided BEE SPV with additional security, being guarantees and cash collateral, in respect of the obligations of the Senior Preference Shares. BEE SPV continues to have voting rights in respect of the BEE Placement Shares held, however, due to the additional security provided by Grindrod, the Company's rights have changed from protective to substantive, and as a result, BEE SPV was deemed to be controlled by Grindrod in terms of IFRS 10 Consolidated Financial Statements, and consolidated into Grindrod effective 31 December 2018.

This consolidation of BEE SPV resulted in the BEE Placement Shares being treated as treasury shares for Grindrod and eliminated against share premium, and the GSHL Securities included in other investments of Grindrod. A debit of R1 billion was recorded in equity, between share premium and retained earnings at the date of consolidation of BEE SPV, as detailed in the statement of changes in equity of Grindrod's 2018 audited financial statements in respect of the year ended 31 December 2018. The fair value gain/loss on the GSHL Securities are recognised in the results of Grindrod and are not eliminated.

### Basis of preparation

The definitions commencing on page 5 of the Circular have been used throughout this Annexure.

The *pro forma* consolidated financial information of the Grindrod Group has been prepared for illustrative purposes only and, because of its nature, may not fairly present the Grindrod Group's financial position, changes in equity, and results of operations or cash flows.

The *pro forma* consolidated financial information of the Grindrod Group is based on the audited consolidated financial results for Grindrod Group for the year ended 31 December 2019 prior to the Transaction.

The *pro forma* consolidated financial information of the Grindrod Group has been prepared to illustrate the impact of the Transaction on the historical financial information of the Grindrod Group and will include the following *pro forma* adjustments:

- de-consolidation of BEE SPV;
- repurchase of the BEE Placement Shares and acquisition of the GSHL Securities;
- redemption of the Vendor Preference Shares and the Class C Preference Shares;
- loss of interest income and additional borrowing cost; and
- transaction and other costs relating to the Transaction.

The *pro forma* consolidated financial information of the Grindrod Group has been prepared on the assumption that the Transaction occurred on 1 January 2019 for the consolidated statement of comprehensive income purposes and 31 December 2019 for the consolidated statement of financial position purposes.

The *pro forma* consolidated financial information of the Grindrod Group has been prepared using the accounting policies of the Grindrod Group as at 31 December 2019, which comply with IFRS, and in accordance with the applicable criteria of the Listings Requirements and in terms of the SAICA Guide on Pro Forma Consolidated Financial Information. The *pro forma* consolidated financial information of the Grindrod Group is the responsibility of the Directors.

**PRO FORMA CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019**

	1	2	3	4	5	6	7
	Before the Transaction	De-consolidation of BEE SPV	Redemption of Vendor Preference Shares and Class C Preference Shares	Loss of interest income and additional borrowing cost	Transaction costs	After the Transaction	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
<b>Revenue</b>	3 834 459	-	-	-	-	-	3 834 459
Trading profit	1 028 573	24 607	(24 512)	-	(3 388)	1 025 280	
Depreciation and amortisation	(501 468)	-	-	-	-	(501 468)	
Operating profit/(loss) before interest and taxation	527 105	24 607	(24 512)	-	(3 388)	523 812	
Non-trading items	(97 353)	-	-	-	-	(97 353)	
Interest received	157 343	-	-	(10 674)	-	146 669	
Interest paid	(299 201)	129 457	-	(20 500)	-	(290 667)	
Profit/(loss) before share of joint venture and associate companies' profit/(loss)	287 894	154 064	(24 512)	(31 174)	(3 388)	282 461	
Share of joint venture companies' profit/(loss) after taxation	58 636	-	-	-	-	58 636	
Share of associate companies' profit/(loss) after taxation	9 714	-	-	-	-	9 714	
Profit/(loss) before taxation	356 244	154 064	(24 512)	(31 174)	(3 388)	350 811	
Taxation	9 114	-	-	8 729	-	17 843	
Profit/(loss) for the year from continuing operations	365 358	154 064	(24 512)	(22 445)	(3 388)	368 654	
Loss after tax from discontinued operations	(707 534)	-	-	-	-	(707 534)	
<b>(Loss)/profit for the year</b>	<b>(342 176)</b>	<b>154 064</b>	<b>(24 512)</b>	<b>(22 445)</b>	<b>(3 388)</b>	<b>(338 880)</b>	
Attributable to:							
Ordinary shareholders – continuing operations	(407 659)	154 064	(24 512)	(22 445)	(3 388)	(404 363)	
From continuing operations	299 875	154 064	(24 512)	(22 445)	(3 388)	303 171	
From discontinued operations	(707 534)	-	-	-	-	(707 534)	
Preference shareholders	66 044	-	-	-	-	66 044	
Owners of the parent	(341 615)	154 064	(24 512)	(22 445)	(3 388)	(338 319)	
Non-controlling interests	(561)	-	-	-	-	(561)	
From continuing operations	(561)	-	-	-	-	(561)	
From discontinued operations	-	-	-	-	-	-	
	<b>(342 176)</b>	<b>154 064</b>	<b>(24 512)</b>	<b>(22 445)</b>	<b>(3 388)</b>	<b>(338 880)</b>	

## EARNINGS PER SHARE INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2019

	1	2	3	4	5	6	7
	Before the Transaction	De-consolidation of BEE SPV	Repurchase of BEE Placement Shares and acquisition of GSHL Securities	Redemption of Vendor Preference Shares and C Preference Shares	Additional borrowing cost	Transaction costs	After the Transaction
<b>Ordinary share performance</b>							
Number of Shares in issue less treasury shares	680 284						680 284
Weighted average number of Shares (basic)	680 442						680 442
Diluted weighted average number of Shares	681 304						681 304
Basic earnings/(loss) per Share:							
From continuing operations	44,1	22,6	(3,6)	(14,8)	(3,3)	(0,5)	44,5
From discontinued operations	(104,0)	-			-	-	(104,0)
Diluted earnings/(loss) per Share:							
From continuing operations	44,0	22,6	(3,6)	(14,8)	(3,3)	(0,5)	44,4
From discontinued operations	(104,0)	-			-	-	(104,0)
Headline earnings per Share from continuing operations:							
Basic	77,2	22,6	(3,6)	(14,8)	(3,3)	(0,5)	77,6
Diluted	77,1	22,6	(3,6)	(14,8)	(3,3)	(0,5)	77,5
Headline earnings per Share from discontinuing operations:							
Basic	(69,1)	-	-	-	-	-	(69,1)
Diluted	(69,0)	-	-	-	-	-	(69,0)

	1	2	3	4	5	6	7
	Before the Transaction	De-consolidation of BEE SPV	Repurchase of BEE Placement Shares and acquisition of GSHL Securities	Redemption of Vendor Preference Shares and C Preference Shares	Additional borrowing cost	Transaction costs	After the Transaction
	(59,9)	22,6	(3,6)	(14,8)	(3,3)	(0,5)	(59,5)
Loss attributable to ordinary shareholders	(cents)						
Continuing	44,1	22,6	(3,6)	(14,8)	(3,3)	(0,5)	44,5
Discontinuing	(104,0)	-	-	-	-	-	(104,0)
Adjusted for:	68,0	-	-	-	-	-	68,0
Impairment of goodwill	-	-	-	-	-	-	-
Impairment of other investments	3,5	-	-	-	-	-	3,5
Impairment of ships, intangibles, vehicles, terminals, and equipment	5,5	-	-	-	-	-	5,5
Net loss on disposal of investments	5,8	-	-	-	-	-	5,8
Net loss/(profit) on disposal of plant and equipment	(0,3)	-	-	-	-	-	(0,3)
Foreign currency translation reserve release	(0,2)	-	-	-	-	-	(0,2)
Joint ventures and associates:	-	-	-	-	-	-	-
Impairment of ships, intangibles, vehicles, and equipment	20,6	-	-	-	-	-	20,6
Net loss/(profit) on disposal of plant and equipment	(0,4)	-	-	-	-	-	(0,4)
Impairment/(reversal of impairment) of other investments	-	-	-	-	-	-	-
Total non-controlling interest effects of adjustments	-	-	-	-	-	-	-
Total taxation effects of adjustments	(1,4)	-	-	-	-	-	(1,4)
Discontinued	-	-	-	-	-	-	-
Net profit on disposal of investments	(0,1)	-	-	-	-	-	(0,1)
Impairment of ships, intangibles, vehicles and equipment	-	-	-	-	-	-	-
Loss on remeasurement to fair value less costs to sell	35,0	-	-	-	-	-	35,0
Functional currency translation reserve release	0,1	-	-	-	-	-	0,1
Net loss on disposal of plant and equipment	(0,1)	-	-	-	-	-	(0,1)
<b>Headline loss</b>	8,1	22,6	(3,6)	(14,8)	(3,3)	(0,5)	8,5
<b>Continuing</b>	77,2	22,6	(3,6)	(14,8)	(3,3)	(0,5)	77,6
<b>Discontinuing</b>	(69,1)	-	-	-	-	-	(69,1)

**Earnings per Share information for the year ended**

**31 December 2019 (continuing)**

**Reconciliation of headline earnings/(loss) from continuing operations**

Loss attributable to ordinary shareholders	
Continuing	
Discontinuing	
Adjusted for:	
Impairment of goodwill	
Impairment of other investments	
Impairment of ships, intangibles, vehicles, terminals, and equipment	
Net loss on disposal of investments	
Net loss/(profit) on disposal of plant and equipment	
Foreign currency translation reserve release	
Joint ventures and associates:	
Impairment of ships, intangibles, vehicles, and equipment	
Net loss/(profit) on disposal of plant and equipment	
Impairment/(reversal of impairment) of other investments	
Total non-controlling interest effects of adjustments	
Total taxation effects of adjustments	
Discontinued	
Net profit on disposal of investments	
Impairment of ships, intangibles, vehicles and equipment	
Loss on remeasurement to fair value less costs to sell	
Functional currency translation reserve release	
Net loss on disposal of plant and equipment	

**Headline loss**

**Continuing**

**Discontinuing**

**Notes to the *pro forma* consolidated statement of comprehensive income of the Grindrod Group for the year ended 31 December 2019**

1. Column 1 presents the historical financial information relating to the Grindrod Group prior to the Transaction, which was extracted from the audited consolidated financial results for the Grindrod Group for the year ended 31 December 2019.
2. Column 2 presents the de-consolidation of BEE SPV, for the year ended 31 December 2019 which has been audited by Deloitte, as BEE SPV has been previously consolidated by the Grindrod Group.
3. Column 3 presents the financial impact of the net fair value gains and losses of the repurchase of the 64 million BEE Placement Shares and the acquisition of the 1.6 million GSHL Securities by Grindrod and dividends received from Grindrod. Only the fair value gain/loss on the GSHL Securities will have continuing effect on the Grindrod Group statement of comprehensive income.
4. Column 4 presents the financial impact of the loss on interest income, which eliminated on consolidation of BEE SPV, due to the redemption of the Vendor Preference Shares via the use of the proceeds raised in respect of the issue of the Class C Preference Shares.
5. Column 5 presents the additional borrowing incurred by Grindrod at 1 January 2019, due to the redemption of the Senior Preference Shares, which term came to an end during July 2019 and the subscription by Grindrod Holdings for the Class C Preference Shares. The impact on the income statement of the Group is the loss of the interest income earned on the cash on deposit of R10,7 million at a pre-tax interest rate of 6.8%, which was used to repay the Senior Preference Shares and additional interest expense of R20.5 million based on the Group cost of borrowing of 7.7%, net of tax. This will have a continuing effect on the Grindrod Group's statement of comprehensive income.
6. Column 6 presents the financial effects of expensing the transaction costs of R3.388 million, which relate directly to the Transaction, and which have been expensed. It also includes the Share Transfer Tax (STT) of R0.4 million, in respect of the GSHL Securities acquired by Grindrod. This will not have a continuing effect on the Grindrod Group's statement of comprehensive income.
7. Column 7 presents the *pro forma* statement of comprehensive income of the Grindrod Group subsequent to the adjustments detailed in notes 2 to 6 above.
8. No deferred tax asset was raised on the capital loss arising on the Transaction as the recoverability is not considered to be probable.

**PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019**

	1	2	3	4	5	6
	Before the Transaction	De-consolidation of BEE SPV	Repurchase of BEE Placement Shares and acquisition of GSHL Securities	Redemption of Vendor Preference Shares and Class C Preference Shares	Transaction costs	After the Transaction
	R'000	R'000	R'000	R'000	R'000	R'000
<b>ASSETS</b>						
<b>Non-current assets</b>	<b>13 577 517</b>	<b>(477 124)</b>	<b>477 120</b>	<b>-</b>	<b>-</b>	<b>13 577 513</b>
Ships, property, terminals, vehicles and equipment	1 858 744					1 858 744
Right of use asset	1 103 398					1 103 398
Goodwill and intangible assets	772 861					772 861
Investments in joint ventures	2 348 145					2 348 145
Investments in associates	92 917					92 917
Investment properties	91 617					91 617
Other investments	2 302 077	(477 120)	477 120			2 302 077
Deferred taxation assets	98 910	(4)	-			98 906
Preference share investments by trusts	644 900					644 900
Loans and advances	4 263 948					4 263 948
<b>Current assets</b>	<b>14 347 858</b>	<b>(91)</b>	<b>(477 120)</b>	<b>477 120</b>	<b>(4 193)</b>	<b>14 343 574</b>
Liquid assets and short term negotiable securities	2 478 941					2 478 941
Current portion of loans and advances	4 166 910					4 166 910
Current portion of preference share investments by trusts	482 544					482 544
Inventories	122 900					122 900
Trade and other receivables	1 357 057	(65)				1 356 992
Taxation	23 764					23 764
Amounts due from/(to) group companies	-		(477 120)	477 120		-
Bank balances and cash	4 729 850	(26)			(4 193)	4 725 631
Non-current assets held for sale	985 892	-				985 892
<b>Total assets</b>	<b>27 925 375</b>	<b>(477 215)</b>	<b>-</b>	<b>477 120</b>	<b>(4 193)</b>	<b>27 921 087</b>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019 (CONTINUED)**

	1	2	3	4	5	6
	Before the Transaction R'000	De- consolidation of BEE SPV R'000	Repurchase of BEE Placement Shares and acquisition of GSHL Securities R'000	Redemption of Vendor Preference Shares and Class C Preference Shares R'000	Transaction costs R'000	After the Transaction R'000
<b>EQUITY AND LIABILITIES</b>						
<b>Capital and reserves</b>	<b>8 736 601</b>	<b>850 714</b>	<b>-</b>	<b>(852 917)</b>	<b>(4 193)</b>	<b>8 730 205</b>
Share capital and premium	3 982 066	-	-	-	(805)	3 981 261
Non-distributable reserves	1 461 991	-	-	-	-	1 461 991
Retained income	3 364 197	850 714	-	(852 917)	(3 388)	3 358 606
Non-controlling interests	(71 653)	-	-	-	-	(71 653)
<b>Non-current liabilities</b>	<b>2 933 771</b>	<b>(1 327 896)</b>	<b>-</b>	<b>1 327 896</b>	<b>-</b>	<b>2 933 771</b>
Long term borrowings	268 230	(1 327 896)	-	1 327 896	-	268 230
Lease liability	924 878	-	-	-	-	924 878
Bank and private equity funding	1 117 838	-	-	-	-	1 117 838
Post-retirement medical aid	22 724	-	-	-	-	22 724
Provisions	10 082	-	-	-	-	10 082
Derivative financial liabilities	23 422	-	-	-	-	23 422
Participatory contribution from bank customers	77 544	-	-	-	-	77 544
Deposits from bank customers	352 757	-	-	-	-	352 757
Deferred taxation liabilities	136 296	-	-	-	-	136 296
<b>Current liabilities</b>	<b>16 255 003</b>	<b>(33)</b>	<b>-</b>	<b>2 141</b>	<b>-</b>	<b>16 257 111</b>
Trade and other payables	1 513 435	(33)	-	-	-	1 513 402
Short term borrowings and overdraft	1 223 973	-	-	-	-	1 223 973
Taxation	49 901	-	-	2 141	-	52 042
Current portion of long term borrowings	177 476	-	-	-	-	177 476
Current portion of lease liabilities	280 869	-	-	-	-	280 869
Current portion of bank and private equity funding	535 009	-	-	-	-	535 009
Current portion of deposits from bank customers	10 827 608	-	-	-	-	10 827 608
Current portion of participatory contribution from bank customers	1 646 732	-	-	-	-	1 646 732
<b>Total equity and liabilities</b>	<b>27 925 375</b>	<b>(477 215)</b>	<b>-</b>	<b>477 120</b>	<b>(4 193)</b>	<b>27 921 087</b>
Net asset value per Share (cents)	1 175	-	-	-	-	1 174
Net tangible asset value per Share (cents)	1 156	-	-	-	-	1 155
Number of Shares in issue net of treasury shares (000)	680 284	-	-	-	-	680 284

**Notes to the *pro forma* statement of financial position of Grindrod Group for the year ended 31 December 2019**

1. Column 1 presents the historical financial information relating to the Grindrod Group prior to the Transaction, which was extracted from the audited consolidated financial results for the Grindrod Group in respect of the year ended 31 December 2019.
2. Column 2 presents the de-consolidation of BEE SPV, for the year ended 31 December 2019, as BEE SPV has been previously consolidated by the Grindrod Group.
3. Column 3 presents the repurchase of the 64 million BEE Placement Shares and the acquisition of the 1.6 million GSHL Securities held by BEE SPV. These securities will be purchased based on the Thirty Day VWAP of R3.28 per BEE Placement Share, used in respect of calculating the Repurchase Price and the Thirty Day VWAP of R48.61 per GSHL Security, used in calculating the GSHL Purchase Price. The 31 December 2019 closing price of R5.03 per Grindrod Share and R97.00 per Grindrod Shipping Share has been used for purposes of the *pro forma* adjustment equating to the R477.1 million total which is split between R321.9 million in respect of the BEE Placement Shares and R155.2 million in respect of the GSHL Securities. The BEE Placement Shares and the GSHL Securities will be purchased on loan account from BEE SPV.
4. Based on the Thirty Day VWAP of R3.28 per BEE Placement Share, used in respect of calculating the Repurchase Price and the Thirty Day VWAP of R48.61 per GSHL Security, used in calculating the GSHL Purchase Price the 64 million BEE Placement Shares and the 1.6 million GSHL Securities held by BEE SPV will be sold for R287.6 million which is split between R209.8 million in respect of the BEE Placement Shares and R77.8 million in respect of the GSHL Securities. BEE SPV will record a fair value loss on the sale of the Repurchase Shares and the GSHL Securities of R189.5 million, being the difference between R477.1 million and R287.6 million. This will increase the debit equity of BEE SPV prior to de-consolidation to R1 040.3 million. In addition based on the revised loan account of R287.6 million on sale of the Repurchase Shares and the GSHL Securities to Grindrod, the credit to equity on redemption of the Vendor Preference Shares and the Class C Preference Shares increases to R1 040.3 million. The change in share prices do not have an impact on other comprehensive income and statement financial position on deconsolidation of BEE SPV.
5. Column 4 presents the redemption of the Vendor Preference Shares and the Class C Preference Shares. BEE SPV will redeem a portion of the respective preference shares at face value equal to the loan account raised on the repurchase of the BEE Placement Shares and the purchase of the GSHL Securities detailed in column 3. The remaining balance of the respective preference shares will result in a credit to equity in the accounts of BEE SPV, which will not be repaid. A taxation liability arises on the partial redemption of the Class C Preference Shares relating to the unpaid preference dividends at the date of redemption. The amount payable in taxation as at 31 December 2019 is estimated to be R2.1 million.
6. Column 5 presents the financial effects of expensing the transaction costs of R3.388 million, which relate directly to the Transaction, which have been expensed and the Share Transfer Tax (STT) payable on repurchase of the BEE Placement Shares. The breakdown of the STT payable is as follows:
  - a. GSHL Securities acquired by Grindrod of R0.4 million, expensed in the income statement; and
  - b. BEE Placement Shares repurchased by Grindrod of R0.8 million, taken as a debit to share premium account.
7. Column 6 presents the *pro forma* statement of financial position of the Grindrod Group subsequent to the adjustments detailed in notes 2 to 6 above.
8. No deferred tax asset was raised on the capital loss arising on the Transaction as the recoverability is not considered to be probable.
9. There are no material post balance sheet events which require adjustment to the *pro forma* consolidated financial information.

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## INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF THE *PRO FORMA* FINANCIAL INFORMATION OF THE GROUP

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To the Directors of Grindrod Limited  
Grindrod House  
108 Margaret Mncadi Avenue  
(Victoria Embankment)  
Durban

Dear Directors

### Report on the Assurance Engagement on the Compilation of Pro Forma Financial Information Included in a Circular

We have completed our assurance engagement to report on the compilation of *pro forma* financial information of Grindrod Limited ("**the Group**") by the directors. The *pro forma* financial information, as set out in paragraph 9 and Annexure 2 of the circular to Grindrod shareholders relating *inter alia* to the specific repurchase, delisting and cancellation of 64 000 000 Grindrod Shares ("**the circular**"), to be dated on or about 7 August 2020, consists of the consolidated *pro forma* statement of financial position and statement of comprehensive income and related notes. The *pro forma* financial information has been compiled on the basis of the applicable criteria specified in the JSE Limited ("JSE") Listings Requirements.

The *pro forma* financial information has been compiled by the directors to illustrate the impact of the corporate action or event, described in paragraph 4 of the circular, on the Group's financial position as at 31 December 2019, and the Group's financial performance for the period then ended, as if the corporate action or event had taken place at 1 January 2019 and for the period then ended. As part of this process, information about the Group's financial position and financial performance has been extracted by the directors from the Group's financial statements for the period ended 31 December 2019, on which an auditor's report was issued on 24 April 2020.

#### *Directors' Responsibility for the Pro Forma Financial Information*

The directors are responsible for compiling the *pro forma* financial information on the basis of the applicable criteria specified in the JSE Listings Requirements and described in Paragraph 9 and Annexure 2.

#### *Our Independence and Quality Control*

We have complied with the independence and other ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors (IRBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B).

The firm applies the International Standard on Quality Control 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

#### *Reporting Accountant's Responsibility*

Our responsibility is to express an opinion about whether the *pro forma* financial information has been compiled, in all material respects, by the directors on the basis specified in the JSE Listings Requirements based on our procedures performed.

We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, Assurance Engagements to Report on the Compilation of *Pro Forma* Financial Information Included in a Prospectus which is applicable to an engagement of this nature. This standard requires that we comply with ethical requirements and plan and perform our procedures to obtain reasonable assurance about whether the *pro forma* financial information has been compiled, in all material respects, on the basis specified in the JSE Listings Requirements.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the *pro forma* financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the *pro forma* financial information.

The purpose of *pro forma* financial information included in a circular is solely to illustrate the impact of a significant corporate action or event on unadjusted financial information of the entity as if the corporate action or event had occurred or had been undertaken at an earlier date selected for purposes of the illustration, we do not provide any assurance that the actual outcome of the event or transaction at 31 December 2019 would have been as presented.

A reasonable assurance engagement to report on whether the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used in the compilation of the *pro forma* financial information provides a reasonable basis for presenting the significant effects directly attributable to the corporate action or event, and to obtain sufficient appropriate evidence about whether:

- The related *pro forma* adjustments give appropriate effect to those criteria; and
- The *pro forma* financial information reflects the proper application of those adjustments to the unadjusted financial information.

Our procedures selected depend on our judgment, having regard to our understanding of the nature of the company, the corporate action or event in respect of which the *pro forma* financial information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the *pro forma* financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Opinion*

In our opinion, the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria specified by the JSE Listings Requirements and described in Paragraph 9 and Annexure 2.

Deloitte & Touche  
Registered Auditor  
Per: MH Holme  
Partner

27 July 2020

La Lucia Ridge Office Estate  
No. 2 Pencarrow Crescent – DTT Place  
Pencarrow Park  
La Lucia  
Durban

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## EXTRACTS OF THE CONSOLIDATED AUDITED HISTORICAL FINANCIAL STATEMENTS OF GRINDROD FOR THE YEARS ENDED 31 DECEMBER 2019, 2018 AND 2017

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The extracts of the consolidated audited historical financial statements of Grindrod for the years ended 31 December 2019, 2018 and 2017 are included in this Annexure 4.

Copies of the full consolidated audited historical financial statements of Grindrod for the years ended 31 December 2019, 2018 and 2017 (“**Full Consolidated Financial Statements**”) can be obtained from the Company’s Registered Office between 09:00 and 17:00 or from the Company Secretary by emailing [Vicky.Commaille@grindrod.com](mailto:Vicky.Commaille@grindrod.com) or the Sponsor by emailing [sanyab@nedbank.co.za](mailto:sanyab@nedbank.co.za) between Friday, 7 August 2020 to Monday, 7 September 2020, both days inclusive.

In addition, the Full Consolidated Financial Statements are accessible on Grindrod’s website ([www.grindrod.co.za](http://www.grindrod.co.za)) as follows:

For the year ended 31 December 2019 – <http://www.grindrod.co.za/Pages/AnnualReport>

For the year ended 31 December 2018 – <http://www.grindrod.co.za/Pages/AnnualReport>

For the year ended 31 December 2017 – <http://www.grindrod.co.za/AnnualReport.aspx>

### **Accounting policies**

Grindrod is a South African registered company. The Full Consolidated Financial Statements comprises Grindrod and its subsidiaries (together referred to as the Grindrod Group) and the Grindrod Group’s interest in associates companies and joint ventures.

### **Statement of compliance**

The Full Consolidated Financial Statements have been prepared in accordance with IFRS, the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) of the International Accounting Standards Board (IASB), the SAICA Financial Reporting Guides as issued by the South African Institute of Chartered Accountants or its successor and the requirements of the Companies Act.

## STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER

	Consolidated		
	2019 R000	2018 R000*	2017 R000*
<b>Assets</b>			
<b>Non-current assets</b>			
Property, terminals, machinery, vehicles and equipment	1 858 744	1 752 225	1 478 003
Right of use assets	1 103 398	1 006 617	1 045 851
Goodwill and Intangible assets	772 861	701 975	710 909
Investments in joint ventures	2 348 145	2 776 105	2 347 978
Investments in associates	92 917	970 815	867 154
Investment property	91 617	120 113	125 649
Other investments	2 302 077	1 753 674	2 263 569
Preference share investments by trusts	644 900	100 000	194 473
Deferred taxation	98 910	60 945	59 313
Loans and advances	4 263 948	4 329 050	4 041 022
<b>Total non-current assets</b>	<b>13 577 517</b>	<b>13 571 519</b>	<b>13 133 921</b>
<b>Current assets</b>			
Liquid assets and short-term negotiable securities	2 478 941	2 825 285	1 730 384
Current portion of loans and advances	4 166 910	3 668 055	3 329 348
Current portion of preference share investments by trusts	482 544	941 000	1 141 000
Inventories	122 900	90 186	56 510
Trade and other receivables	1 357 057	2 025 414	2 154 342
Taxation receivable	23 764	77 619	32 592
Cash and cash equivalents	4 729 850	4 077 056	8 978 133
	<b>13 361 966</b>	<b>13 704 615</b>	<b>17 422 309</b>
Non-current assets classified as held for sale	985 892	298 349	8 445 383
<b>Total current assets</b>	<b>14 347 858</b>	<b>14 002 964</b>	<b>25 867 692</b>
<b>Total assets</b>	<b>27 925 375</b>	<b>27 574 483</b>	<b>39 001 613</b>
<b>Equity and liabilities</b>			
<b>Capital and reserves</b>			
Share capital and premium	3 982 066	3 977 456	5 992 756
Non-distributable reserves	1 461 991	1 540 914	3 520 079
Accumulated profit	3 364 197	3 912 258	4 442 400
Equity attributable to owners of the Company	8 808 254	9 430 628	13 955 235
Non-controlling interests	(71 653)	52 280	39 094
<b>Total equity</b>	<b>8 736 601</b>	<b>9 482 908</b>	<b>13 994 329</b>
<b>Non-current liabilities</b>			
Long-term borrowings	268 230	455 223	295 429
Lease liabilities	924 878	862 092	828 412
Long-term bank and private equity funding	1 117 838	494 182	230 660
Derivative financial liabilities	23 422	7 911	18 939
Participatory contribution from Bank customers	77 544	60 670	1 870
Deferred taxation	136 296	221 415	240 869
Provision for post-retirement medical aid	22 724	25 510	25 403
Deposits from Bank customers	352 757	340 159	78 297
Provisions	10 082	29 038	21 857
<b>Total non-current liabilities</b>	<b>2 933 771</b>	<b>2 496 200</b>	<b>1 741 736</b>
<b>Current liabilities</b>			
Trade and other payables	1 513 435	1 441 513	1 264 516
Current portion of long-term borrowings	177 476	825 173	106 220
Current portion of lease liabilities	280 869	257 797	234 408
Current portion of bank and private equity funding	535 009	368 895	638 953
Current portion of deposits from Bank customers	10 827 608	10 166 245	14 562 066
Current portion of participatory contribution from Bank customers	1 646 732	1 653 454	1 889 589
Short-term borrowings and bank overdraft	1 223 973	745 936	243 661
Taxation payable	49 901	67 742	33 923
	<b>16 255 003</b>	<b>15 526 755</b>	<b>18 973 336</b>
Non-current liabilities associated with assets classified as held for sale	-	68 620	4 292 212
<b>Total current liabilities</b>	<b>16 255 003</b>	<b>15 595 375</b>	<b>23 265 548</b>
<b>Total equity and liabilities</b>	<b>27 925 375</b>	<b>27 574 483</b>	<b>39 001 613</b>

\* Re-presented for the impact of IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations and restated for IFRS 10 Consolidated Financial Statements and IFRS 16 Leases

## INCOME STATEMENT FOR THE YEARS ENDED 31 DECEMBER

	Consolidated		
	2019 R000	2018 R000*	2017 R000
<b>Continuing operations</b>			
<b>Revenue</b>	<b>3 834 459</b>	3 466 580	3 059 422
<b>Trading Profit</b>	<b>1 096 928</b>	1 274 607	621 981
Depreciation and amortisation	<b>(501 468)</b>	(462 158)	(195 844)
Expected credit losses	<b>(68 355)</b>	(403 118)	–
<b>Operating profit before interest and taxation</b>	<b>527 105</b>	409 331	426 137
Non-trading items	<b>(97 353)</b>	(482 560)	129 272
Interest received	<b>157 343</b>	246 420	264 575
Interest paid	<b>(299 201)</b>	(150 596)	(97 850)
<b>Profit before share of associate and joint venture companies' profit</b>	<b>287 894</b>	22 595	722 134
Share of joint venture companies' profit after taxation	<b>58 636</b>	203 616	111 475
Share of associate companies' profit after taxation	<b>9 714</b>	8 005	60 481
<b>Profit before taxation</b>	<b>356 244</b>	234 216	894 090
Taxation	<b>9 114</b>	(180 410)	(172 937)
<b>Profit for the year from continuing operations</b>	<b>365 358</b>	53 806	721 153
<b>Discontinued operations</b>			
(Loss)/profit after taxation from discontinued operations	<b>(707 534)</b>	2 893 165	(1 229 023)
<b>(Loss)/profit for the year</b>	<b>(342 176)</b>	2 946 971	(507 870)
<b>Attributable to:</b>			
Owners of the parent/Company	<b>(341 615)</b>	2 938 588	(515 050)
From continuing operations	<b>365 919</b>	45 423	713 920
From discontinued operations	<b>(707 534)</b>	2 893 165	(1 228 970)
Non-controlling interests	<b>(561)</b>	8 383	7 180
From continuing operations	<b>(561)</b>	8 383	7 233
From discontinued operations	<b>–</b>	–	(53)
	<b>(342 176)</b>	2 946 971	(507 870)
<b>Basic earnings/(loss) per share (cents)</b>			
From continuing operations	<b>44.1</b>	(2.7)	86.0
From discontinued operations	<b>(104.0)</b>	384.8	(163.6)
Total	<b>(59.9)</b>	382.1	(77.6)
<b>Diluted earnings/(loss) per share (cents)**</b>			
From continuing operations	<b>44.0</b>	(2.7)	85.5
From discontinued operations	<b>(104.0)</b>	382.2	(163.6)
Total	<b>(60.0)</b>	379.5	(78.1)
<b>Dividends per share (cents)</b>	<b>19.2</b>	14.6	–
Interim	<b>5.0</b>	–	–
Final	<b>14.2</b>	14.6	–

\* Re-presented for the impact of IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations and restated for IFRS 10 Consolidated Financial Statements and IFRS 16 Leases. In addition, the prior year income statement has been restated to separately disclose the expected credit loss recognised for the year that was previously included in Trading Profit.

\*\* Diluted loss per share was calculated on weighted average number of shares due to the anti-dilutive effect of the long-term incentive share schemes.

## STATEMENTS OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER

	2019	Consolidated 2018	2017
	R000	R000*	
<b>(Loss)/profit for the year</b>	<b>(342 176)</b>	2 946 971	(507 870)
<b>Other comprehensive (loss)/income</b>			
<b>Items that may be reclassified subsequently to loss or profit</b>			
Exchange differences on translating foreign operations arising during the year	<b>(83 031)</b>	855 396	(799 575)
Net movement in cash flow hedges	–	186	760
Business combination	–	–	1 946
<b>Items that will not be reclassified subsequently to loss or profit</b>			
Actuarial losses	<b>(10 327)</b>	(17 850)	7 102
Fair value through other comprehensive income	<b>4 773</b>	1 755	(1 901)
<b>Total comprehensive (loss)/profit for the year</b>	<b>(430 761)</b>	3 786 458	(1 299 558)
Total comprehensive (loss)/income attributable to:			
Owners of the parent/Company	<b>(428 853)</b>	3 776 105	(1 304 522)
Non-controlling interests	<b>(1 908)</b>	10 353	4 964
	<b>(430 761)</b>	3 786 458	(1 299 558)

\* Re-presented for the impact of IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations and restated for IFRS 10 Consolidated Financial Statements and IFRS 16 Leases.

## STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER

	Consolidated		
	2019 R000	2018 R000*	2017 R000
<b>Operating activities</b>			
Cash generated from operations	1 019 162	800 444	559 218
Interest received	126 986	176 167	245 126
Interest paid	(299 201)	(219 559)	(206 829)
Dividends received	71 397	101 742	132 371
Dividends paid	(205 782)	(71 118)	(76 801)
Taxation paid	(122 862)	(204 223)	(169 616)
	<b>589 700</b>	<b>583 453</b>	<b>483 507</b>
Proceeds on disposal of ships			238 097
Capital expenditure on ships	–	(242 244)	(68 753)
<b>Other operating cash flows from Bank</b>			
Net advances to customers	(946 427)	(632 491)	(1 294 464)
Net liquid assets and short-term negotiable securities	346 344	(1 094 901)	37 190
Net (purchase)/sale of preference shares by trusts	(86 444)	294 473	–
Net (redemption)/raising of participatory contributions from Bank customers	(239 848)	(177 335)	–
Net deposits received by/(repaid to) customers	673 961	(4 133 959)	1 030 223
<b>Net cash flows from operating activities</b>	<b>337 286</b>	<b>(5 403 004)</b>	<b>424 800</b>
<b>Investing activities</b>			
Property, terminals, machinery, vehicles and equipment acquired	(201 280)	(348 846)	(145 793)
Acquisition of Bank and other investments	(86 804)	(71 890)	(222 664)
Disposal of Bank and other investments	45 839	472 654	
Acquisition of subsidiaries, joint ventures and associates	1 999	(123 794)	(33 400)
Acquisition of additional investment in subsidiaries, joint ventures and associates	–	–	(49 048)
Disposal of subsidiaries, joint ventures and associates	(4 776)	–	
Proceeds on disposal of property, terminals, machinery, vehicles and equipment	75 697	148 318	79 768
Net cashflows on disposal of non-current assets and liabilities held-for-sale	305 331	(486 872)	90 132
Intangible assets acquired	(13 876)	(2 010)	(4 110)
Proceeds on disposal of intangible assets	–	353	7 948
Funds advanced to joint ventures and associate companies	(30 698)	(226 736)	(22 144)
Funds repaid by joint ventures and associate companies	737	443 551	–
<b>Net cash flows from investing activities</b>	<b>92 169</b>	<b>(195 272)</b>	<b>(299 311)</b>
<b>Financing activities</b>			
Acquisition of treasury shares	(2 737)	(57 953)	(1 386)
Participatory contribution from Bank customers raised	317 400	40 100	–
Participatory contribution from Bank customers repaid	(67 400)	(40 100)	–
Long-term interest-bearing debt raised	565 639	1 739 893	1 277 549
Long-term interest-bearing debt repaid	(1 093 787)	(2 182 075)	(1 030 371)
Short-term interest-bearing debt (repaid)/raised	(17 913)	18 016	–
<b>Net cash flows from financing activities</b>	<b>(298 798)</b>	<b>(482 119)</b>	<b>245 792</b>
Net increase/(decrease) in cash and cash equivalents	130 657	(6 080 395)	371 281
Cash and cash equivalents at beginning of the year	3 639 237	9 566 240	9 294 457
Difference arising on translation	(11 135)	153 392	(107 356)
<b>Cash and cash equivalents at end of the year</b>	<b>3 758 759</b>	<b>3 639 237</b>	<b>9 558 382</b>

\* Re-presented for the impact of IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations and restated for IFRS 10 Consolidated Financial Statements and IFRS 16 Leases. In addition, the prior year cash flow has been restated to reflect the acquisition and disposal of other investments and the advance and repayment of joint venture and associate loans which were previously reflected on a net basis.

## STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER

	Consolidated		
	2019 R000	2018 R000*	2017 R000
<b>Ordinary and preference share capital and share premium<sup>1</sup></b>	<b>3 982 066</b>	3 977 456	5 992 756
Balance at beginning of the year <sup>2</sup>	3 977 456	5 992 756	5 971 721
Share options vested	7 347	20 615	22 421
Return of share capital	–	(1 584 362)	–
Adjustment arising on consolidation of B-BBEE structure	–	(393 600)	–
Treasury shares acquired	(2 737)	(57 953)	(1 386)
<b>Equity compensation reserve</b>	<b>56 471</b>	54 991	58 364
Balance at beginning of the year	54 991	58 364	68 513
Share-based payments	8 827	18 990	12 272
Share options vested	(7 347)	(20 615)	(22 421)
Balance disposed on Shipping spin-off	–	(1 748)	–
<b>Foreign currency translation reserve</b>	<b>1 448 588</b>	1 529 560	3 505 281
Balance at beginning of the year	1 529 560	3 505 281	4 546 313
Foreign currency translation realised	1 281	(2 830 505)	(243 653)
Foreign currency translation adjustments	(82 253)	854 784	(797 379)
<b>Other non-distributable reserves</b>	<b>(43 068)</b>	(43 637)	(43 566)
Balance at beginning of the year	(43 637)	(43 566)	(51 592)
Financial instrument hedge settlement	–	186	3 005
Foreign currency translation adjustments	569	(1 355)	2 035
Net business combination acquisition	(22 265)	–	5 320
Fair value adjustment on hedging reserve	–	14 068	(202)
Deferred tax effect on cash flow hedge	–	–	(2 132)
Disposal	22 265	(12 970)	–
<b>Movement in accumulated profit</b>	<b>3 364 197</b>	3 912 258	4 639 988
Balance at beginning of the year	3 912 258	4 442 400	5 217 482
Transitional provision – implementation of IFRS 9 and 15	–	(33 217)	–
Adjustment arising on consolidation of B-BBEE structure	–	(696 650)	–
Fair value gain arising on available for sale financial instruments	4 773	1 755	(1 901)
Actuarial loss recognised	(10 327)	(17 850)	7 102
(Loss)/profit for the year	(341 615)	2 938 588	(515 050)
Ordinary dividends paid**	(134 848)	(2 657 086)	–
Preference dividends paid***	(66 044)	(65 682)	(67 645)
<b>Total interest of shareholders of the Company</b>	<b>8 808 254</b>	9 430 628	14 152 523
<b>Equity attributable to non-controlling interests of the Company</b>	<b>(71 653)</b>	52 280	44 659
Balance at beginning of the year	52 280	39 094	48 919
Foreign currency translation adjustments	(1 347)	1 970	(2 216)
Disposal of non-controlling interest	22 265	–	244
Non-controlling interest acquired	(139 472)	7 505	–
Profit for the period	(561)	8 383	7 180
Dividends paid	(4 818)	(4 672)	(9 468)
<b>Total equity attributable to all shareholders of the Company</b>	<b>8 736 601</b>	9 482 908	14 197 482

\* Re-presented for the impact of IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations and restated for IFRS 10 Consolidated Financial Statements and IFRS 16 Leases.

\*\* In the prior year, ordinary dividends relate to the Shipping spin-off.

\*\*\* Preference dividends paid relate to cumulative, non-redeemable, non-participating and non-convertible preference shares declared and are based on 88% of the prime interest rate.

Note 1 & 2 – The 2017 figure for ordinary and preference share capital and share premium and balance at the beginning of the year includes the preference share capital which was reported separately in the 2017 annual financial statements.



**GRINDROD LIMITED**  
(Incorporated in the Republic of South Africa)  
(Registration number: 1966/009846/06)  
Share codes: GND and GNDP  
ISIN: ZAE000072328 and ZAE000071106  
("Grindrod" or the "Company")

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## NOTICE OF GENERAL MEETING

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The definitions and interpretations commencing on page 5 of this Circular apply, *mutatis mutandis*, to the information in this Notice of General Meeting.

Notice is hereby given that the General Meeting of Grindrod Shareholders will be held electronically at 12:00 on Monday, 7 September 2020, for the purpose of considering and, if deemed fit, passing with or without modification, the resolutions set out below.

Grindrod appointed TMS to remotely host the General Meeting on an interactive electronic platform, in order to facilitate remote participation and voting by Shareholders. TMS will also act as scrutineers.

Shareholders are referred to the Circular, which sets out the information and explanatory material that they may require in order to determine whether to electronically participate in and/or vote at the General Meeting and vote on the resolutions set out below.

In terms of section 62(3)(e) of the Companies Act:

- a Shareholder who is entitled to attend and vote at the General Meeting is entitled to appoint a proxy or two or more proxies to attend, participate in and vote at the General Meeting in the place of the Shareholder;
- a proxy need not be a Shareholder of the Company; and
- Shareholders recorded in the Register of the Company on the Voting Record Date (including Shareholders and their proxies) are required to provide reasonably satisfactory identification before being entitled to participate in the General Meeting. In this regard, all Shareholders recorded in the Register on the Voting Record Date will be required to provide satisfactory identification to the Transfer Secretaries or the scrutineers, TMS, of the General Meeting. Forms of identification include valid identity documents, drivers' licenses and passports.

The resolutions set out in this Notice of General Meeting is subject to the fulfilment or, if applicable, waiver of the Conditions Precedent to the Repurchase, as contained in the Agreement and as summarised in paragraph 4.4 of the Circular, save for any such condition precedent relating to the passing of such resolution.

## Salient dates and times

2020

Record date to determine which Shareholders are entitled to receive the Circular containing the Notice of General Meeting	Friday, 31 July
Circular posted to Grindrod Shareholders and announced on SENS	Friday, 7 August
Last date to trade to be eligible to participate in and vote at the General Meeting	Tuesday, 25 August
Record date to be eligible to participate in and vote at the General Meeting	Friday, 28 August
Where applicable, forms of proxy to be lodged at Transfer Secretaries and/or TMS by 10:00 on (refer Note 7 below)	Thursday, 3 September
Last date and time for Grindrod Shareholders to give notice to the Company objecting to the special resolution approving the Repurchase, by 10:00 on	Monday, 7 September
General Meeting to be held electronically at 12:00 on	Monday, 7 September
Results of General Meeting announced on SENS	Monday, 7 September

### **If the Repurchase Resolution is approved by Shareholders at the General Meeting and is not revoked**

Last date for Grindrod Shareholders who voted against the Repurchase Resolution to require the Company to seek Court approval for the Repurchase Resolution in terms of section 115(3)(a) of the Act, if at least 15% of the total votes of Grindrod Shares at the General Meeting were exercised against the Repurchase Resolution	Monday, 14 September
Last day for the Company to send notice of adoption of the Repurchase Resolution to Dissenting Shareholders, in accordance with section 164(4) of the Act	Monday, 21 September
Last day for Grindrod Shareholders who voted against the Repurchase Resolution to apply to Court for leave to apply to the Court for a review of the Repurchase Resolution in terms of section 115(3)(b) of the Act	Monday, 21 September

### **The following dates assume that the Repurchase becomes unconditional, and that the Repurchase Resolution does not require Court approval or a review**

Expected unconditional date of the Repurchase	Monday, 7 September
Finalisation and implementation announcement published on SENS	Tuesday 8 September
Submit delisting application to JSE	Tuesday, 8 September
Expected cancellation and delisting date of the repurchased Grindrod Shares	Friday, 11 September

#### **Notes:**

1. The definitions and interpretations commencing on page 5 of this Circular apply, *mutatis mutandis*, to the information on important dates and times.
2. The above dates and times are subject to amendment. Any such amendment will be published on SENS and in the Press.
3. A Shareholder may submit a form of proxy to the Transfer Secretaries and/or TMS at any time before the commencement of the General Meeting before the appointed proxy exercises any of the relevant shareholder rights at the General Meeting.
4. 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.
5. All times given in this Circular are local times in South Africa.
6. This Circular is available in English only and copies thereof may be obtained at the Company's Registered Office or from the Company Secretary by emailing [Vicky.Commaille@grindrod.com](mailto:Vicky.Commaille@grindrod.com) or from the Sponsor by emailing [sanyab@nedbank.co.za](mailto:sanyab@nedbank.co.za) between Friday, 7 August 2020 to Monday, 7 September 2020, both days inclusive. The Circular will also be available on Grindrod's website (<http://www.grindrod.co.za/Pages/Investor-Relations>).
7. Shareholders who wish to electronically participate in and/or vote at the General Meeting are required to complete the electronic participation application form attached and email same to TMS at [proxy@tmsmeetings.co.za](mailto:proxy@tmsmeetings.co.za) and contact them on +27 11 520 7950/1/2 as soon as possible, but in any event no later than 10:00 Thursday, 3 September 2020.

## **SPECIAL RESOLUTION NUMBER 1 – SPECIFIC AUTHORITY, IN TERMS OF THE ACT AND LISTINGS REQUIREMENTS FOR THE REPURCHASE BY THE COMPANY OF 64 000 000 OF ITS OWN GRINDROD SHARES FROM BEE SPV**

“**RESOLVED THAT**, subject to the passing of special resolution number 2, the Company be and is hereby authorised, by way of a specific authority, in terms of sections 4, 48(8)(b) and 114 read together with section 115 of the Act, the Listings Requirements and article 2.1(2)(b) of the MOI of the Company, to acquire 64 000 000 Grindrod Shares from BEE SPV for a consideration of R3.28 per Grindrod Share for a total consideration of R209 814 400 and on the terms set out in the Repurchase Agreement (as detailed in the Circular to which this Notice of General Meeting is attached) and to cancel such repurchased shares in accordance with the applicable provisions of the Act.”

The Board is of the opinion that, after considering the effect of the Repurchase:

- i. The Company and the Group will be able to pay its debts as they become due in the ordinary course of business for a period of 12 months from the date of approval of the Circular;
- ii. The assets of the Company and the Group will be in excess of the liabilities of the Company and the Group for a period of 12 months from the date of approval of the Circular;
- iii. The stated capital and the reserves of the Company and the Group will be adequate for ordinary business purposes for a period of 12 months from the date of approval of the Circular;
- iv. The working capital of the Company and the Group will be adequate for ordinary business purposes for a period of 12 months from the date of approval of the Circular.

In addition, in terms of section 46(1) of the Act, it is stated as follows:

- i. The Board has authorised the Repurchase by resolution; and
- ii. The Board has, by resolution, acknowledged that it has applied the solvency and liquidity test as set out in section 4 of the Act, and reasonably concluded that the Company and its Subsidiaries will satisfy the solvency and liquidity test immediately after completing the Repurchase.

If special resolution number 2 is passed and if the circumstances in special resolution number 2 are present and the Directors resolve to revoke this special resolution number 1, the Repurchase will not be undertaken.

### **Reason for and effect of special resolution number 1**

The reason for and effect of special resolution number 1, if adopted and if the resolution is not revoked in terms of special resolution number 2, or treated as a nullity in terms of section 115(5)(b) of the Act, will be the repurchase by the Company of 64 000 000 of its own Grindrod Shares from BEE SPV and the subsequent cancellation of such repurchased shares.

In order for special resolution number 1 to be passed, the support of at least 75% (seventy-five per cent) of the voting rights exercised on the resolution by Grindrod Shareholders electronically participating, or represented by proxy, excluding BEE SPV and their Associates, at the General Meeting is required.

## **SPECIAL RESOLUTION NUMBER 2 – POTENTIAL REVOCATION OF SPECIAL RESOLUTION NUMBER 1 IN THE EVENT OF GRINDROD SHAREHOLDERS EXERCISING THEIR APPRAISAL RIGHTS**

“**RESOLVED THAT**, subject to the passing of special resolution number 1 and in the event that any Grindrod Shareholders exercise their Appraisal Rights (“Dissenting Shareholders”), the Directors be and are hereby authorised, but not obliged, to revoke special resolution number 1, in terms of section 164(9)(c) of the Act, if the Directors are of the view that it is in the best interest of the Company to do so.”

### **Reason for and effect of special resolution number 2**

The effect of special resolution number 2, if adopted, will be to enable the Company to revoke special resolution number 1, in the event that there are Dissenting Shareholders. In order for special resolution number 2 to be passed, the support of at least 75% (seventy-five per cent) of the voting rights exercised on the resolution by Grindrod Shareholders present in person, or represented by proxy, at the General Meeting is required.

## **ORDINARY RESOLUTION NUMBER 1 – SIGNING AUTHORITY**

“**RESOLVED THAT** each Director, or the secretary of the Company, be and is hereby authorised to do all such things and sign all such documents as may be necessary for, or incidental to, the implementation of the Repurchase Resolution passed at the General Meeting of the Company and set out in this notice.”

In order for this ordinary resolution number 1 to be passed, the support of more than 50% (fifty per cent) of the voting rights exercised on the resolution by Grindrod Shareholders electronically participating or represented by proxy, at the General Meeting is required.

## **REQUIREMENTS FOR THE PASSING OF RESOLUTIONS UNDER SECTION 114 AND SECTION 115 OF THE ACT AND APPLICATIONS TO COURT IN TERMS OF SECTION 115 OF THE ACT**

Section 115 of the Act sets out the requisite approval for undertaking transactions in terms of Chapter 5, Part A of the Act. Section 115 of the Act provides, *inter alia*, that:

- i. certain parties will be precluded from voting at a general meeting, in the event that such party is considered to be an acquiring party, a person related to an acquiring party, or a person acting in concert with either of them; and
- ii. a resolution, despite having been adopted in terms of the Act, may not be implemented, and would be subject to Court approval, if:
  - a. the resolution was opposed by at least 15% (fifteen per cent) of the voting rights that were exercised on such resolution and within 5 (five) Business Days after the vote, any person who voted against the resolution requires the Company to seek Court approval; and
  - b. the Court, on an application within 10 (ten) Business Days after the vote by any person who voted against the resolution, grants that person leave, to apply to a Court for a review of the transaction, and section 115 of the Act provides for the process to be followed under these circumstances.
- iii. A copy of section 115 of the Act is attached as **Annexure B** to this Notice of General Meeting.

### **APPRAISAL RIGHTS FOR DISSENTING SHAREHOLDERS**

In terms of section 164 of the Act, at any time before special resolutions number 1 and 2 as set out in this Notice of General Meeting is to be voted on, a Dissenting Shareholder may give the Company a written notice objecting to special resolution number 1 and/or special resolution number 2. Within 10 (ten) Business Days after the Company has adopted special resolution number 1 and/or special resolution number 2, the Company must send a notice that special resolution number 1 and/or special resolution number 2 has been adopted to each Grindrod Shareholder who:

- i. gave the Company a written notice of objection; and
- ii. has neither:
  - a. withdrawn that notice; or
  - b. voted in support of the resolution.

A Grindrod Shareholder may demand that the Company pay such Shareholder the fair value for all the Grindrod Shares held by that person if:

- i. the Shareholder has sent the Company a notice of objection;
- ii. the Company has adopted special resolution number 1 and/or special resolution number 2; and
- iii. the Shareholder voted against special resolution number 1 and/or special resolution number 2 and has complied with all of the procedural requirements of section 164 of the Act.

A copy of section 164 of the Act is attached as **Annexure C** to this Notice of General Meeting.

### **VOTING AND PROXIES**

The quorum requirement for the General Meeting to begin or for a matter to be considered at the General Meeting is at least three Shareholders electronically participating in person. In addition:

- i. the General Meeting may not begin until sufficient persons are present through electronic participation or represented by proxy to exercise, in aggregate, at least 25% of the voting rights that are entitled to be exercised in respect of at least one matter to be decided at the General Meeting; and
- ii. a matter to be decided at the General Meeting may not begin to be considered unless sufficient persons are present through electronic participation or represented by proxy to exercise, in aggregate, at least 25% of all of the voting rights that are entitled to be exercised in respect of that matter at the time the matter is called on the agenda.
- iii. BEE SPV and its associates will be taken into account in determining a quorum at the General Meeting, but their votes will not be taken into account in determining the results of the voting at the General Meeting in relation to Special Resolution 1.

Each Grindrod Shareholder who, being a natural person who is electronically participating or by proxy, or, being a company, participating by representative proxy, at the General Meeting is entitled to one vote on a show of hands. On a poll, each Grindrod Shareholder, whether present by electronic participation or by proxy, or by representation, is entitled to one vote for each Share held.

A form of proxy is attached for use by Certificated or "own name" Shareholders who are unable to attend the General Meeting but wish to be represented thereat. They are required to complete and return the form of proxy so as to be received by the Transfer Secretaries of the Company, Link Market Services South Africa Proprietary Limited, situated at 13th Floor, 19 Ameshoff Street, Braamfontein, postal address (PO Box 4844, Johannesburg, 2000), by not later than 10:00 on Thursday, 3 September 2020. Shareholders must ensure that TMS is copied by sending the completed form of proxy to proxy@tmsmeetings.co.za.

An electronic participation application form is attached for use by Shareholders or their proxies who wish to participate in the General Meeting via electronic communication (Participants) which electronic participating application form must be delivered to TMS via email to proxy@tmsmeetings.co.za.

A summary of the rights established by section 58 of the Act, as required by subsection 58(8)(b)(i), is attached as **Annexure A** to this Notice of General Meeting.

In terms of the custody agreements entered into by Dematerialised Shareholders and their CSDP's or stockbrokers:

- i. dematerialised shareholders other than own name shareholders who wish to electronically participate in and/or vote at the General Meeting must instruct their CSDP, banker or stockbroker to issue them with the necessary letter of representation to electronically participate in the General Meeting;
- ii. Dematerialised Shareholders other than own name Shareholders who wish to be represented at the General Meeting by way of proxy must provide their CSDP, banker or stockbroker with their voting instructions by the cut-off time or date advised by their CSDP, banker or stockbroker for transactions of this nature.

Each Certificated or own name Dematerialised Shareholder entitled to electronically participate in and/or vote at the General Meeting may appoint one or more proxies (none of whom need be a Grindrod Shareholder) to electronically participate, speak and vote in his/her stead. The completion and lodging of a form of proxy will not preclude a Shareholder from attending the meeting and speaking and voting thereat to the exclusion of the proxy so appointed.

#### **GENERAL INSTRUCTIONS**

Shareholders who are entitled to electronically participate attend, speak and vote at the General Meeting are strongly encouraged to submit their votes by proxy in advance of the General Meeting to the Transfer Secretaries, Link, 13th Floor Rennie House, 19 Ameshoff Street, Braamfontein, 2001 (PO Box 4844, Johannesburg, 2000) South Africa, email meetfax@linkmarketservices.co.za or facsimile 086 674 2450 by no later than 10:00 on Thursday, 3 September 2020. This cut-off time is for administrative purposes only. Shareholders or their proxies will nonetheless still be able to lodge their proxy forms prior to the commencement of the General Meeting. Shareholders are reminded to ensure that TMS is copied when submitting all completed proxy forms and/or letters of representation to Link at the JSE Building, One Exchange Square, 2 Gwen Lane, Sandown, South Africa, 2196, or emailed to proxy@tmsmeetings.co.za.

#### **ELECTRONIC PARTICIPATION**

Shareholders or their proxies who wish to participate in the General Meeting via electronic communication (Participants), must deliver the electronic participation application form attached to TMS via email to proxy@tmsmeetings.co.za.

#### **PROXIES AND AUTHORITY FOR REPRESENTATIVES TO ACT**

The attached form of proxy is only to be completed by:

- i. Certificated Shareholders; or
- ii. Own-Name Dematerialised Shareholders,

who cannot attend the General Meeting but wish to be represented thereat.

All other beneficial owners who have dematerialised their Shares through a CSDP or broker, without own-name registration, and who wish to electronically participate in and/or vote at the General Meeting, must instruct their CSDP or broker to provide them with the necessary letter of representation, or they must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker. These Shareholders must not use a form of proxy.

Forms of proxy are requested to be delivered to the Transfer Secretaries, Link Market Services South Africa Proprietary Limited, situated at 13th Floor, 19 Ameshoff Street, Braamfontein, or posted to PO Box 4844, Johannesburg, 2000, or faxed to 086 674 2450, or emailed to meetfax@linkmarketservices.co.za and copied to TMS via email on proxy@tmsmeetings.co.za, so as to arrive no later than 10:00 on Thursday, 3 September 2020. Forms of proxy not lodged with the Transfer Secretaries in time may be submitted to the Transfer Secretaries and/or TMS immediately before the commencement thereof. Any Shareholder who completes and lodges a form of proxy will nevertheless be entitled to electronically participate, speak and vote on an electronic platform at the General Meeting should the Shareholder decide to do so.

A Company that is a Shareholder, wishing to electronically participate in and/or vote at the General Meeting should ensure that a resolution authorising a representative to so attend and electronically participate at the General Meeting on its behalf, is passed by its directors.

***Grindrod does not accept responsibility and will not be held liable for any failure on the part of the CSDP or broker of a dematerialised Grindrod Shareholder to notify such Shareholder of the General Meeting of or any business to be conducted thereat.***

#### **GENERAL NOTES**

Shareholders who are companies or other bodies corporate may, by resolution of its directors or other governing body, authorise any person to act as its representative at the General Meeting.

The chairperson of the General Meeting will be making a demand that all resolutions put to the vote shall be decided by way of a poll.

#### **By order of the Board**

##### **Grindrod Limited**

Friday, 7 August 2020

##### **Registered Office**

2nd Floor, Grindrod Mews  
106 Margaret Mncadi Avenue  
Durban

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## SUMMARY OF RIGHTS ESTABLISHED BY SECTION 58 OF THE COMPANIES ACT, 71 OF 2008 (“ACT”), AS REQUIRED IN TERMS OF SUBSECTION 58(8)(B)(I)

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1. A Grindrod Shareholder may at any time appoint any individual, including a non-Grindrod Shareholder of the Company, as a proxy to electronically participate in, speak and vote at a Grindrod Shareholders’ meeting on his or her behalf (section 58(1)(a)), or to give or withhold consent on behalf of the Grindrod Shareholder to a decision in terms of section 60 (shareholders acting other than at a meeting) (section 58(1)(b)).
2. A proxy appointment must be in writing, dated and signed by the Grindrod Shareholder, and remains valid for one year after the date on which it was signed or any longer or shorter period expressly set out in the appointment, unless it is revoked in terms of paragraph 6.3 or expires earlier in terms of paragraph 10.4 (section 58(2)).
3. A Grindrod Shareholder may appoint two or more persons concurrently as proxies and may appoint more than one proxy to exercise voting rights attached to different securities held by the Grindrod Shareholder (section 58(3)(a)).
4. A proxy may delegate his or her authority to act on behalf of the Grindrod Shareholder to another person, subject to any restriction set out in the instrument appointing the proxy (“proxy instrument”) (section 58(3)(b)).
5. A copy of the proxy instrument must be delivered to the Company, or to any other person acting on behalf of the Company, before the proxy exercises any rights of the Grindrod Shareholder at a Grindrod Shareholders’ meeting (section 58(3)(c)) and in terms of the Memorandum of Incorporation of the Company at least 24 hours before the General Meeting commences.
6. Irrespective of the form of instrument used to appoint a proxy –
  - i. the appointment is suspended at any time and to the extent that the Grindrod Shareholder chooses to act directly and in person in the exercise of any rights as a shareholder (section 58(4)(a));
  - ii. the appointment is revocable unless the proxy appointment expressly states otherwise (section 58(4)(b)); and
  - iii. if the appointment is revocable, a Grindrod Shareholder may revoke the proxy appointment by cancelling it in writing or by making a later, inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and to the Company (section 58(4)(c)).
7. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy’s authority to act on behalf of the Grindrod Shareholder as of the later of the date stated in the revocation instrument, if any, or the date on which the revocation instrument was delivered as contemplated in paragraph 6.3 (section 58(5)).
8. If the proxy instrument has been delivered to the Company, as long as that appointment remains in effect, any notice required by the Act or the Company’s Memorandum of Incorporation to be delivered by the Company to the Grindrod Shareholder must be delivered by the Company to the Grindrod Shareholder (section 58(6)(a)), or the proxy or proxies, if the Grindrod Shareholder has directed the Company to do so in writing and paid any reasonable fee charged by the Company for doing so (section 58(6)(b)).
9. A proxy is entitled to exercise, or abstain from exercising, any voting right of the Grindrod Shareholder without direction, except to the extent that the Memorandum of Incorporation or proxy instrument provides otherwise (section 58(7)).
10. If the Company issues an invitation to Grindrod Shareholders to appoint one or more persons named by the Company as a proxy, or supplies a form of proxy instrument:
  - i. the invitation must be sent to every Grindrod Shareholder entitled to notice of the General Meeting at which the proxy is intended to be exercised (section 58(8)(a));
  - ii. the invitation or form of proxy instrument supplied by the Company must:
    - a. bear a reasonably prominent summary of the rights established in section 58 of the Act (section 58(8)(b)(i));
    - b. contain adequate blank space, immediately preceding the name(s) of any person(s) named in it, to enable a Grindrod Shareholder to write the name, and if desired, an alternative name of a proxy chosen by the Grindrod Shareholder (section 58(8)(b)(ii)); and
    - c. provide adequate space for the Grindrod Shareholder to indicate whether the appointed proxy is to vote in favour of or against any resolution(s) to be put at the General Meeting, or is to abstain from voting (section 58(8)(b)(iii));
  - iii. the Company must not require that the proxy appointment be made irrevocable (section 58(8)(c)); and
  - iv. the proxy appointment remains valid only until the end of the General Meeting at which it was intended to be used, subject to paragraph 7 (section 58(8)(d)).

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## SECTION 115 OF THE ACT – REQUIRED APPROVAL FOR TRANSACTIONS CONTEMPLATED IN PART A

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- 1) Despite section 65, and any provision of a company's Memorandum of Incorporation, or any resolution adopted by its board or holders of its securities, to the contrary, a company may not dispose of, or give effect to an agreement or series of agreements to dispose of, all or the greater part of its assets or undertaking, implement an amalgamation or a merger, or implement a scheme of arrangement, unless:
  - a) the disposal, amalgamation or merger, or scheme of arrangement:
    - (i) has been approved in terms of this section; or
    - (ii) is pursuant to or contemplated in an approved business rescue plan for that company, in terms of Chapter 6; and
  - b) to the extent that Parts B and C of this Chapter 5, and the Takeover Regulations, apply to a company that proposes to:
    - (i) dispose of all or the greater part of its assets or undertaking;
    - (ii) amalgamate or merge with another company; or
    - (iii) implement a scheme of arrangement, the Panel has issued a compliance certificate in respect of the transaction, in terms of section 119(4)(b), or exempted the transaction in terms of section 119(6).
- 2) A proposed transaction contemplated in subsection (1) must be approved
  - a) by a special resolution adopted by persons entitled to exercise voting rights on such a matter, at a meeting called for that purpose and at which sufficient persons are present to exercise, in aggregate, at least 25% of all of the voting rights that are entitled to be exercised on that matter, or any higher percentage as may be required by the company's Memorandum of Incorporation, as contemplated in section 64(2); and
  - b) by a special resolution, also adopted in the manner required by paragraph (a), by the shareholders of the company's holding company if any, if:
    - (i) the holding company is a company or an external company;
    - (i) the proposed transaction concerns a disposal of all or the greater part of the assets or undertaking of the subsidiary; and
    - (i) having regard to the consolidated financial statements of the holding company, the disposal by the subsidiary constitutes a disposal of all or the greater part of the assets or undertaking of the holding company; and
  - c) by the court, to the extent required in the circumstances and manner contemplated in subsections (3) to (6).
- 3) Despite a resolution having been adopted as contemplated in subsections (2)(a) and (b), a company may not proceed to implement that resolution without the approval of a court if:
  - a) the resolution was opposed by at least 15% of the voting rights that were exercised on that resolution and, within five business days after the vote, any person who voted against the resolution requires the company to seek court approval; or
  - b) the court, on an application within 10 business days after the vote by any person who voted against the resolution, grants that person leave, in terms of subsection (6), to apply to a court for a review of the transaction in accordance with subsection (7).
- 4) For the purposes of subsections (2) and (3), any voting rights controlled by an acquiring party, a person related to an acquiring party, or a person acting in concert with either of them, must not be included in calculating the percentage of voting rights:
  - a) required to be present, or actually present, in determining whether the applicable quorum requirements are satisfied; or
  - b) required to be voted in support of a resolution, or actually voted in support of the resolution.
- 4)(A) In subsection (4), "act in concert" has the meaning set out in section 117(1)(b).
- 5) If a resolution requires approval by a court as contemplated in terms of subsection (3)(a), the company must either:
  - a) within 10 business days after the vote, apply to the court for approval, and bear the costs of that application; or
  - b) treat the resolution as a nullity.
- 6) On an application contemplated in subsection (3)(b), the court may grant leave only if it is satisfied that the applicant:
  - a) is acting in good faith;
  - b) appears prepared and able to sustain the proceedings; and
  - c) has alleged facts which, if proved, would support an order in terms of subsection (7).

- 7) On reviewing a resolution that is the subject of an application in terms of subsection (5)(a), or after granting leave in terms of subsection (6), the court may set aside the resolution only if:
- a) the resolution is manifestly unfair to any class of holders of the company's securities; or
  - b) the vote was materially tainted by conflict of interest, inadequate disclosure, failure to comply with the Act, the Memorandum of Incorporation or any applicable rules of the company, or other significant and material procedural irregularity.
- 8) The holder of any voting rights in a company is entitled to seek relief in terms of section 164 if that person:
- a) notified the company in advance of the intention to oppose a special resolution contemplated in this section; and
  - b) was present at the meeting and voted against that special resolution.
- 9) If a transaction contemplated in this Part has been approved, any person to whom assets are, or an undertaking is, to be transferred, may apply to a court for an order to effect:
- a) the transfer of the whole or any part of the undertaking, assets and liabilities of a company contemplated in that transaction;
  - b) the allotment and appropriation of any shares or similar interests to be allotted or appropriated as a consequence of the transaction;
  - c) the transfer of shares from one person to another;
  - d) the dissolution, without winding-up, of a company, as contemplated in the transaction;
  - e) incidental, consequential and supplemental matters that are necessary for the effectiveness and completion of the transaction; or
  - f) any other relief that may be necessary or appropriate to give effect to, and properly implement, the amalgamation or merger.

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**SECTION 164 OF THE ACT – DISSENTING SHAREHOLDERS APPRAISAL RIGHTS**

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- 1) This section does not apply in any circumstances relating to a transaction, agreement or offer pursuant to a business rescue plan that was approved by shareholders of a company, in terms of section 152.
- 2) If a company has given notice to shareholders of a meeting to consider adopting a resolution to:
  - a) amend its Memorandum of Incorporation by altering the preferences, rights, limitations or other terms of any class of its shares in any manner materially adverse to the rights or interests of holders of that class of shares, as contemplated in section 37(8); or
  - b) enter into a transaction contemplated in section 112, 113, or 114, that notice must include a statement informing shareholders of their rights under this section.
- 3) At any time before a resolution referred to in subsection (2) is to be voted on, a dissenting shareholder may give the company a written notice objecting to the resolution.
- 4) Within 10 business days after a company has adopted a resolution contemplated in this section, the company must send a notice that the resolution has been adopted to each shareholder who:
  - a) gave the company a written notice of objection in terms of subsection (3); and
  - b) has neither:
    - (i) withdrawn that notice; or
    - (ii) voted in support of the resolution.
- 5) A shareholder may demand that the company pay the shareholder the fair value for all of the shares of the company held by that person if:
  - a) the shareholder:
    - (i) sent the company a notice of objection, subject to subsection (6); and
    - (ii) in the case of an amendment to the company's Memorandum of Incorporation, holds shares of a class that is materially and adversely affected by the amendment;
  - b) the company has adopted the resolution contemplated in subsection (2); and
  - c) the shareholder:
    - (i) voted against that resolution; and
    - (ii) has complied with all of the procedural requirements of this section.
- 6) The requirement of subsection (5)(a)(i) does not apply if the company failed to give notice of the meeting, or failed to include in that notice a statement of the shareholders rights under this section.
- 7) A shareholder who satisfies the requirements of subsection (5) may make a demand contemplated in that subsection by delivering a written notice to the company within:
  - a) 20 business days after receiving a notice under subsection (4); or
  - b) if the shareholder does not receive a notice under subsection (4), within 20 business days after learning that the resolution has been adopted.
- 8) A demand delivered in terms of subsections (5) to (7) must also be delivered to the Panel, and must state:
  - a) the shareholder's name and address;
  - b) the number and class of shares in respect of which the shareholder seeks payment; and (c) a demand for payment of the fair value of those shares.
- 9) A shareholder who has sent a demand in terms of subsections (5) to (8) has no further rights in respect of those shares, other than to be paid their fair value, unless:
  - a) the shareholder withdraws that demand before the company makes an offer under subsection (11), or allows an offer made by the company to lapse, as contemplated in subsection (12)(b);
  - b) the company fails to make an offer in accordance with subsection (11) and the shareholder withdraws the demand; or
  - c) the company, by a subsequent special resolution, revokes the adopted resolution that gave rise to the shareholder's rights under this section.
- 10) If any of the events contemplated in subsection (9) occur, all of the shareholder's rights in respect of the shares are reinstated without interruption.

- 11) Within five business days after the later of:
  - a) the day on which the action approved by the resolution is effective;
  - b) the last day for the receipt of demands in terms of subsection (7)(a); or
  - c) the day the company received a demand as contemplated in subsection (7)(b), if applicable, the company must send to each shareholder who has sent such a demand a written offer to pay an amount considered by the company's directors to be the fair value of the relevant shares, subject to subsection (16), accompanied by a statement showing how that value was determined.
- 12) Every offer made under subsection (11):
  - a) in respect of shares of the same class or series must be on the same terms; and
  - b) lapses if it has not been accepted within 30 business days after it was made.
- 13) If a shareholder accepts an offer made under subsection (12):
  - a) the shareholder must either in the case of:
    - (i) shares evidenced by certificates, tender the relevant share certificates to the company or the company's transfer agent; or
    - (ii) uncertificated shares, take the steps required in terms of section 53 to direct the transfer of those shares to the company or the company's transfer agent; and
  - b) the company must pay that shareholder the agreed amount within 10 business days after the shareholder accepted the offer and:
    - (i) tendered the share certificates; or
    - (ii) directed the transfer to the company of uncertificated shares.
- 14) A shareholder who has made a demand in terms of subsections (5) to (8) may apply to a court to determine a fair value in respect of the shares that were the subject of that demand, and an order requiring the company to pay the shareholder the fair value so determined, if the company has:
  - a) failed to make an offer under subsection (11); or
  - b) made an offer that the shareholder considers to be inadequate, and that offer has not lapsed.
- 15) On an application to the court under subsection (14):
  - a) all dissenting shareholders who have not accepted an offer from the company as at the date of the application must be joined as parties and are bound by the decision of the court;
  - b) the company must notify each affected dissenting shareholder of the date, place and consequences of the application and of their right to participate in the court proceedings; and
  - c) the court:
    - (i) may determine whether any other person is a dissenting shareholder who should be joined as a party;
    - (ii) must determine a fair value in respect of the shares of all dissenting shareholders, subject to subsection (16);
    - (iii) in its discretion may:
      - (aa) appoint one or more appraisers to assist it in determining the fair value in respect of the shares; or
      - (bb) allow a reasonable rate of interest on the amount payable to each dissenting shareholder from the date the action approved by the resolution is effective, until the date of payment;
    - (iv) may make an appropriate order of costs, having regard to any offer made by the company, and the final determination of the fair value by the court; and
    - (v) must make an order requiring:
      - (aa) the dissenting shareholders to either withdraw their respective demands or to comply with subsection (13)(a); and
      - (bb) the company to pay the fair value in respect of their shares to each dissenting shareholder who complies with subsection (13)(a), subject to any conditions the court considers necessary to ensure that the company fulfils its obligations under this section.
- (15A) At any time before the court has made an order contemplated in subsection (15)(c)(v), a dissenting shareholder may accept the offer made by the company in terms of subsection (11), in which case:
  - a) that shareholder must comply with the requirements of subsection 13(a); and
  - b) the company must comply with the requirements of subsection 13(b).
- 16) The fair value in respect of any shares must be determined as at the date on which, and time immediately before, the company adopted the resolution that gave rise to a shareholder's rights under this section.

- 17) If there are reasonable grounds to believe that compliance by a company with subsection (13)(b), or with a court order in terms of subsection (15)(c)(v)(bb), would result in the company being unable to pay its debts as they fall due and payable for the ensuing 12 months:
- a) the company may apply to a court for an order varying the company's obligations in terms of the relevant subsection; and
  - b) the court may make an order that:
    - (i) is just and equitable, having regard to the financial circumstances of the company; and
    - (ii) ensures that the person to whom the company owes money in terms of this section is paid at the earliest possible date compatible with the company satisfying its other financial obligations as they fall due and payable.
- 18) If the resolution that gave rise to a shareholder's rights under this section authorised the company to amalgamate or merge with one or more other companies, such that the company whose shares are the subject of a demand in terms of this section has ceased to exist, the obligations of that company under this section are obligations of the successor to that company resulting from the amalgamation or merger.
- 19) For greater certainty, the making of a demand, tendering of shares and payment by a company to a shareholder in terms of this section do not constitute a distribution by the company, or an acquisition of its shares by the company within the meaning of section 48, and therefore are not subject to:
- a) the provisions of that section; or
  - b) the application by the company of the solvency and liquidity test set out in section 4.
- 20) Except to the extent:
- a) expressly provided in this section; or
  - b) that the Panel rules otherwise in a particular case, a payment by a company to a shareholder in terms of this section does not obligate any person to make a comparable offer under section 125 to any other person.



**GRINDROD LIMITED**  
(Incorporated in the Republic of South Africa)  
(Registration number: 1966/009846/06)  
Share codes: GND and GNDP  
ISIN: ZAE000072328 and ZAE000071106  
("Grindrod" or the "Company")

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## FORM OF PROXY FOR USE IN RESPECT OF THE GENERAL MEETING OF GRINDROD BY CERTIFICATED SHAREHOLDERS WITH "OWN NAME" REGISTRATION ONLY

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The definitions and interpretations commencing on page 5 of this Circular apply, *mutatis mutandis*, to the information in this form of proxy.

A certificated or own name dematerialised Grindrod Shareholder entitled to electronically participate and vote at the General Meeting to be held electronically at 12:00 on Monday, 7 September 2020 is entitled to appoint a proxy, or proxies, to electronically participate, speak and vote thereat in his/her stead. A proxy need not be a shareholder of the Company.

Holders of dematerialised ordinary shares, other than those with own-name registration, must inform their CSDP or broker of their intention to electronically participate in and/or vote at the General Meeting and request their CSDP to issue them with the necessary letter of representation, complete the electronic participation application form and email same to TMS at proxy@tmsmeetings.co.za. If they do not wish to electronically participate in and/or vote at the General Meeting, they should provide their CSDP with their voting instructions.

I/We (full names in block letters) \_\_\_\_\_

Of (address in block letters) \_\_\_\_\_

Telephone number \_\_\_\_\_

Cell phone number \_\_\_\_\_

e-mail address \_\_\_\_\_

being the registered holder(s) of \_\_\_\_\_ Ordinary shares in the Company,

hereby appoint (see note 1):

1. \_\_\_\_\_ or failing him/her,

2. \_\_\_\_\_ of failing him/her,

the chairperson of the General Meeting as my/our proxy to electronically participate, speak and vote on my/our behalf at the General Meeting of Grindrod to be held on Monday, 7 September 2020 and at any adjournment thereof, and to vote or abstain from voting as follows on the resolutions to be proposed at such General Meeting.

Please indicate how you wish your proxy to vote by placing a cross (X) in the box which applies:

Resolution	For	Against	Abstain
<b>Special resolution number 1</b> Authority to repurchase Grindrod Shares from BEE SPV			
<b>Special resolution number 2</b> Authority to revoke special resolution number 1			
<b>Ordinary resolution number 1</b> To allow a director or the Company Secretary to do all such things and to sign all such documents as may be necessary to implement the resolutions set out above			

Date: \_\_\_\_\_ Signature: \_\_\_\_\_

**Please read notes and instructions overleaf.**

## NOTES TO THE FORM OF PROXY:

1. A Shareholder entitled to electronically participate and vote at the General Meeting is entitled to appoint a proxy or proxies to attend, speak and vote in his/her stead. A proxy need not be a shareholder of Grindrod.
2. In accordance with Grindrod's MOI, voting shall be by poll only.
3. Please indicate with an "X" in the appropriate spaces overleaf how you wish your votes to be cast. If you return this form duly signed without any specific directions, the proxy will vote or abstain at his/her discretion.

### Instructions on signing and lodging the form of proxy

1. You may insert the name of any person(s) whom you wish to appoint as your proxy in the blank space(s) provided for that purpose.
2. A deletion of any printed matter and the completion of any blank spaces need not be signed or initialled. Any alteration or correction must be initialled by the signatory/ies.
3. When there are joint holders of Shares, any one holder may sign the form of proxy. In the event of any dispute, the first name appearing in the register shall be taken as the Shareholder.
4. The chairman of the General Meeting shall be entitled to decline to accept the authority of a person signing the proxy form:
  - a. under a power of attorney; or
  - b. on behalf of Grindrod;unless that person's power of attorney or authority is deposited at the offices of Grindrod's share transfer secretaries not less than 48 hours before the General Meeting together with the form of proxy.
5. The completion and lodging of this form of proxy will not preclude the Shareholder who grants this proxy from participating electronically in the General Meeting and speaking and voting thereat to the exclusion of any proxy appointed in terms hereof should such Shareholder wish to do so.
6. Completed forms of proxy should be lodged at or posted to Grindrod's Transfer Secretaries, Link, at 19 Ameshoff Street, Braamfontein, 2001 (PO Box 4844, Johannesburg, 2000), South Africa, email meetfax@linkmarketservices.co.za or facsimile 086 674 2450 and/or TMS at the JSE Building, One Exchange Square, 2 Gwen Lane, Sandown, South Africa, 2196, email proxy@tmsmeetings.co.za, so as to reach them not later than 48 hours before the time set for the holding of the General Meeting.

### Electronic participation in the Grindrod General Meeting

1. Shareholders or their proxies who wish to participate in the General Meeting via electronic communication (Participants), must deliver the electronic participation application form below to TMS via email to proxy@tmsmeetings.co.za.
2. Participants will be able to vote during the General Meeting through an electronic participation platform. Such Participants, should they wish to have their vote(s) counted at the General Meeting, must provide TMS with the information requested below.
3. Each Shareholder, who has complied with the requirements below, will be contacted between Friday, 4 September 2020 and Monday, 7 September 2020 via email/mobile with a unique link to allow them to participate in the virtual meeting.
4. The cost of the Participant's phone call or data usage will be at his/her own expense and will be billed separately by his/her own telephone service provider.
5. The cut-off time, for administrative purposes, to participate in the meeting will be 11:00am on Monday, 7 September 2020. Notwithstanding this cut-off time, Participants will nonetheless still be able to lodge their electronic participation forms prior to the commencement of the General Meeting.
6. The Participant's unique link will be forwarded to the email/cell number provided in the electronic participation application form below.

### ELECTRONIC PARTICIPATION APPLICATION FORM

Name & surname of Shareholder	
Name & surname of Shareholder representative (if applicable)	
ID Number	
Email Address	
Cell Number	
Telephone Number	
Name of CSDP or broker (If Shares are held in dematerialised format)	
SCA Number or broker Account Number	
Number of Shares	
Signature	
Date	

### TERMS AND CONDITIONS FOR PARTICIPATION AT THE GRINDROD GENERAL MEETING VIA ELECTRONIC COMMUNICATION

1. The cost of dialling in using a telecommunication line/webcast/web-streaming to participate in the General Meeting is for the expense of the Participant and will be billed separately by the Participant's own telephone service provider.
2. The Participant acknowledges that the telecommunication lines/webcast/web-streaming are provided by a third party and indemnifies Grindrod, the JSE and TMS against any loss, injury, damage, penalty or claim arising in any way from the use or possession of the telecommunication lines/webcast/web-streaming, whether or not the problem is caused by any act or omission on the part of the Participant or anyone else. In particular, but not exclusively, the Participant acknowledges that he/she will have no claim against Grindrod, the JSE and TMS, whether for consequential damages or otherwise, arising from the use of the telecommunication lines/webcast/web-streaming or any defect in it or from total or partial failure of the telecommunication lines/webcast/web-streaming and connections linking the telecommunication lines/webcast/web-streaming to the General Meeting.
3. Participants will be able to vote during the General Meeting through an electronic participation platform. Such Participants, should they wish to have their vote(s) counted at the General Meeting, must act in accordance with the requirements set out above.
4. Once the Participant has received the link, the onus to safeguard this information remains with the Participant.
5. The application will only be deemed successful if the electronic participation application form has been completed and fully signed by the Participant and emailed to TMS at proxy@tmsmeetings.co.za

Shareholder name: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_