

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR  
IMMEDIATE ATTENTION**

The definitions and interpretations commencing on page 4 of this Circular apply to this cover page.



**GRINDROD  
LIMITED**

**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")

**CIRCULAR TO GRINDROD SHAREHOLDERS**

regarding:

- a specific authority to issue Shares to Qualifying Investors, pursuant to the Bookbuild Placement;
- specific authorities for Remgro, Grindrod Investments and Zico, being related parties to Grindrod, to participate in the Bookbuild Placement;
- a claw-back offer by Remgro and Grindrod Investments to Grindrod Shareholders; and
- a specific authority to issue Shares to the Consortium pursuant to the Consortium Placement

and including:

- a notice of General Meeting; and
- a form of proxy (*blue*) (for use by Certificated Shareholders and Dematerialised Shareholders with "own name" registration only)

Date of issue: 28 March 2014

Merchant bank, bookrunner and  
transaction sponsor



A division of FirstRand Bank Limited

Company sponsor



Independent reporting accountants

**Deloitte.**

Deloitte & Touche Sponsor Services (Pty) Ltd  
(Incorporated in the Republic of South Africa)  
(Registration number 1996/000034/07)

Legal adviser



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## CORPORATE INFORMATION AND ADVISERS

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### Company secretary and registered office

Mrs C I Lewis  
Grindrod Limited  
(Registration number 1966/009846/06)  
Quadrant House  
115 Margaret Mncadi Avenue  
Durban  
(PO Box 1, Durban, 4000)

### Legal adviser to Grindrod

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

### Merchant bank, bookrunner and transaction sponsor

Rand Merchant Bank (A division of FirstRand Bank Limited)  
(Registration number 1929/001225/06)  
1 Merchant Place  
Corner Fredman Drive and Rivonia Road  
Sandton, 2196  
(PO Box 786273, Sandton, 2146)

### Transfer Secretary

Computershare Investor Services  
(Pty) Limited  
(Registration number 2004/003647/07)  
Ground Floor  
70 Marshall Street  
Johannesburg  
(PO Box 61051, Marshalltown, 2107)

### Independent Reporting Accountants

Deloitte & Touche  
(Practice number 902276)  
2 Pencarrow Crescent  
Pencarrow Park  
La Lucia Ridge Office Estate  
(PO Box 243, Durban, 4000)

### Company sponsor

Grindrod Bank Limited  
(Registration number 1994/007994/06)  
Third Floor, Grindrod Towers  
8A Protea Place  
Sandton, 2196  
(PO Box 78011, Sandton, 2146)

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## ACTION REQUIRED BY SHAREHOLDERS

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Unless otherwise apparent from the context, the definitions and interpretations commencing on page 4 of this Circular apply to this section and throughout this Circular. This Circular is issued in compliance with the Listings Requirements, for the purpose of providing information regarding the Company.

### **THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

If you are in any doubt as to what action to take, please consult your Broker, CSDP, banker, attorney, accountant or other professional adviser immediately. If you have disposed of all your Grindrod Shares, please forward this Circular to the person to whom you disposed of such Shares or to the Broker, CSDP, banker or other agent through whom you disposed of such Shares.

### **PLEASE TAKE NOTE OF THE FOLLOWING PROVISIONS REGARDING THE ACTION REQUIRED BY SHAREHOLDERS IN RESPECT OF THE GENERAL MEETING:**

A general meeting of Grindrod Shareholders will be held at the Company's registered office, Quadrant House, 115 Margaret Mncadi Avenue, Durban at 10:00 on Wednesday, 30 April 2014 for the purpose of considering and, if deemed fit, passing, with or without modification, the ordinary and special resolutions set out in the attached notice of General Meeting.

#### **1. IF YOU ARE A DEMATERIALISED SHAREHOLDER 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 furnish it 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 agreement concluded between you and your CSDP or Broker.

You must **not** complete the attached form of proxy (**blue**).

##### **Attendance and representation at the General Meeting**

In accordance with the agreement between you and your CSDP or Broker, you must advise your CSDP or Broker if you wish to attend the General Meeting in person and your CSDP or Broker will issue the necessary letter of representation in order to enable you to attend the General Meeting.

#### **2. IF YOU ARE A CERTIFICATED SHAREHOLDER OR A DEMATERIALISED SHAREHOLDER WITH "OWN NAME" REGISTRATION:**

##### **Voting, attendance and representation at the General Meeting**

You may attend and vote at the General Meeting in person.

Alternatively, you may appoint a proxy to represent you at the General Meeting by completing the attached form of proxy (**blue**) in accordance with the instructions therein, which form must be delivered or posted to the Transfer Secretary so as to be received by no later than 10:00 on Friday, 25 April 2014. Any form of proxy not delivered to the Transfer Secretary by this time may be handed to the chairperson of the General Meeting at any time before the appointed proxy exercises any of your Shareholder rights at the General Meeting.

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## SALIENT DATES AND TIMES

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2014

Record date to determine which Grindrod Shareholders are entitled to receive the Circular	Thursday, 20 March
Circular posted to Grindrod Shareholders on or about	Friday, 28 March
Last day to trade in Grindrod Shares in order to be recorded in the Register in order to participate in and vote at the General Meeting on	Wednesday, 16 April
Record date to be entitled to participate in and vote at the General Meeting on	Friday, 25 April
Last day to submit forms of proxy in respect of the General Meeting to the Transfer Secretary by 10:00 on	Friday, 25 April
General Meeting to be held at the Company's registered office, Quadrant House, 115 Margaret Mncadi Avenue, Durban at 10:00 on	Wednesday, 30 April
Results of the General Meeting to be published on SENS on	Wednesday, 30 April
Results of the General Meeting to be published in the press on	Friday, 2 May

**Notes:**

1. The abovementioned times are South African times.
2. The abovementioned dates and times are subject to change. Any such change will be released on SENS and published in the South African press.
3. Any form of proxy not returned to the Transfer Secretary by the stipulated time may be handed to the chairperson of the General Meeting any time before the appointed proxy exercises any of the shareholder rights at the General Meeting.

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## DEFINITIONS AND INTERPRETATIONS

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Throughout this Circular, unless the context indicates otherwise, the words in the column on the left below shall have the meaning stated opposite them in the column on the right below, reference to the singular shall include the plural and *vice versa*, words denoting one gender include the other, and words and expressions denoting natural persons include juristic persons and associations of persons:

“BEE”	Black economic empowerment;
“Board” or “Directors “	the board of directors of Grindrod, which, as at the Last Practicable Date, is comprised of the persons whose names appear on page 6 of this Circular;
“Bookbuild Placement”	the issue of so many Grindrod Shares to Qualifying Investors (and potentially to Remgro, Grindrod Investments and Zico), at the Bookbuild Price, as may be equal in value up to R3.0 billion via an accelerated bookbuild process;
“Bookbuild Placement Shares”	the new Grindrod Shares to be issued pursuant to the Bookbuild Placement;
“Bookbuild Price”	in respect of the Bookbuild Placement, the subscription price payable in respect of each Bookbuild Placement Share, to be determined by way of an accelerated bookbuild process;
“Broker”	a “ <i>stockbroker</i> ” as defined in the Financial Markets Act;
“Business Day”	any day other than Saturday, Sunday or any official public holiday in South Africa;
“Calulo”	Calulo Investments Proprietary Limited (registration number 1999/019685/07), a private company incorporated in accordance with the laws of South Africa;
“Calulo Group”	Calulo and all of its subsidiaries and associates;
“Certificated Shareholders”	holders of Certificated Shares;
“Certificated Shares”	Grindrod Shares that have not been Dematerialised, and are represented by a share certificate or other Document of Title;
“Circular”	this document to Grindrod Shareholders, dated 28 March 2014 including its annexures and incorporating a notice of General Meeting and enclosing a form of proxy ( <b>blue</b> );
“Claw-Back Offer”	the non-renounceable offer to be made by Remgro and Grindrod Investments to Minority Grindrod Shareholders, to purchase Grindrod Shares from them at the Bookbuild Price, full details of which will be announced by Remgro following the Bookbuild Placement;
“Companies Act” or the “Act”	Companies Act, No. 71 of 2008, as amended;
“Consortium”	a group of black strategic investors, comprising <i>inter alia</i> Calulo (or such other subsidiary as Calulo may nominate) and Solethu;
“Consortium Placement”	the issue of so many Grindrod Shares to the Consortium, at the Bookbuild Price, as may be equal in value up to R1.6 billion;
“Consortium Placement Shares”	the new Grindrod Shares to be issued pursuant to the Consortium Placement;
“CSDP”	a “ <i>participant</i> ”, as defined in section 1 of the Financial Markets Act, being a person authorised by a licenced central securities depository to perform custody and administration services or settlement services or both in terms of the central depository rules;
“Dematerialisation” or “Dematerialised”	the process by which securities which are evidenced by a certificate or other document of title are converted to securities that are held in collective custody by a central securities depository or its nominee in a separate central securities account and are transferable by entry without a certificate or written instrument;
“Documents of Title”	share certificates, certified transfer deeds, balance receipts or any other documents of title to Shares;
“EPS”	earnings per share;
“Equity Capital Raising” or “the Transaction”	the issue of so many Grindrod Shares, as may be equal in value up to R4.0 billion, to be implemented by way of (i) a specific issue of shares to Qualifying Investors in terms of the Bookbuild Placement and (ii) a specific issue of shares to the Consortium in terms of the Consortium Placement;
“File”	shall have the meaning ascribed to “ <i>file</i> ” in the Companies Act;
“Financial Markets Act”	Financial Markets Act, No. 19 of 2012 (as amended);
“General Meeting”	the general meeting of Grindrod Shareholders to be held at the Company’s registered office, Quadrant House, 115 Margaret Mncadi Avenue, Durban at 10:00 on Wednesday, 30 April 2014 to consider and, if deemed appropriate, pass (with or without modification) the resolutions set out in the notice of General Meeting forming part of this Circular, and including any adjournment of such meeting;
“Grindrod”	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 stock exchange operated by the JSE;
“Grindrod Group” or “Group”	Grindrod and all of its subsidiaries and associates;

“Grindrod Investments”	Grindrod Investments Proprietary Limited (registration number 1957/003944/07), a private company incorporated in accordance with the laws of South Africa, through which the Grindrod family holds its principal interest in Grindrod;
“Grindrod Shares” or “Shares”	ordinary shares of no par value in Grindrod;
“HEPS”	headline earnings per share;
“IFRS”	International Financial Reporting Standards;
“Independent Reporting Accountants” or “Deloitte”	Deloitte & Touche, practice number 902276, registered auditors;
“Industrial Partnership Investments”	Industrial Partnership Investments Proprietary Limited (registration number 1968/006415/07), a private company duly incorporated and registered with limited liability in accordance with the laws of South Africa, being a wholly-owned subsidiary of Remgro;
“JSE”	the stock exchange operated by the JSE Limited;
“JSE Limited”	JSE Limited (registration number 2005/022939/06), a public company duly incorporated and registered with limited liability in accordance with the laws of South Africa, and which is licensed to operate an exchange in terms of the Financial Markets Act;
“King III Report”	the King III Report on Corporate Governance for South Africa 2009;
“Last Practicable Date”	Thursday, 20 March 2014, being the last practicable date prior to the finalisation of this Circular;
“Listings Requirements”	the JSE Limited Listings Requirements, as amended;
“Minority Grindrod Shareholders”	Grindrod Shareholders, excluding Qualifying Investors, holding 200 000 (two hundred thousand) or fewer Grindrod Shares on the Register as at the record date for the Claw-Back Offer;
“MOI”	the memorandum of incorporation of Grindrod adopted by Shareholders at the annual general meeting of Grindrod Shareholders held on 30 May 2012;
“Net Asset Value Per Share” or “NAV Per Share”	net asset value per share;
“Qualifying Investors”	institutional investors in South Africa and selected institutional investors in other jurisdictions, and, by invitation, individuals in South Africa, to whom the Bookbuild Placement will specifically be addressed;
“Rand” or “R” or “ZAR” and “cents”	South African Rand and cents, the official currency of South Africa;
“Rand Merchant Bank”	Rand Merchant Bank, a division of FirstRand Bank Limited (registration number 1929/001225/06), a public company duly incorporated and registered with limited liability in accordance with the laws of South Africa, and registered as a bank under the Banks Act, 1990;
“Register”	collectively, the register of Certificated Shareholders maintained by the Transfer Secretary and the sub-register of Dematerialised Shareholders maintained by the relevant CSDPs in accordance with section 50 of the Companies Act;
“Remgro”	Remgro Limited (registration number 1968/006415/06), a public company duly incorporated and registered with limited liability in accordance with the laws of South Africa;
“SENS”	the Stock Exchange News Service of the JSE;
“Shareholders” or “Grindrod Shareholders”	registered holders of Grindrod Shares;
“Solethu”	Solethu Investments Proprietary Limited (registration number 2008/015473/0), a private company incorporated in accordance with the laws of South Africa;
“South Africa”	the Republic of South Africa;
“Strate”	Strate Limited (registration number 1998/022242/06), a public company duly incorporated and registered with limited liability in accordance with the laws of South Africa, licensed to operate a central securities depository in terms of the Financial Markets Act;
“Tangible NAV Per Share”	net asset value per Grindrod Share excluding intangible assets and goodwill;
“Transfer Secretaries”	Computershare Investor Services Proprietary Limited (registration number 2004/003647/07), a private company incorporated in accordance with the laws of South Africa;
“VAT”	value-added tax, payable in terms of the Value-Added Tax Act No 89 of 1991, as amended;
“VWAP”	volume-weighted average traded price on the JSE; and
“Zico”	Zungu Investments Company Proprietary Limited (registration number 2000/009603/07), a private company incorporated in accordance with the laws of South Africa.

**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**

A K Olivier (*Group Chief Executive Officer*)  
D A Polkinghorne  
D A Rennie  
M R Wade  
A G Waller (*Financial Director*)

**Non-executive**

I A J Clark (*Chairman*)  
J J Durand  
M R Faku  
P J Uys (*Alternate*)

**Independent Non-executive**

H Adams  
A C Brahde  
W D Geach  
G G Gelink  
I M Groves (*Lead Independent*)  
M J Hankinson  
N L Sowazi  
S D M Zungu

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## CIRCULAR TO GRINDROD SHAREHOLDERS

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### 1. INTRODUCTION

Grindrod has a significant pipeline of expansionary capital projects, the execution of which will require additional equity capital and substantial debt funding. In its financial results for the year ended 31 December 2013, Grindrod announced its intention to undertake a further equity capital raising of R3.0 billion for planned capital expenditure.

In addition, Grindrod is currently in final stage negotiations with its BEE partners, Calulo Group and Solethu, to acquire their interests in certain operating subsidiaries of Grindrod. In keeping with the spirit of transformation and in order to ensure that Grindrod retains sufficient BEE credentials post the acquisition of the interests in these operating subsidiaries, the Board has resolved to conclude a material BEE transaction at listed Company level. Calulo Group and Solethu will reinvest a material portion of the proceeds received in the new BEE transaction, which will be augmented by a further equity investment by another black strategic investor and supported by third party debt funding and vendor facilitated funding.

The Board has accordingly approved an equity capital raising process that will lead to the total issue of Grindrod Shares of up to R4.0 billion through a combination of an accelerated bookbuild offering to Qualifying Investors in terms of the Bookbuild Placement and a specific issue of Shares to the Consortium in terms of the Consortium Placement. After making provision for the acquisition of the interests in the operating subsidiaries and the vendor facilitation to the new BEE transaction, the net cash proceeds to Grindrod will not be more than R3.0 billion.

### 2. BACKGROUND AND RATIONALE

#### 2.1. Capital projects

Grindrod's stated strategy has been to diversify its portfolio of businesses, with primary focus on the development of its strategically positioned port, terminal and rail capacity.

In line with this strategy, Grindrod raised R2.0 billion of equity in September 2011 to support its planned capital expenditure programme. This equity has been deployed to facilitate the following developments:

*Maputo port*

- expansion of the Matola coal terminal to 7.3 million tons and project work for further expansion;
- doubling the capacity of the car terminal to 121 000 cars;
- establishment of the intermodal container depot;
- establishing the associated coal trading business; and
- further development of the port facilities.



#### *Rail*

- acquiring a significant equity position in and management of the concessions and access to the north south rail line between Ndola in northern Zambia to Beit Bridge;
- expansion of the manufacturing facility to an annual capability of 100 locomotives; and
- acquiring controlling positions in rail line construction and maintenance and on board locomotive signalling businesses.

#### *Richards Bay*

- acquisition of land for coal terminal expansion in conjunction with partners.

#### *Agriculture*

- acquisition of 20% equity in Senwes Limited and NWK Limited.

Grindrod has a significant pipeline of further expansionary capital projects, with a forecast capital expenditure programme totalling approximately R10.0 billion over the next three years.

The Group has approved capital commitments of more than R2.0 billion, which exclude the planned expansion of the terminal capacity in Maputo and Richards Bay as well as the development of a bulk liquid storage facility at Coega, each of which is subject to final board consideration. Future capital will continue to be committed to expansionary projects.

### **2.2. Acquisition of BEE interests in subsidiaries**

Calulo Group is Grindrod's partner in the following operating subsidiaries: Grindrod South Africa; Unicorn Calulo Bunker; Unicorn Calulo Shipping; Sturrock Grindrod Maritime and Röhlig-Grindrod.

Solethu is Grindrod's partner in the following operating subsidiaries: RACEC Group; RRL Grindrod and RRL Grindrod Locomotives.

Grindrod is currently in final stage negotiations with Calulo Group and Solethu, to acquire their interests in certain of these operating subsidiaries in exchange for cash and/or Grindrod Shares.

There are attractive inherent growth prospects for these businesses and the acquisitions represent an opportunity for Grindrod to acquire 100% of the earnings at fair value.

Becoming the 100% owner of these businesses will enable Grindrod to create greater alignment between the subsidiary companies and the Group, eliminate any conflicts of interests which might exist, enable more efficient management of the businesses, appropriately capitalise the businesses and leverage the Group's balance sheet in raising debt facilities.

The final terms of these proposed acquisitions will be announced in due course.

### **2.3. New BEE transaction**

Grindrod remains committed to driving transformation in ways that are sustainable, credible and of benefit to all its stakeholders.

In keeping with the spirit of transformation and to align the Group to the ownership elements of the recently released new BEE codes, the Board has resolved to conclude a material BEE transaction with the Consortium at listed Company level.

## **3. USE OF PROCEEDS**

The proposed Equity Capital Raising will provide the equity for planned capital expenditure on the expansion of terminal capacity, port and rail infrastructure and locomotives, as well as further investments within the agriculture sector.

A portion of the proposed Equity Capital Raising will fund the cash cost of the acquisition of Calulo Group's and Solethu's interests in certain of the underlying operating subsidiaries.

A portion of the proposed Equity Capital Raising will be used to fund the financial assistance provided by Grindrod to the Consortium.

While the respective sizes of the Bookbuild Placement and the Consortium Placement have not yet been finalised, the proposed Equity Capital Raising will not, in aggregate, exceed R4.0 billion. After making provision for the acquisition of the interests in certain of the operating subsidiaries and the vendor facilitation, the net cash raised by Grindrod will not be more than R3.0 billion.

#### 4. PURPOSE OF THIS CIRCULAR

The purpose of this Circular is (i) to provide Grindrod Shareholders with information in order to enable Grindrod Shareholders to make an informed decision as to whether or not they should vote in favour of the resolutions to be proposed at the General Meeting and (ii) to convene the General Meeting in order to propose the necessary resolutions to enable Grindrod Shareholders to authorise:

- a specific issue of Shares for cash pursuant to the Bookbuild Placement;
- the participation of Remgro, Grindrod Investments and Zico in the Bookbuild Placement; and
- a specific issue of Shares for cash pursuant to the Consortium Placement

#### 5. GENERAL MEETING

The General Meeting of Grindrod Shareholders will be held at the Company's registered office, Quadrant House, 115 Margaret Mncadi Avenue, Durban at 10:00 on Wednesday, 30 April 2014 in order to consider and, if deemed fit, pass with or without modification the resolutions set out in the notice of General Meeting.

The notice of General Meeting and a form of proxy (**blue**) for use by Certificated Shareholders and Dematerialised Shareholders with "own name" registration who are unable to attend the General Meeting in person, but who wish to be represented thereat, are attached to this Circular. A duly completed form of proxy (**blue**) must be received by the Transfer Secretary by no later than 10:00 on Friday, 25 April 2014 or handed to the chairperson of the General Meeting before the appointed proxy exercises any of the relevant Shareholder's rights at the General Meeting (or any adjournment of the General Meeting).

All the requisite resolutions are set out in the notice of General Meeting which forms part of this Circular.

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## A. INFORMATION RELATING TO THE EQUITY CAPITAL RAISING

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### 1. BOOKBUILD PLACEMENT

Market conditions permitting, it is the intention of the Board to offer the Bookbuild Placement Shares to Qualifying Investors in order to raise up to R3.0 billion.

The Bookbuild Placement Shares will be offered to Qualifying Investors by way of an accelerated bookbuild process. Qualifying Investors will submit their price and volume orders into a book of demand and a single clearing price, being the Bookbuild Price, will be established.

All participants in the Bookbuild Placement will pay the Bookbuild Price for the Bookbuild Placement Shares allocated to them.

Existing Grindrod Shareholders who are Qualifying Investors will be able to participate in the Bookbuild Placement.

#### 1.1. Shareholder undertakings

Subject to the requisite approval of Grindrod Shareholders, Remgro, through Industrial Partnership Investments, has undertaken to submit an order of R800 million into the book of demand.

Subject to the requisite approval of Grindrod Shareholders, Grindrod Investments has undertaken to submit an order of R250 million into the book of demand.

The Remgro and Grindrod Investments orders in the book of demand will be at the Bookbuild Price.

The Bookbuild Placement will be allocated at the discretion of the bookrunner, in consultation with the Company. The allocations, if any, to Remgro and the Grindrod Investments are not guaranteed and their orders will be scaled back in the event that the Bookbuild Placement is over-subscribed.

#### 1.2. Related parties

Remgro, through Industrial Partnership Investments, is a material shareholder of Grindrod and therefore a related party in terms of the Listings Requirements. Subject to the approval of other Grindrod Shareholders, Remgro will participate in the Bookbuild Placement. Remgro will not influence or determine the Bookbuild Price.

Grindrod Investments is a material shareholder of Grindrod and therefore a related party in terms of the Listings Requirements. Subject to the approval of other Grindrod Shareholders, Grindrod Investments will participate in the Bookbuild Placement. Grindrod Investments will not influence or determine the Bookbuild Price.

Zico is an associate of Mr Sandile Zungu, a non-executive director on the Board, and therefore an associate of a related party in terms of the Listings Requirements. Subject to the approval of other Grindrod Shareholders, Zico may participate in the Bookbuild Placement. Zico will not influence or determine the Bookbuild Price.

The participation of each of Remgro, Grindrod Investments and Zico in the Bookbuild Placement is subject to the approval by Grindrod Shareholders by way of separate resolutions, each requiring a 75% majority approval (excluding the votes of the relevant related party and its associates).

In addition, Mr Sandile Zungu is related to Zico as contemplated in the Companies Act and, as such, the issue of Grindrod Shares to Zico pursuant to the Bookbuild Placement is required to be approved by way of a special resolution of Grindrod Shareholders in terms of section 41 (1)(b) of the Companies Act, requiring a 75% majority approval.

The relevant directors have recused themselves from voting on all matters pertaining to the Bookbuild Placement, including the pricing and allocation thereof.

#### 1.3. Conditions precedent

The Bookbuild Placement is subject to the approval by Grindrod Shareholders of a specific issue of shares for cash resolution in terms of the Listings Requirements, requiring a 75% majority approval.

### 2. CLAW-BACK OFFER

Conditional upon the completion of the Bookbuild Placement, Remgro and Grindrod Investments have undertaken to offer Minority Grindrod Shareholders the non-renounceable right to purchase Grindrod Shares from them at the Bookbuild Price.

Minority Grindrod Shareholders will be entitled to purchase from Remgro and Grindrod Investments a portion of the Grindrod Shares issued to Remgro and Grindrod Investments in the Bookbuild Placement, in proportion to their shareholding of Grindrod Shares on the record date for the Claw-Back Offer.

Minority Grindrod Shareholders will be entitled to accept the Claw-Back Offer in respect of all or part of their entitlement but will not be entitled to accept the Claw-Back Offer in respect of more than their entitlement. The Claw-Back Offer will not be renounceable.

Full details of the Claw-Back Offer, including the final terms, maximum value offered and salient dates and times, will be communicated to Grindrod Shareholders following the Bookbuild Placement.

### **3. CONSORTIUM PLACEMENT**

Following the Bookbuild Placement, it is the intention of the Board to issue the Consortium Placement Shares to the Consortium by way of a specific issue of shares for cash in terms of the Listings Requirements, in order to raise up to R1.6 billion.

The Consortium Placement Shares will be issued at the Bookbuild Price.

#### **3.1. Consortium**

The Consortium will comprise a group of black strategic investors including, *inter alia*, Calulo (or such other subsidiary as Calulo may nominate) and Solethu.

Calulo is a BEE investment house founded by Mr Mkhusele Faku, focused primarily in the energy, petroleum and related service sectors.

Solethu is a black owned and managed investment group whose core investments are focused on road, rail, sea and related industries, with operations that range from manufacturing, repairs and maintenance to logistics services.

It is the intention of both Calulo and Solethu to move a material portion of their current investments from the operating subsidiary level to listed Company level, to be held through the Consortium. This reinvestment will be augmented by further equity being invested by another black strategic investor and supported by third party debt funding and vendor facilitated funding.

Calulo and Solethu will continue to provide significant operational experience and key strategic input.

Grindrod is actively engaging with another black strategic investor, which may be introduced into the Consortium prior to the Consortium Placement.

Full details of the Consortium Placement, including the final composition of the Consortium will be communicated to Grindrod Shareholders in advance of the General Meeting.

#### **3.2. Financial assistance**

Grindrod is authorised to provide financial assistance to the Consortium in terms of the general authority for the Company to provide financial assistance in terms of section 44 and section 45 of the Companies Act, as approved by Grindrod Shareholders at the Annual General Meeting held on 29 May 2013.

Grindrod is currently assessing the required level of vendor facilitated funding to be provided to the Consortium by way of a preference share investment.

A portion of the proceeds from the Equity Capital Raising will be used to fund the financial assistance provided by Grindrod to the Consortium.

#### **3.3. Related parties**

Calulo is an associate of Mr Mkhusele Faku, a non-executive director on the Board, and therefore an associate of a related party in terms of the Listings Requirements.

Solethu is an associate of Mr Ted Zulu, a director of Grindrod subsidiaries (RACEC Group; RRL Grindrod and RRL Grindrod Locomotives), and therefore an associate of a related party in terms of the Listings Requirements.

The issue of Consortium Placement Shares to the Consortium shall be subject to the Board confirming that such issue is fair insofar as other Grindrod Shareholders are concerned based on the advice received from an independent expert which is acceptable to the JSE. Such confirmation will be provided when the final terms of the Consortium Placement are announced.

The issue of Grindrod Shares to the Consortium pursuant to the Consortium Placement shall also be subject to the approval of Grindrod Shareholders by way of a special resolution in terms of section 41(1)(b) of the Companies Act.

Mr Mkhuseleli Faku has recused himself from voting on all matters pertaining to the Consortium Placement

### 3.4. Conditions precedent

The Consortium Placement is conditional upon:

- Board approval of any financial assistance provided to the Consortium;
- Grindrod Shareholders approving a specific issue of shares for cash in terms of the Listings Requirements, requiring a 75% majority approval (excluding the votes of the Consortium and its associates);
- Grindrod Shareholders passing a special resolution in terms of section 41(1)(b) of the Companies Act authorising Grindrod to issue shares to the Consortium pursuant to the Consortium Placement, requiring a 75% majority approval; and
- the Board confirming that such issue is fair insofar as other Grindrod Shareholders are concerned based on the advice received from an independent expert which is acceptable to the JSE.

## 4. PRO FORMA FINANCIAL INFORMATION

The *pro forma* financial effects set out below have been prepared to assist Shareholders in assessing the impact of the Bookbuild Placement and Consortium Placement on the EPS, HEPS, NAV per Share and Tangible NAV Per Share of Grindrod based on the audited financial statements of Grindrod for the twelve months ended 31 December 2013.

These *pro forma* financial effects are the responsibility of the Board and are provided for illustrative purposes only. Due to the nature of these *pro forma* financial effects, they may not fairly present the Company's financial position, results of its operations, changes in equity or cash flows after the Bookbuild Placement and Consortium Placement.

The *pro forma* financial information has been compiled using accounting policies that are consistent with those applied in the audited consolidated financial statements of Grindrod for the year ended 31 December 2013.

The *pro forma* financial effects have been prepared in accordance with the Listings Requirements and the Guide on *pro forma* Financial Information issued by The South African Institute of Chartered Accountants.

The *pro forma* statements of comprehensive income and financial position are set out in Annexure 1 to this circular. The *pro forma* financial effects set out below should be read in conjunction with the Independent Reporting Accountants' reasonable assurance report, which is included as Annexure 2 to this Circular.

	Notes	Published and Audited <sup>(1)</sup>	Adjustments for the Bookbuild Placement <sup>(4)</sup>	Adjustments for the Consortium Place- ment <sup>(5)(6)</sup>	<i>Pro forma</i> after the Bookbuild Placement and Consortium Placement	Total % change
EPS (cents)	(2)					
– Basic		199.1	(27.0)	(7.9)	164.2	(17.5)
– Diluted		198.3	(26.8)	(7.8)	163.7	(17.4)
HEPS (cents)	(2)					
– Basic		118.7	(16.1)	(2.7)	99.9	(15.8)
– Diluted		118.2	(16.0)	(2.6)	99.6	(15.7)
NAV per Share (cents)	(3)	2 050.9	85.9	40.6	2 177.4	6.2
Tangible NAV per Share (cents)	(3)	1 939.4	101.0	47.8	2 088.2	7.7
Number of Shares in issue ('000)		591 586	92 593	55 556	739 735	25.0
Weighted average number of Shares in issue ('000)		591 109	92 593	55 556	739 258	25.1
Weighted average diluted number of Shares in issue ('000)		593 665	92 593	55 556	741 814	25.0

#### Notes and assumptions:

- (1) The statement of financial position and statement of comprehensive income of Grindrod were extracted from its audited financial statements for the 12 months ended 31 December 2013.
- (2) The *pro forma* statement of comprehensive income was prepared on the assumption that the Bookbuild Placement and Consortium Placement were implemented on 1 January 2013.
- (3) The *pro forma* statement of financial position was prepared on the assumption that the Bookbuild Placement and Consortium Placement were implemented on 31 December 2013.
- (4) The effects of the Bookbuild Placement are based on the assumption that R2.5 billion (before estimated transaction costs of R13 million) was raised by way of the Bookbuild Placement at an assumed Bookbuild Price of R27.00, resulting in the issue of 92 592 593 Bookbuild Placement Shares.

- (5) The effects of the Consortium Placement are based on the assumption that R1.5 billion (before estimated transaction costs of R13 million) was raised by way of the Consortium Placement at an assumed Bookbuild Price of R27.00, resulting in the issue of 55 555 556 Consortium Placement Shares.
- (6) The effects of the Consortium Placement are based on the assumption that financial assistance, by way of a preference share investment of R400 million, was provided to the Consortium by Grindrod at an effective rate of prime plus 0.25% and that the total shares of the Consortium were held as security over the funding, with the final redemption date being six years after the subscription date.
- (7) No adjustments have been made for interest earned on the proceeds of Bookbuild Placement or Consortium Placement, as per the "Guide on *pro forma* financial information" issued by the South African Institute of Chartered Accountants.
- (8) Once-off transaction costs of R26 million (exclusive of VAT) were assumed and debited to share premium.
- (9) All adjustments above have a continuing effect except where otherwise stated.
- (10) There are no other post balance sheet events requiring adjustments to the *pro forma* financial information.
- (11) No adjustments have been made for the proposed acquisition of minority interests in Grindrod subsidiaries, as final terms have not yet been agreed.
- (12) No adjustments have been made for the minority interest earnings of the Grindrod subsidiaries that are proposed to be acquired, which would serve to reduce the dilutionary effect on earnings, as illustrated above.

## 5. ESTIMATED EXPENSES

The estimated expenses for the Bookbuild Placement and Consortium Placement, totalling approximately R26 million (VAT exclusive), are set out below:

<b>Service</b>	<b>Service provider</b>	<b>Amount (R'000)</b>
Merchant bank, bookrunner and transaction sponsor	Rand Merchant Bank	25 000
Legal adviser	Edward Nathan Sonnenbergs	350
Independent Reporting Accountants	Deloitte & Touche	90
Publishing and printing	Greymatter & Finch	77
JSE listing fees	JSE	400
JSE documentation inspection fee	JSE	13
Sundry expenses	Miscellaneous	70
<b>Total</b>		<b>26 000</b>

There have been no preliminary expenses in relation to the Bookbuild Placement or Consortium Placement incurred by Grindrod within the three years preceding the date of this Circular.

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## B. INFORMATION RELATING TO THE COMPANY

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### 1. BACKGROUND INFORMATION

#### 1.1. Incorporation

Grindrod was incorporated in Pretoria, South Africa on 19 October 1966.

#### 1.2. History and nature of business

Grindrod Group's business principally involves the movement of cargo by road, rail, sea and air through integrated logistics services utilising specialised assets and infrastructure. Grindrod's service offerings are provided by four operating divisions, namely: Freight Services, Trading, Shipping and Financial Services. With a 100-year heritage, Grindrod is a global business represented in 38 countries.

Given its South African origins, Grindrod is uniquely positioned to serve African trade flows, with regional and international focus on dry-bulk and liquid bulk commodities, containerised cargo and vehicles.

Grindrod employs approximately 7 600 skilled and dedicated people.

#### 1.3. Prospects of the Grindrod Group

Grindrod continues to experience high volumes and demand for its services. The oversupply of ships continues to abate with increasing commodity demand and new buildings slippage and cancellations. The disparity over most sectors should correct over the next two years. Shipping earnings are likely to be depressed in the near term.

Investment in the development and operation of logistics and terminal assets enables the flow of commodities. Freight Services earnings continue to improve with increased capacity, utilisation and supply chain efficiencies.

The Trading businesses continue to trade in well-defined products and markets. With the ongoing disintermediation in the supply chain, focus on supply chain participation has resulted in the businesses investing in origination assets. The revised agricultural commodity strategy and associated corrective action will be bedded down in the short term. Trading margins are expected to improve with these investments.

The range of niche service offerings continues to be developed in Financial Services. Accordingly, whilst the cost to income ratio will remain high relative to other banks in the short-term, returns from the Financial Services business are expected to grow.

The equity capital raised through the Bookbuild Placement and Consortium Placement is required to support the Group's significant capital expenditure programme. The Board's consideration of capital expenditure projects is informed by, *inter alia*, the project lead times which affect short-term earnings and the Group's objective of a 15% return on ordinary Shareholders' funds.

The Board is of the opinion that the Group has good long-term prospects which will be enhanced through the pipeline of capital projects and will further improve with the return to equilibrium in shipping markets.

### 2. TRADING HISTORY OF GRINDROD SHARES ON THE JSE

A table setting out the price history of the Shares on the JSE has been included in Annexure 3 to this Circular.

### 3. INFORMATION ON THE DIRECTORS AND SENIOR MANAGEMENT

#### 3.1. Directors and senior management

The full names, positions, dates of appointment, ages, nationalities and business addresses of the Directors and senior management of Grindrod and its major subsidiaries are set out in Annexure 4 to this Circular.

#### 3.2. Directors' remuneration

The remuneration receivable by any of the Directors will not be varied in consequence of the Bookbuild Placement or the Consortium Placement.

### 3.3. Directors' interests in Grindrod Shares

The aggregate direct and indirect beneficial holdings in Grindrod Shares as the Last Practicable Date of the Directors (and their associates), including any directors of the Company having resigned in the preceding 18 months, are detailed below:

	Indirect beneficial Shares held	Direct beneficial Shares held	Indirect non- beneficial Shares held	Total Shares held	Share- holding (%) <sup>(1)</sup>
<b>Executive directors</b>					
A K Olivier	–	2 034 250	–	2 034 250	0.34
D A Polkinghorne	–	–	–	–	–
D A Rennie	–	750 000	–	750 000	0.12
M R Wade	–	–	–	–	–
A G Waller	–	50 000	–	50 000	0.01
<b>Sub total (Executive directors)</b>	<b>–</b>	<b>2 834 250</b>	<b>–</b>	<b>2 834 250</b>	<b>0.47</b>
<b>Non-executive directors</b>					
I A J Clark	2 819 400	3 300 500	–	6 119 900	1.02
M R Faku	–	–	–	–	–
H Adams	–	–	–	–	–
A C Brahde	–	–	–	–	–
J J Durand	–	–	–	–	–
W D Geach	–	–	–	–	–
G G Gelink	–	–	–	–	–
I M Groves	50 000	800 000	–	850 000	0.14
M J Hankinson	–	27 000	8 000	35 000	0.01
N L Sowazi	–	–	–	–	–
P J Uys	–	–	–	–	–
S D M Zungu	–	4 000	–	4 000	0.00
<b>Sub total (Non-executive directors)</b>	<b>2 869 400</b>	<b>4 131 500</b>	<b>8 000</b>	<b>7 008 900</b>	<b>1.17</b>
<b>Total</b>	<b>2 869 400</b>	<b>6 965 750</b>	<b>8 000</b>	<b>9 843 150</b>	<b>1.64</b>

**Note (1):** Calculated on issued share capital of 600 765 314 less treasury stock of 9 179 348 shares.

There has been no change in the interest of the Directors in the stated capital of the Company since the end of the financial year to December 2013.

### 3.4. Directors' interests in transactions

Save as is described in this Circular, none of the Directors had any interest, direct or indirect, in any transaction effected by the Company during the current or immediately preceding financial year or in an earlier year and which remains in any respect outstanding or unperformed.

## 4. INFORMATION ON THE SHARE CAPITAL OF THE GRINDROD GROUP

### 4.1. Authorised and issued Shares

The authorised and issued share capital of Grindrod before and after the Bookbuild Placement and Consortium Placement are as follows:

	<b>R'000</b>
<b>Authorised share capital</b>	
2 750 000 000 ordinary shares of 0,002 cent each	55
20 000 000 cumulative, non-redeemable, non-participating and non-convertible preference shares of 0,031 cent each	6
<b>Issued share capital before the Bookbuild Placement and Consortium Placement</b>	
600 765 314 ordinary shares of 0,002 cent each	12
7 400 000 cumulative, non-redeemable, non-participating and non-convertible preference shares of 0,031 cent each	2
Share premium	2 037
<b>Issued share capital after the Bookbuild Placement<sup>(1)</sup> and Consortium Placement<sup>(2)</sup></b>	
748 913 462 ordinary shares of 0,002 cent each	15
7 400 000 cumulative, non-redeemable, non-participating and non-convertible preference shares of 0,031 cent each	2
Share premium	6 010 976



- (1) Based on the assumption that R2.5 billion is raised by way of the Bookbuild Placement at an assumed Bookbuild Price of R27.00, resulting in the issue of 92 592 593 Bookbuild Placement Shares.
- (2) Based on the assumption that R1.5 billion is raised by way of the Consortium Placement at an assumed Bookbuild Price of R27.00, resulting in the issue of 55 555 556 Consortium Placement Shares.

There are 9 179 348 ordinary shares are held by subsidiaries of the Group therefore the number of ordinary shares in issue, net of treasury shares is 591 585 966 as at 31 December 2013 and 739 734 114 after the Bookbuild Placement and Consortium Placement.

#### 4.2. Alterations to the number of issued Shares

The changes to issued Grindrod Shares during the three financial years ended 31 December 2011, 2012 and 2013 are summarised below:

<b>Changes to issued Shares</b>	<b>Number of Shares issued and allotted</b>
<b>2013</b>	
Issued Shares at beginning of year	<b>599 665 314</b>
Shares issued in terms of the share option scheme	1 100 000
Issued Shares at end of year	<b>600 765 314</b>
<b>2012</b>	
Issued Shares at beginning of year	<b>598 715 314</b>
Shares issued in terms of the share option scheme	950 000
Issued Shares at end of year	<b>599 665 314</b>
<b>2011</b>	
Issued Shares at beginning of year	<b>464 981 980</b>
Shares issued in terms of the share option scheme	400 000
Shares issued in terms of specific issue on 31 October 2011	133 333 334
Issued Shares at end of year	<b>598 715 314</b>

As at the Last Practicable Date, no Grindrod Shares had been issued after 31 December 2013.

Other than as set out in the table above, there have been no other offers or issues of any securities by Grindrod or any of its subsidiaries during the preceding three years.

There have been no Share repurchases, consolidations or subdivisions by Grindrod and its subsidiaries during the preceding three years.

#### 5. LITIGATION STATEMENT

There are no legal or arbitration proceedings, including any proceedings that are pending or threatened, of which Grindrod is aware, that may have or have had in the recent past, being at least the previous 12 months, a material effect on the Grindrod Group's or any of its subsidiaries' financial position.

#### 6. CORPORATE GOVERNANCE

The Company strives to maintain and enhance sound governance standards through constant review of current and emerging trends. The release of the King III report reflected South Africa's commitment to world-class principles and guidelines on corporate governance and the company secretary's focus remains on ensuring that the board and group adheres to the highest corporate governance procedures and that directors act in line with their governance and fiduciary responsibilities. Refer to Annexure 5 for the corporate governance framework of the Company.

#### 7. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors, whose names are set out on page 6 of this Circular, collectively and individually accept full responsibility for the accuracy of the information given in this Circular and certify that, to the best of their knowledge and belief, there are no facts, the omission of which, would make any statement in this Circular false or misleading and that they have made all reasonable inquiries to ascertain such facts and that this Circular contains all information required by law and by the Listings Requirements.

## 8. CONSENTS

Each of the merchant bank, bookrunner and transaction sponsor, legal adviser, Independent Reporting Accountants and the Transfer Secretary, have consented and have not, prior to the Last Practicable Date, withdrawn their written consent to the inclusion of their names and, where applicable, reports in the form and context in which they appear in this Circular.

## 9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the registered offices of Grindrod, the Transfer Secretary and Rand Merchant Bank at the addresses set out in the "Corporate Information and Advisers" section of this Circular during normal business hours on Business Days from the date of issue of this Circular up to and including Wednesday, 30 April 2014:

- the Memorandum of Incorporation of Grindrod and its major subsidiaries;
- the material contracts of the Company;
- a summary of the Directors' service contracts entered into during the last three years;
- the audited annual financial statements of Grindrod for the three financial periods ended 31 December 2011, 2012 and 2013;
- the Independent Reporting Accountants' Assurance Report on the *pro forma* financial effects and statements of comprehensive income and financial position as set out in Annexure 2 to this circular;
- the written consents referred to in paragraph 8 of this Circular; and
- a signed copy of this Circular as approved by the JSE.

Signed for and on behalf of the Board



AG Waller

Durban

**28 March 2014**

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## **PRO FORMA STATEMENTS OF COMPREHENSIVE INCOME AND FINANCIAL POSITION**

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The *pro forma* financial information set out below is the responsibility of the directors of Grindrod and is prepared for illustrative purposes only to illustrate the financial effects of the Bookbuild Placement and Consortium Placement. Due to the nature of the *pro forma* financial information, it may not fairly present the financial position of Grindrod, its changes in equity or the results of its operations or cash flows after the Bookbuild Placement and Consortium Placement.

An Independent Reporting Accountants' assurance report on the *pro forma* financial information is included in Annexure 2.

The *pro forma* financial information has been compiled using accounting policies that are consistent with those applied in the audited consolidated financial statements of Grindrod for the year ended 31 December 2013.

**Pro forma consolidated summarised statement of comprehensive income**

R'000	Published and Audited <sup>(1)</sup>	Adjustments for the Bookbuild Placement <sup>(4)</sup>	Adjustments for the Consortium Placement <sup>(5)(6)</sup>	<i>Pro forma after the Bookbuild Placement and Consortium Placement</i>
<b>Revenue</b>	<b>15 662 026</b>			<b>15 662 026</b>
Trading profit	886 690			886 690
Depreciation and amortisation	(463 112)			(463 112)
Operating profit before interest and taxation	423 578			423 578
Non-trading items	479 460			479 460
Interest received	129 961		37 000	166 961
Interest paid	(222 891)			(222 891)
Profit before share of associates' profit	810 108		37 000	847 108
Share of associate companies' profit after taxation	23 350			23 350
Share of joint venture companies' profit after taxation	545 132			545 132
Profit before taxation	1 378 590		37 000	1 415 590
Taxation	(116 540)			(116 540)
Profit for the period	<b>1 262 050</b>		<b>37 000</b>	<b>1 299 050</b>
Attributable:				
Ordinary shareholders	1 177 172		37 000	1 214 172
Preference shareholders	55 354			55 354
Owners of the parent	1 232 526		37 000	1 269 526
Non-controlling interests	29 524			29 524
	<b>1 262 050</b>		<b>37 000</b>	<b>1 299 050</b>
Number of ordinary shares in issue (net of treasury shares) as at 31 December 2013 ('000)	591 586	92 593	55 556	739 735
Weighted average number of ordinary shares in issue on which earnings per share are based at 31 December 2013 ('000)	591 109	92 593	55 556	739 258
Weighted average diluted number of ordinary shares in issue at 31 December 2013 ('000)	593 665	92 593	55 556	741 814
Earnings per share (cents)	199.1	(27.0)	(7.9)	164.2
Diluted earnings per share (cents)	198.3	(26.8)	(7.8)	163.7
Headline earnings per share (cents)	118.7	(16.1)	(2.7)	99.9
Diluted headline earnings per share (cents)	118.2	(16.0)	(2.6)	99.6

**Reconciliation from headline earnings per share to earnings per share (cents)**

Profit attributable to ordinary shareholders per share	199.1	(27.0)	(7.9)	164.2
Adjusted for:	(80.4)	10.9	5.2	(64.3)
Impairment of goodwill	31.6	(4.2)	(2.2)	25.2
Impairment of other investments	10.9	(1.5)	(0.7)	8.7
Impairment of ships, intangibles, plant and equipment	10.0	(1.4)	(0.6)	8.0
Net profit on disposal of investments	(14.8)	2.0	1.0	(11.8)
Net loss on disposal of plant and equipment	-	-	-	-
Negative goodwill realised	(0.7)	0.1	-	(0.6)
FCTR adjustment on disposal of investment	(118.1)	16.0	7.7	(94.4)
Joint Ventures:	-	-	-	-
Negative goodwill realised	(0.8)	0.1	0.1	(0.6)
Total taxation effects of adjustments	1.5	(0.2)	(0.1)	1.2
<b>Headline earnings per share</b>	<b>118.7</b>	<b>(16.1)</b>	<b>(2.7)</b>	<b>99.9</b>

**Pro forma consolidated summarised statement of financial position**

R'000	Published and Audited <sup>(1)</sup>	Adjustments for the Bookbuild Placement <sup>(4)</sup>	Adjustments for the Consortium Placement <sup>(5)(6)</sup>	<i>Pro forma after the Bookbuild Placement and Consortium Placement</i>
<b>ASSETS</b>				
<b>Non-current assets</b>	<b>12 492 291</b>	<b>–</b>	<b>400 000</b>	<b>12 892 291</b>
Ships, property, terminals, vehicles and equipment	6 698 871			6 698 871
Intangible assets	559 763			559 763
Investments in joint ventures	3 616 166			3 616 166
Investments in associates	788 118			788 118
Other investments	493 161		400 000	893 161
Deferred taxation assets	99 772			99 772
Recoverables on cancelled ships	236 440			236 440
Loans and advances to bank customers	3 674 567			3 674 567
Liquid assets and short-term negotiables	1 044 432			1 044 432
<b>Current assets</b>	<b>11 210 837</b>	<b>2 487 000</b>	<b>1 087 000</b>	<b>14 784 837</b>
Inventories	285 921			285 921
Trade and other receivables	2 425 556			2 425 556
Current portion of financial assets	6 579			6 579
Non-current assets held for sale	2 416 467			2 416 467
Bank balances and cash	6 076 314	2 487 000	1 087 000	9 650 314
<b>Total assets</b>	<b>28 422 127</b>	<b>2 487 000</b>	<b>1 487 000</b>	<b>32 396 127</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and reserves</b>	<b>12 132 667</b>	<b>2 487 000</b>	<b>1 487 000</b>	<b>16 106 667</b>
Share capital and premium	2 036 993	2 487 000	1 487 000	6 010 993
Equity compensation reserve	50 551			50 551
Non-distributable reserves	1 893 364			1 893 364
Retained income	8 055 520			8 055 520
Non-controlling interests	96 239			96 239
<b>Non-current liabilities</b>	<b>3 311 612</b>	<b>–</b>	<b>–</b>	<b>3 311 612</b>
Interest bearing borrowings	1 973 390			1 973 390
Financial Services funding instruments	1 082 986			1 082 986
Post retirement medical aid	48 175			48 175
Provisions	52 436			52 436
Derivative financial liabilities	10 199			10 199
Deferred taxation liabilities	144 426			144 426
Deposits from bank customers	8 014 890			8 014 890
<b>Current liabilities</b>	<b>4 962 958</b>	<b>–</b>	<b>–</b>	<b>4 962 958</b>
Trade and other payables	1 460 392			1 460 392
Short term borrowings and overdraft	429 481			429 481
Non-current liabilities held for sale	2 215 239			2 215 239
Current portion of interest bearing borrowings	697 593			697 593
Current portion of Financial Services funding instruments	160 253			160 253
<b>Total equity and liabilities</b>	<b>28 422 127</b>	<b>2 487 000</b>	<b>1 487 000</b>	<b>32 396 127</b>
Net asset value per share (cents)	2 050.9	85.9	40.6	2 177.4
Tangible net asset value per share (cents)	1 939.4	101.0	47.8	2 088.2

**Notes and assumptions:**

- (1) The statement of financial position and statement of comprehensive income of Grindrod were extracted from its audited financial statements for the 12 months ended 31 December 2013.
- (2) The *pro forma* statement of comprehensive income was prepared on the assumption that the Bookbuild Placement and Consortium Placement were implemented on 1 January 2013.
- (3) The *pro forma* statement of financial position was prepared on the assumption that the Bookbuild Placement and Consortium Placement were implemented on 31 December 2013.
- (4) The effects of the Bookbuild Placement are based on the assumption that R2.5 billion (before estimated transaction costs of R13 million) was raised by way of the Bookbuild Placement at an assumed Bookbuild Price of R27.00, resulting in the issue of 92 592 593 Bookbuild Placement Shares.
- (5) The effects of the Consortium Placement are based on the assumption that R1.5 billion (before estimated transaction costs of R13 million) was raised by way of the Consortium Placement at an assumed Bookbuild Price of R27.00, resulting in the issue of 55 555 556 Consortium Placement Shares.
- (6) The effects of the Consortium Placement are based on the assumption that financial assistance, by way of a preference share investment of R400 million, was provided to the Consortium by Grindrod at an effective rate of prime plus 0.25% and that the total shares of the Consortium were held as security over the funding, with the final redemption date being six years after the subscription date.
- (7) No adjustments have been made for interest earned on the proceeds of Bookbuild Placement or Consortium Placement as per the "Guide on *pro forma* financial information" issued by the South African Institute of Chartered Accountants.
- (8) Once-off transaction costs of R26 million (exclusive of VAT) were assumed and debited to share premium.
- (9) All adjustments above have a continuing effect except where otherwise stated.
- (10) There are no other post balance sheet events requiring adjustments to the *pro forma* financial information.
- (11) No adjustments have been made for the proposed acquisition of minority interests in Grindrod subsidiaries as the final terms have not yet been agreed.
- (12) No adjustments have been made for the minority interest earnings of the Grindrod subsidiaries that are proposed to be acquired, which would serve to reduce the dilutionary effect on earnings, as illustrated above.

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## INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF *PRO FORMA* FINANCIAL INFORMATION

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25 March 2014

The Directors  
Grindrod Limited  
Quadrant House  
115 Margaret Mncadi Avenue  
Durban

Dear Sirs

### INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT 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 by the directors. The *pro forma* financial information, as set out in paragraph 4 and Annexure 1 of the circular ("the circular"), to be dated on or about 27 March 2014, consists of *pro forma* statements of comprehensive income and financial position 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 1 and 3 of the circular, on the company's financial position as at 31 December 2013, and the company's financial performance for the period then ended, as if the corporate action or event had taken place at 1 January 2013, being the commencement date of the financial period for statement of comprehensive income purposes and at 31 December 2013, being the last day of the financial period for purposes of statement of financial position purposes. As part of this process, information about the company's financial position and financial performance has been extracted by the directors from the company's financial statements for the period ended 31 December 2013, on which an auditor's report was issued on 25 February 2014.

#### 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 4 and Annexure 1 of the circular.

#### 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. 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.

As the purpose of *pro forma* financial information included in a prospectus 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 2013 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 4 and Annexure 1 of the circular.

### **Deloitte & Touche**

Per: Craig Sagar  
Partner

**Deloitte & Touche**  
(Practice number 902276)  
2 Pencarrow Crescent  
Pencarrow Park  
La Lucia Ridge Office Estate  
(PO Box 243, Durban, 4000)



## TRADING HISTORY OF GRINDROD SHARES ON THE JSE

The trading history of Grindrod Shares on the JSE is set out below:

<b>Daily</b>	<b>High (Cents)</b>	<b>Low (Cents)</b>	<b>Close (Cents)</b>	<b>Volume</b>	<b>Value (Rand)</b>
6 February 2014	2 720	2 604	2 607	939 116	24 932 029
7 February 2014	2 689	2 590	2 600	803 924	21 050 973
10 February 2014	2 685	2 475	2 475	1 982 804	50 508 397
11 February 2014	2 551	2 475	2 490	1 969 103	49 590 084
12 February 2014	2 564	2 495	2 564	474 365	12 067 884
13 February 2014	2 565	2 546	2 558	256 623	6 563 733
14 February 2014	2 637	2 530	2 622	438 364	11 346 005
17 February 2014	2 697	2 618	2 665	687 861	18 329 553
18 February 2014	2 735	2 662	2 697	1 296 868	34 999 381
19 February 2014	2 750	2 666	2 745	888 898	24 219 250
20 February 2014	2 730	2 669	2 676	1 839 717	49 789 847
21 February 2014	2 738	2 659	2 735	560 440	15 214 148
24 February 2014	2 790	2 700	2 750	611 726	16 902 984
25 February 2014	2 750	2 700	2 720	188 027	5 119 548
26 February 2014	2 776	2 709	2 736	1 114 360	30 605 847
27 February 2014	2 772	2 600	2 600	1 748 478	46 937 960
28 February 2014	2 685	2 536	2 575	1 319 605	33 998 532
3 March 2014	2 700	2 567	2 600	778 242	20 182 141
4 March 2014	2 668	2 590	2 667	854 003	22 567 990
5 March 2014	2 729	2 654	2 729	544 762	14 702 060
6 March 2014	2 750	2 706	2 740	999 045	27 263 172
7 March 2014	2 840	2 708	2 717	415 529	11 416 235
10 March 2014	2 720	2 663	2 700	836 527	22 608 907
11 March 2014	2 740	2 653	2 676	2 152 510	58 269 272
12 March 2014	2 699	2 601	2 640	664 166	17 595 027
13 March 2014	2 665	2 540	2 560	776 213	20 030 991
14 March 2014	2 587	2 300	2 575	2 378 352	59 525 994
17 March 2014	2 579	2 525	2 579	516 314	13 211 974
18 March 2014	2 695	2 580	2 650	2 424 536	64 004 714
19 March 2014	2 660	2 626	2 650	1 465 424	38 832 741
20 March 2014	2 674	2 605	2 650	2 054 876	54 364 246
<b>Monthly</b>	<b>High (Cents)</b>	<b>Low (Cents)</b>	<b>Close (Cents)</b>	<b>Volume</b>	<b>Value (Rand)</b>
January 2013	1 735	1 580	1 659	16 651 971	277 048 926
February 2013	1 800	1 618	1 781	20 007 915	344 243 153
March 2013	2 084	1 779	2 000	25 105 752	479 843 799
April 2013	2 127	1 867	1 880	23 664 014	467 174 835
May 2013	2 162	1 876	2 011	12 258 398	243 666 642
June 2013	2 146	1 967	2 100	19 098 123	392 156 095
July 2013	2 376	2 127	2 291	10 021 161	226 415 240
August 2013	2 400	2 220	2 329	8 747 390	203 364 575
September 2013	2 524	2 250	2 492	15 273 224	367 772 980
October 2013	2 590	2 415	2 415	16 297 692	408 518 425
November 2013	2 645	2 421	2 595	12 110 270	304 962 925
December 2013	2 875	2 581	2 803	12 092 860	326 980 197
January 2014	2 840	2 530	2 530	18 026 444	496 915 026
February 2014	2 790	2 475	2 575	18 998 788	501 791 796
<b>Quarterly</b>	<b>High (Cents)</b>	<b>Low (Cents)</b>	<b>Close (Cents)</b>	<b>Volume</b>	<b>Value (Rand)</b>
January – March 2011	1 939	1 404	1 483	61 782 628	990 463 149
April – June 2011	1 570	1 276	1 395	61 646 315	878 755 767
July – September 2011	1 612	1 250	1 501	56 963 365	808 165 021
October – December 2011	1 563	1 358	1 400	60 494 442	900 425 686
January – March 2012	1 549	1 394	1 509	41 400 151	614 293 385
April – June 2012	1 579	1 345	1 350	38 551 600	552 576 451
July – September 2012	1 580	1 270	1 420	38 745 547	541 572 644
October – December 2012	1 585	1 397	1 585	45 105 477	673 405 683

**Note:** The above information was sourced from Bloomberg

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## INFORMATION ON THE DIRECTORS AND SENIOR MANAGEMENT OF GRINDROD AND ITS MAJOR SUBSIDIARIES

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### DIRECTORS OF GRINDROD

#### Alan Olivier

Position Group Chief Executive Officer  
 Appointed 1999  
 Business address Quadrant House, 115 Margaret Mncadi Avenue, Durban, 4001

#### Ivan Clark

Position Chairman – Non-Executive Director  
 Appointed 1996  
 Business address Block 3, Suite 6, Rydall Vale, Office Estate, La Lucia Ridge, 4019

#### Hassen Adams

Position Non-Executive Director  
 Appointed 2000  
 Business address Triangle House, 22 Riebeeck Street, Cape Town, 8001

#### Cato Brahde

Position Independent Non-Executive Director  
 Appointed 2013  
 Business address 2nd Floor, St George's Court Upper Church Street, Douglas Isle of Man IM1 1EE

#### Jannie Durand

Position Non-Executive Director  
 Appointed 2012  
 Business address Millennia Park 16 Stellantia Avenue Stellenbosch 7600

#### Mkhuseli Faku

Position Non-Executive Director  
 Appointed 2009  
 Business address Ground Floor, Turnberry Office Park, Platinum Place, 48 Grosvenor Road, Bryanston, 2191

#### Walter Geach

Position Non-Executive Director  
 Appointed 2008  
 Business address Graduate School of Business, University KZN, Westville Campus, 3629

#### Grant Gelink

Position Independent Non-Executive Director  
 Appointed 2013  
 Business address 25 Kingsbridge Manor, Malgas Road, Douglasdale, Sandton, 2146

#### Mike Groves

Position Non-Executive Director  
 Appointed 1986  
 Business address Building Three, First Floor, North Wing, Commerce Square, 39 Rivonia Road, Sandton, 2196

#### Michael Hankinson

Position Non-Executive Director  
 Appointed 2009  
 Business address c/o Grindrod, Quadrant House, 115 Margaret Mncadi Avenue, Durban, 4001

#### David Polkinghorne

Position Chief Executive Officer-Financial Services  
 Appointed 2006  
 Business address 1st Floor North, 20 Kingsmead Boulevard, Kingsmead Office Park, Durban, 4001

**Dave Rennie**

Position Chief Executive Officer – Ports, Terminal and Rail within Freight Services  
Appointed 2002  
Business address Grindrod House, 1108 Margaret Mncadi Avenue, Durban, 4001

**Nkululelo Leonard Sowazi**

Position Independent Non-Executive Director  
Appointed 2014  
Business address Exxaro Corporate Centre, Rodger Dyason Road, Pretoria West, 0183

**Petrus Johannes Uys**

Position Alternate Non-Executive Director  
Appointed 2013  
Business address Millennia Park 16 Stellentia Avenue Stellenbosch 7600

**Martyn Wade**

Position Chief Executive Officer-Shipping  
Appointed 2011  
Business address 200 Cantonment Road, # 03-01, Southpoint, Singapore, 089763

**Andrew Waller**

Position Group Financial Director  
Appointed 2011  
Business address Quadrant House, 115 Margaret Mncadi Avenue, Durban, 4001

**Sandile Zungu**

Position Non-Executive Director  
Appointed 2009  
Business address 1st Floor, Block B, Cullinan Place, Cullinan Close, Morningside, Sandton, 2196

**SENIOR MANAGEMENT****Hylton Gray**

Position Chief Executive Officer-Logistics  
Appointed 2011  
Business address Grindrod Towers, 8A Protea place, Sandton

**Wayne Hartmann**

Position Chief Executive Officer-Trading  
Appointed 2012  
Business address Grindrod Mews, Margaret Mncadi Avenue, Durban, 4001

**Bongiwe Ntuli**

Position Executive-Corporate Services  
Appointed 2012  
Business address Quadrant House, 115 Margaret Mncadi Avenue, Durban, 4001

## CORPORATE GOVERNANCE REPORT

The Board is responsible for effective leadership to maintain business sustainability based on ethical values of accountability, fairness, integrity, professionalism and respect. The Board reaffirms its commitment to sound governance and considers the application of sound corporate governance structures, policies and practices as pivotal to ensuring that Grindrod acts in a responsible and transparent manner from an economic, social and environmental perspective and creates sustainable value and benefits for its stakeholders.

The Board is of the opinion that Grindrod conducts its affairs with integrity and that, in addition to compliance with the Code of Governance Principles in King III, except areas otherwise identified in this report, it complies with all significant requirements incorporated in relevant South African and international legislation, regulations and best practices in all countries in which it operates and Listings Requirements.

### 1. BOARD STRUCTURES

Grindrod has a unitary board structure comprising five executive directors and 11 non-executive directors, seven of whom are independent. The directors of the board, with a wide range of financial, commercial and technical expertise, are appointed to ensure effective leadership of the Company. Board members are appointed through a formal process and the Remuneration and Nomination Committee assists in identifying suitable candidates for election by the shareholders.

In terms of the MOI, non-executive directors retire by rotation every three years and are, if available, considered for reappointment by the shareholders at the annual general meeting. Directors appointed during the course of a year retire at the following annual general meeting with shareholders afforded the opportunity to confirm their appointment. New directors are appointed in terms of a formal process with nominations for new appointments to the Board being reviewed by the Remuneration and Nomination Committee.

The Board is assisted in its responsibility to identify, oversee and manage economic, environmental and social risk and opportunities by Audit, Remuneration and Nomination and Social and Ethics sub-committees. The key roles of the committees of the board are detailed in the respective sub-committee reports.

The Board is responsible for appointing the CEO, an executive director whose role is separate from that of the chairman, and appoints the Group financial director. The Board charter provides for a clear division of responsibilities at Board level to ensure a balance of power and authority, such that no one individual has unfettered powers of decision-making and further clarifies the roles and responsibilities of the directors of the Board, the CEO and the Group financial director.

The chairman is responsible for the effective leadership of the Board. The CEO, supported by the Executive Committee, is responsible for formulating and implementing strategies and policies, day-to-day operational management, establishing best management practices, functional standards, risk management and internal control systems and legal compliance and the appointment and evaluation of senior management. The Group financial director is responsible for the financial management of the Group, all aspects of the Company's financial strategy, due and proper preparation of financial statements as per IFRS requirements, due and proper financial reporting and providing financial leadership through financial planning and organisationally aligned strategies.

### 2. BOARD PRACTICE

The fiduciary duties and statutory obligations and scope of authority of the Board and its sub-committees, the chairman, the CEO and the Group financial director are set out in the MOI and the Board charter.

The duties of the Board include monitoring and reviewing the implementation of the business plan within the approved budget and with due cognisance of the associated business risks.

The duties of the Board and its sub-committees are performed in accordance with work plans that are reviewed and approved on an annual basis to ensure compliance.

The authority and responsibilities of the Board, as set out in the Board charter, are to:

- provide effective leadership based on an ethical foundation;
- approve and monitor the implementation of long-term strategies for the business of the Company;
- ensure the identification of strategically integrated ethical standards and the assessment, monitoring, reporting and disclosure of ethics performance within a framework of the associated risks and opportunities;
- approve the Group's annual business plan, operating and capital budgets and performance criteria and approve material business investments, acquisitions and disposals;
- define and monitor levels of materiality, reserving specific power to itself and delegating other matters with the appropriate written authority to Board committees and/or management in terms of an authority structure;
- identify and monitor non-financial issues relevant to the business of the Company;

- determine levels of risk tolerance and monitor the Company's key risks and key performance indicators, ensuring the adoption of an effective system of internal control and appropriate risk management philosophy, strategies, policies and processes supported by continual monitoring by management to ensure stout risk mitigation or elimination;
- ensure strategically aligned IT governance;
- ensure compliance with relevant legislation, regulations and codes of business practice;
- monitor operational performance and management;
- select and approve accounting policies and practice and apply them consistently, keep proper accounting records, take steps to safeguard the Company's assets, and prepare and arrange the independent review of the annual financial statements;
- approve of the annual financial statements and integrated annual report on the recommendation of the Audit Committee;
- ensure appropriate succession planning for senior executives and the formulation of a remuneration strategy and structures that are appropriate to the business of the Company; and
- ensure effective proactive communication with the Company's shareholders and internal and external stakeholders.

The Group's strategy is mapped by the Executive Committee for approval by the Board. The Group business plan for the ensuing year, inclusive of the annual budget, is finalised following the review of the strategy by the Board at its meeting held each year in November.

### **3. LEGAL AND REGULATORY COMPLIANCE**

The Group has various policies that are regularly updated in line with changes in legislation and business governance requirements, and with which all Group companies and employees are obliged to comply. Bi-annually, all divisions are required to provide assurances to the Audit Committee confirming compliance with all applicable laws and consideration to non-binding rules, codes and standards.

In 2013 the Executive Committee approved the development of a formalised legal compliance universe to further entrench compliance across the Group.

In 2013, the Company received no fines or notifications of major legislative non-compliance. Grindrod further abides by all laws and regulations related to accounting fraud, workplace discrimination and corruption, with no instances of non-compliance, sentences or fines being imposed in 2013.

### **4. EXECUTIVE COMMITTEE**

The Executive Committee assists the CEO in managing the business at an operational level. The scope of authority and responsibilities of the Executive Committee are defined in the Executive Committee terms of reference, approved during 2013. These include, but are not limited to the:

- formulation and implementation of the Group's strategies and policies;
- management of the Group's day-to-day business and affairs;
- prioritisation and allocation of the Group's capital, technical and human resources;
- establishment of best management practices and functional standards;
- appointment and performance monitoring of senior management;
- maintenance of a Group-wide system of internal controls to manage all Group risks and assist the Board in discharging its responsibility for ensuring that the risks associated with the operations are effectively managed in support of the creation and preservation of shareholder wealth; and
- maintaining a Group-wide legal compliance structure.

The Executive Committee terms of reference make provision for the annual evaluation of its members, by the CEO, against key performance indicators (KPIs) contained in their respective performance scorecards.

### **5. GROUP COMPANY SECRETARY**

Grindrod's Group company secretary, who does not fulfil an executive management function, is not a director of the Board and maintains an arms-length relationship with the Board, ensures corporate and legal compliance and adherence to the JSE Listings Requirements, and is responsible for ensuring adherence to proper corporate governance principles.

The Group company secretary is responsible for the proper functioning of the Board by preparing the agendas and supporting documentation of all committee meetings, based on the approved annual work plan, in advance and in consultation with both the chairman of the Board or the committee, as the case may be, and the CEO. She provides accurate, concise and relevant information to the Board in a timeous manner to enable the Board to take informed decisions and to monitor the progress and performance of management against the approved business strategy.

Based on the evaluation of her performance throughout the year, her professional qualifications and her experience in her current position and positions prior to her appointment, the Board has assessed the competence, qualifications and experience of the Group company secretary, as required in terms of section 3.84 of the JSE Listings Requirements and has confirmed that she is suitably qualified, competent and experienced to hold the position of Group company secretary. The Board has further resolved that based on the manner in which she conducts herself with respect to matters related to the Board, the Group company secretary maintains an arm's-length relationship with the Board.

## **6. INTERNAL AUDIT**

Grindrod's internal audit function, which reports directly to the Audit Committee, operates in terms of an approved charter that defines its purpose, authority and responsibilities.

Internal audit functions independently of all other business operations and has free and unrestricted access to all areas within the Group, including management, personnel, activities, locations and information.

All internal audit activities are performed in compliance with International Internal Audit Practice and the methodology and standards required by the South African Institute of Internal Auditors.

## **7. BUSINESS ETHICS**

The principles of ethical leadership, management and behaviour to which the Company subscribes, are set out in the Grindrod Code of Ethics.

The code is designed to raise ethical awareness, guide day-to-day decision making and provide assurance on the integrity of the Group companies to external stakeholders. Adherence to the code is mandatory for all stakeholders and the code is communicated to all employees as an integral part of their induction.

The Code of Ethics outlines the principles for ethical conduct, based on Grindrod's five core values:

- respect for Company, stakeholders, assets and the environment;
- operating with integrity;
- acting with professionalism in the Group's service delivery to customers;
- treating people with fairness; and
- accountability, requiring employees to take full ownership of actions taken.

The code provides guidance to directors, employees and other stakeholders such as suppliers or consultants on various compliance issues, including ways in which conflicts of interest should be dealt with and what the proper relationship between clients and suppliers should be.

The Group's Code of Ethics was endorsed by the Ethics Institute of South Africa. Queries can be raised telephonically with Ethics (SA) directly and employees and other stakeholders can report unethical behaviour to the Grindrod Ethics Officer, who is the custodian of the code. No material transgressions of the code were reported to the Grindrod Ethics Officer in 2013.

An independent and absolutely confidential toll-free fraud hotline, accessible through free call numbers, a website address, an e-mail address, free fax and free postage address is maintained and controlled by Deloitte & Touche. In 2013 31 incidents were reported by this hotline.

All reported incidents are investigated and listed in a register, although confidentiality is guaranteed if required. Incidents of corruption at management level are investigated internally and, if deemed appropriate, referred to disciplinary proceedings or to law enforcement agencies in more serious cases. No material incidents of corruption at management level were identified in 2013.

Compliance with the Code of Ethics is also monitored through internal audits undertaken to assess the adequacy and effectiveness of the internal control environment, which includes risks related to fraud and corruption. 82 such internal audits were undertaken in 2013. The Executive Committee and Social and Ethics Committee are provided with statistics of non-compliance to the Code. Focused campaigns to increase awareness and promote ethical behaviour amongst employees were also facilitated by the internal audit function in 2013.

## **8. RISK MANAGEMENT**

The Board is ultimately responsible for governing risk management processes in accordance with corporate governance requirements. The Board reviews the Group's risk management processes and approves the Group risk management plan for the ensuing year at a focused meeting each year. The Board reviews and assesses the risk tolerance levels relative to specific risks in addition to the assessment, monitoring, reviewing and managing of risks at each quarterly Board meeting.

Appropriate risk management measures, which include accountability for risk management as a key performance area of line managers, exist throughout the Group to counter significant business risks which could undermine the achievement of business objectives. Policies and guidelines on risk management and control support management in discharging its risk responsibilities. Risk management processes within the Group are based on the ISO 31000 standard for risk management, with the effectiveness of risk management efforts being assessed by internal and external assurance providers in terms of the Group's combined assurance model.

The Group's executive management encourages a risk-conscious business culture by embedding agreed internal controls and mitigating actions through all levels of management and supervisory staff.

### **Risk management framework**

The Grindrod risk management framework which reviews identified risks and accounts for new and emerging risks, is supported by continuously updated operational risk registers. The effectiveness of this framework is reviewed by the internal audit function.

High-level strategic and external risks are assessed by the Board, with executive and operational management being responsible for the continuous identification, assessment, mitigation and management of risks within their areas of operation.

### **Risk management process**

Risk management processes are designed to identify, quantify, prioritise, respond to and monitor the consequences of an agreed risk schedule that encompasses both internal and external risks. The process also promotes the ownership of risk areas and risk management accountability within the Group.

Identified risks are evaluated in terms of the potential impact and probability in terms of the likelihood of occurrence. Areas include the risk of harm to people and environment, business interruption, financial loss, legislative and regulatory compliance and reputational risks. The impact and probability evaluations establish the basis for determining the inherent risks and their significance to the business. Residual risk is determined based on the risk mitigation plans developed and implemented by management.

The internal audit charter provides for an internal audit plan that is aligned with the risk framework. The Board reviews the effectiveness of both the processes and procedures adopted by management for identifying, assessing and reporting on significant business risks, and the roles of assurance providers with respect to risk management.

### **Internal control**

Grindrod's systems of internal control and governance structures are integral to the effective management of risk. These systems and structures, which make provision for appropriate delegation of authority to support the control environment, are subject to independent review by internal audit and external assurance providers.

### **Insurance**

Grindrod undertakes regular risk-control reviews of the Group's operations when procuring insurance cover for unplanned asset losses, liability exposure, fidelity, business interruption and other operational risks.

## **9. COMBINED ASSURANCE MODEL**

A combined assurance model aims to optimise assurance coverage by management and internal and external assurance providers. Collectively, they provide the Board with assurances on the effectiveness of controls that mitigate the risks identified during risk assessments.

The combined assurance model was developed by identifying risks, control measures and assurance providers. Risks were assigned to appropriate providers and the action plans that were developed and implemented are continuously monitored. This model gives the Board the assurance, through the Audit Committee, that all significant risks are adequately managed.

Each division has its own model, related to risks in their areas of operation. Risks cover health, safety, environment, finance, fraud, projects, legal and tax obligations, business continuity planning and disaster recovery.

## 10. INFORMATION TECHNOLOGY (IT)

IT is considered fundamental to the support and sustainability of Grindrod's business operations – both as an operational enabler and a strategic asset that can be leveraged to create opportunities. The Group's IT investment priorities are overseen by the Executive Committee and the Group IT Steering Committee, with the effective establishment and efficient delivery of IT programs and projects being supported by the Project Management Office (PMO), both of which operate in terms of approved charters.

The Board, supported by the Audit Committee, is responsible for IT governance and the strategic alignment of IT with the performance and sustainability objectives of the Company in line with the IT governance principles prescribed in King III. IT projects are managed according to best-practice principles included in popular worldwide methodologies such as PMBOK and Prince II and tailored to add value to the Grindrod business.

### IT Governance Charter

An IT Governance Charter, revised during 2013, ensures that the IT function is focused on the strategic leadership and alignment of IT activities, prioritised IT investment initiatives, internal engagement to promote collaborative IT planning and promoting IT effectiveness to capitalise on economies of scale across the Group. The charter provides the framework for IT governance within the Group and aims to:

- communicate the delegation of authority and responsibility from Board level to responsible stakeholders within Grindrod for IT governance, management and control;
- define the accountability, responsibility and decision-making rights granted by the Board and recognition of those rights to be exercised by relevant parties;
- ensure clear accountability and responsibility for IT governance within the Group; and
- implement an IT governance structure that allows IT to operate cohesively throughout the Group and facilitate and enable strategic business decisions and direction.

### IT Steering Committee

The Grindrod Executive IT Steering Committee operates in terms of the approved IT Charter and is responsible for the implementation of business-focused IT strategies. This committee, which has defined roles and responsibilities, comprises the Executive Corporate Services, CIO, PMO Lead, divisional CFOs and IT managers, and ad-hoc members that are experts of particular business processes or technologies. As a result of the rapid Group expansion and growth, the committee met six times in 2013 (2012: twice) to drive the implementation of fit for purpose IT infrastructure and software.

## 11. STAKEHOLDER ENGAGEMENT

The Board supports stakeholder engagement and communication strategies that support transparent, understandable and reciprocal communication. The Group maintains continual engagement with its identified key stakeholder groups to promote the achievement of business objectives and support economic, social and environmental sustainable business practices.

## 12. SHARE DEALINGS

Directors and all Group employees are not permitted to deal directly or indirectly in the shares of the Company during:

- the period from the end of the interim and annual reporting periods to the announcement of the interim and annual results; or
- any period when they are aware of any negotiations or details which may affect the share price; or
- the period declared as a prohibited period in terms of the Listings Requirements.

## 13. KING III REFERENCE TABLE

The table below outlines explanations of practices applied, and areas of partial or non-compliance with the Code of Governance Principles as set out in King III. A detailed schedule of compliance with the King Code is available on the Company's website ([www.grindrod.co.za/pages/corporate-governance](http://www.grindrod.co.za/pages/corporate-governance)).



<b>Areas of partial / non-compliance</b>	<b>Comment</b>
<b>Chapter 2 – Boards and directors</b>	
<ul style="list-style-type: none"> <li>Principle 2.20 – a formal process for the induction and ongoing training of directors is not in place.</li> </ul>	<ul style="list-style-type: none"> <li>A process for the induction of directors is in place. Relevant information relating to the markets in which the business units operate as well as legislative updates are provided to directors on an ongoing basis.</li> <li>The directors personally drive their professional development through further study and participation in various initiatives and programmes.</li> </ul>
<ul style="list-style-type: none"> <li>Principle 2.23 – delegation to structured committees.</li> </ul>	<ul style="list-style-type: none"> <li>Risk management is not delegated to a committee and is reviewed and assessed by all members of the Board, with a focused risk meeting scheduled annually. The terms of reference related to risk management are included in the Board charter.</li> </ul>
<ul style="list-style-type: none"> <li>Principle 2.25 – non-executive fees comprise a base fee and attendance fee per meeting.</li> </ul>	<ul style="list-style-type: none"> <li>Directors are paid a set fee per year based on their ongoing contribution, irrespective of their attendance at meetings.</li> </ul>
<ul style="list-style-type: none"> <li>Principle 2.26 – the remuneration report includes justification for remuneration of individual directors and prescribed officers paid above the median.</li> </ul>	<ul style="list-style-type: none"> <li>The remuneration report outlines the determination of remuneration levels in general terms and not specifically related to the median of the benchmark used.</li> </ul>
<b>Chapter 3 – Audit Committee</b>	
<ul style="list-style-type: none"> <li>Principle 3.1 – the Audit Committee meets with the external and internal auditors without management being present at least once a year.</li> </ul>	<ul style="list-style-type: none"> <li>The Audit Committee assesses the need to meet with the external and internal auditors without management being present at each committee meeting.</li> </ul>
<b>Chapter 5 – Governance of information technology</b>	
<ul style="list-style-type: none"> <li>Principle 5.5 – compliance with IT laws and related rules, codes and standards.</li> </ul>	<ul style="list-style-type: none"> <li>The IT Steering Committee is mandated to monitor compliance with IT laws and related rules, codes and standards.</li> </ul>
<ul style="list-style-type: none"> <li>Principle 5.6 – the treatment of personal information as a business asset.</li> </ul>	<ul style="list-style-type: none"> <li>Compliance to POPI is addressed in the Legal Compliance Framework and will be implemented within the stipulated period.</li> </ul>
<ul style="list-style-type: none"> <li>Principle 5.7 – the management of IT risks.</li> </ul>	<ul style="list-style-type: none"> <li>The IT Steering Committee is mandated to monitor and manage IT-related risks.</li> </ul>
<b>Chapter 6 – Compliance with laws, rules, codes and standards</b>	
<ul style="list-style-type: none"> <li>Principle 6.1 – the Board oversees and monitors compliance with applicable laws, rules, codes and standards.</li> </ul>	<ul style="list-style-type: none"> <li>A formal legal compliance universe has been developed and the formal implementation and monitoring is ongoing.</li> </ul>
<ul style="list-style-type: none"> <li>Principle 6.2 – familiarisation by directors with applicable laws, rules, codes and standards.</li> </ul>	<ul style="list-style-type: none"> <li>Directors are provided with updates to changes in legislation at each Board meeting.</li> </ul>
<ul style="list-style-type: none"> <li>Principle 6.3 – non-compliance with applicable laws, rules, codes and standards included in the risk management process.</li> </ul>	<ul style="list-style-type: none"> <li>The legal compliance universe and the continual implementation thereof will reduce the risk of non-compliance.</li> </ul>
<ul style="list-style-type: none"> <li>Principle 6.4 – management structures to promote education, communication and measurement of compliance.</li> </ul>	<ul style="list-style-type: none"> <li>The legal compliance universe will support awareness and training as well as measure the level of compliance.</li> </ul>
<b>Chapter 7 – Internal audit</b>	
<ul style="list-style-type: none"> <li>Principle 7.3 – internal controls established over financial, operational, compliance and sustainability areas.</li> </ul>	<ul style="list-style-type: none"> <li>Internal controls over financial and operational areas are well established. Internal control related to compliance and sustainability is being enhanced.</li> </ul>
<ul style="list-style-type: none"> <li>Principle 7.5 – the chief audit executive has a standing invitation to attend Executive Committee meetings.</li> </ul>	<ul style="list-style-type: none"> <li>The chief audit executive has unrestricted access to all directors and members of executive management including meeting packs, which include the minutes of the meetings.</li> </ul>
<b>Chapter 8 – Governing stakeholder relations</b>	
<ul style="list-style-type: none"> <li>Principle 8.1 – measurement of stakeholder perceptions and company performance.</li> </ul>	<ul style="list-style-type: none"> <li>Stakeholder relationships and the company's reputation are discussed at Board meetings or on Board committee level when required.</li> </ul>
<ul style="list-style-type: none"> <li>Principle 8.5 – communication guidelines that support a responsible communication programme.</li> </ul>	<ul style="list-style-type: none"> <li>Stakeholder engagement is undertaken in a responsible and transparent manner, using various methods, as outlined in the integrated report.</li> </ul>
<ul style="list-style-type: none"> <li>Principle 8.6 – formal dispute resolution process.</li> </ul>	<ul style="list-style-type: none"> <li>Disputes are resolved at a divisional level, with dispute settlement being preferred in the absence of a litigious culture.</li> </ul>
<b>Chapter 9 – Integrated reporting and disclosure</b>	
<ul style="list-style-type: none"> <li>Principle 9.3 – independent assurance over sustainability reporting and disclosure</li> </ul>	<ul style="list-style-type: none"> <li>Independent assurance is undertaken on a limited basis in conjunction with the combined assurance model.</li> </ul>



**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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Unless otherwise apparent from the context, the definitions and interpretations commencing on page 4 of the Circular to which this notice of General Meeting is attached apply to this notice of General Meeting.

**Notice is hereby given** that a general meeting of Grindrod Shareholders will be held at 10:00 on Wednesday, 30 April 2014 at the Company's registered office, Quadrant House, 115 Margaret Mncadi Avenue, Durban for the purpose of considering and, if deemed fit, passing, with or without modification, the ordinary and special resolutions set out in this notice.

### **BOOKBUILD PLACEMENT**

#### **ORDINARY RESOLUTION NUMBER 1 – SPECIFIC ISSUE OF BOOKBUILD PLACEMENT SHARES**

**RESOLVED THAT**, in accordance with paragraph 5.51(g) of the Listings Requirements and the MOI, the Company be and is hereby authorised, by way of a specific authority, to issue so many Grindrod Shares as may be equal in value up to R3 000 000 000 (three billion Rand), to Qualifying Investors, provided that:

- a. the maximum discount at which such shares may be issued in terms of this authority is 10% (ten per cent) of the VWAP per Grindrod Share measured over the 30 Business Days prior to the date on which the Bookbuild Price is agreed; and
- b. the aggregate value of Grindrod Shares to be issued by the Company pursuant to the Bookbuild Placement and the Consortium Placement will not exceed R4 000 000 000 (four billion Rand).

\* *The percentage of voting rights that will be required for this ordinary resolution is a 75% (seventy five percent) majority of the votes cast in favour of such resolution by all equity securities holders present in person or represented by proxy at the General Meeting.*

#### **ORDINARY RESOLUTION NUMBER 2 – ISSUE OF BOOKBUILD PLACEMENT SHARES TO REMGRO**

**RESOLVED THAT**, in accordance with paragraph 5.51(g) of the Listings Requirements and the MOI, the Company be and is hereby authorised, by way of a specific authority, to issue so many Grindrod Shares as may be equal in value up to R800 000 000 (eight hundred million Rand), to Industrial Partnership Investments (a wholly-owned subsidiary of Remgro) pursuant to the Bookbuild Placement.

\* *The percentage of voting rights that will be required for this ordinary resolution to be adopted is at least 75% (seventy five percent) of the votes exercised on the resolution excluding the votes of Industrial Partnership Investments and its associates.*

#### **ORDINARY RESOLUTION NUMBER 3 – ISSUE OF BOOKBUILD PLACEMENT SHARES TO GRINDROD INVESTMENTS**

**RESOLVED THAT**, in accordance with paragraph 5.51(g) of the Listings Requirements and the MOI, the Company be and is hereby authorised, by way of a specific authority, to issue so many Grindrod Shares as may be equal in value up to R250 000 000 (two hundred and fifty million Rand), to Grindrod Investments pursuant to the Bookbuild Placement.

\* *The percentage of voting rights that will be required for this ordinary resolution to be adopted is at least 75% (seventy five percent) of the votes exercised on the resolution excluding the votes of Grindrod Investments and its associates.*

#### **ORDINARY RESOLUTION NUMBER 4 – ISSUE OF BOOKBUILD PLACEMENT SHARES TO ZICO**

**RESOLVED THAT**, in accordance with paragraph 5.51(g) of the Listings Requirements and the MOI, the Company be and is hereby authorised, by way of a specific authority, to issue so many Grindrod Shares as may be equal in value up to R250 000 000 (two hundred and fifty million Rand), to Zico pursuant to the Bookbuild Placement.

\* *The percentage of voting rights that will be required for this ordinary resolution to be adopted is at least 75% (seventy five percent) of the votes exercised on the resolution excluding the votes of Zico and its associates.*

#### **SPECIAL RESOLUTION NUMBER 1 – ISSUE OF SHARES TO ZICO**

**RESOLVED THAT**, in accordance with section 41(1)(b) of the Companies Act and the MOI, the Company be and is hereby authorised to issue Grindrod Shares to Zico pursuant to the Bookbuild Placement.

The reason and effect of this special resolution is to authorise Grindrod to issue Shares to a company related to a director of Grindrod as contemplated in section 41(1)(b) of the Companies Act.

\* *The percentage of voting rights that will be required for this special resolution to be adopted is at least 75% (seventy five percent) of the votes exercised on the resolution.*

#### **CONSORTIUM PLACEMENT**

#### **ORDINARY RESOLUTION NUMBER 5 – SPECIFIC ISSUE OF CONSORTIUM PLACEMENT SHARES**

**RESOLVED THAT**, in accordance with paragraph 5.51(g) of the Listings Requirements and the MOI, the Company be and is hereby authorised, by way of a specific authority, to issue so many Grindrod Shares as may be equal in value up to R1 600 000 000 (one billion six hundred million Rand), to the Consortium at the Bookbuild Price, provided that:

- a. the issue of Consortium Placement Shares shall be subject to the Board confirming that such issue is fair insofar as other Shareholders are concerned based on the advice received from an independent expert which is acceptable to the JSE Limited; and
- b. that aggregate value of Grindrod Shares to be issued by the Company pursuant to the Bookbuild Placement and the Consortium Placement will not exceed R4 000 000 000 (four billion Rand).

\* *The percentage of voting rights that will be required for this ordinary resolution to be adopted is at least 75% (seventy five percent) of the votes exercised on the resolution excluding the votes of the Consortium and its associates.*

#### **SPECIAL RESOLUTION NUMBER 2 – ISSUE OF SHARES TO THE CONSORTIUM**

**RESOLVED THAT**, in accordance with section 41(1)(b) of the Companies Act and the MOI, the Company be and is hereby authorised to issue Grindrod Shares to the Consortium pursuant to the Bookbuild Placement.

The reason and effect of this special resolution is to authorise Grindrod to issue Shares to companies related to a director of Grindrod as contemplated in section 41(1)(b) of the Companies Act.

\* *The percentage of voting rights that will be required for this special resolution to be adopted is at least 75% (seventy five percent) of the votes exercised on the resolution.*

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## NOTES TO THE NOTICE OF GENERAL MEETING

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### RECORD DATE

The record date in terms of section 59 of the Companies Act for Shareholders to be recorded on the Register in order to:

- receive notice of the General Meeting is Thursday, 20 March 2014; and
- attend, participate in and vote at the General Meeting, is Friday, 25 April 2014 and accordingly, the last day to trade in order to be eligible to vote at the General Meeting is Wednesday, 16 April 2014.

### VOTING AND PROXIES

Shareholders are reminded that –

- a Shareholder entitled to attend and vote at the General Meeting is entitled to appoint a proxy (or more than one proxy) to attend, participate in and vote at the General Meeting in place of the Shareholder, and Shareholders are referred to the attached form of proxy (**blue**);
- a proxy need not also be a Shareholder of the Company; and
- in terms of section 63(1) of the Companies Act, any person attending or participating in a meeting of Shareholders must present reasonably satisfactory identification and the person presiding at the General Meeting must be reasonably satisfied that the right of any person to participate in and vote (whether as Shareholder or as proxy for a Shareholder) has been reasonably verified.

Certificated Shareholders and Dematerialised Shareholders with “own name” registration who are unable to attend the General Meeting and who wish to be represented at the meeting, must complete and return the attached form of proxy (**blue**) in accordance with the instructions contained therein, so as to be received by the Transfer Secretary, Computershare Investor Services (Pty) Limited, 70 Marshall Street, Johannesburg 2001 (PO Box 61051, Marshalltown, 2107) by no later than 10:00 on Friday, 25 April 2014 or handed to the chairperson of the General Meeting before the appointed proxy exercises any of the relevant Shareholder’s rights at the General Meeting (or any adjournment of the General Meeting).

Dematerialised Shareholders without “own name” registration who wish to attend the General Meeting in person should request their CSDP or Broker to provide them with the necessary letter of representation in accordance with the relevant custody agreement. Dematerialised Shareholders without “own name” registration who do not wish to attend the General Meeting but wish to be represented at the General Meeting must advise their CSDP or Broker, of their voting instructions. Such Shareholders should contact their CSDP or Broker with regard to the cut-off time for their voting instructions.

In terms of section 61(10) of the Companies Act every shareholders’ meeting of a public company must be reasonably accessible within South Africa for electronic participation by shareholders. Grindrod Shareholders wishing to participate electronically in the general meeting are required to deliver written notice to the Company at Quadrant House, 115 Margaret Mncadi Avenue, Durban, 4001 (marked for the attention of Mrs C I Lewis) by no later than 10:00 on Friday, 25 April 2014 that they wish to participate via electronic communication at the General Meeting (the “**Electronic Notice**”). In order for the Electronic Notice to be valid it must contain: (a) if the Shareholder is an individual, a certified copy of his identity document and/or passport; (b) if the Shareholder is not an individual, a certified copy of a resolution by the relevant entity and a certified copy of the identity documents and/or passports of the persons who passed the relevant resolution. The relevant resolution must set out who from the relevant entity is authorised to represent the relevant entity at the General Meeting via electronic communication; and (c) a valid e-mail address and/or facsimile number (the “**Contact Address/Number**”). By no later than 24 hours before the time for the General Meeting the Company shall use its reasonable endeavours to notify a Shareholder at its Contact Address/Number who has delivered a valid electronic notice of the relevant details through which the Shareholder can participate via electronic communication.

By order of the Board

**28 March 2014**

**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")

**FORM OF PROXY (FOR USE BY CERTIFICATED SHAREHOLDERS AND  
"OWN NAME" DEMATERIALISED SHAREHOLDERS ONLY)**

The definitions and interpretations commencing on page 4 of the Circular to which this form of proxy is enclosed apply to this form of proxy.

**For use by Certificated Shareholders and Dematerialised Shareholders with "own name" registration only, at the General Meeting of Shareholders of the Company to be held at 10:00 on Wednesday, 30 April 2014 at the Company's registered office, Quadrant House, 115 Margaret Mncadi Avenue, Durban.**

**Dematerialised Shareholders without "own name" registration must not use this form of proxy. Dematerialised Shareholders who wish to attend the General Meeting in person must inform their CSDP or Broker of their intention to attend the General Meeting and request their CSDP or Broker to issue them with the necessary letter of representation to attend the General Meeting in person and vote or, should they not wish to attend the General Meeting in person, provide their CSDP or Broker with their voting instructions.**

Forms of proxy must be completed and delivered to the Company's Transfer Secretary, by not later than 10:00 on Friday, 25 April. Thereafter, forms of proxy may be handed to the chairperson of the General Meeting at any time before the appointed proxy exercises any of the shareholder rights at the General Meeting.

I/We \_\_\_\_\_  
(Full Name in BLOCK LETTERS)

of \_\_\_\_\_  
(address)

being the holder(s) of \_\_\_\_\_ Grindrod Shares, do hereby appoint (see note):

1. \_\_\_\_\_ or failing him/her;
2. \_\_\_\_\_ or failing him/her;
3. the chairperson of the General Meeting,

as my/our proxy to attend, speak and vote on my/our behalf at the General Meeting (or any adjournment thereof)

I/We desire to vote as follows:

	Insert number of votes (one vote per Grindrod Share)		
	For	Against	Abstain
Ordinary Resolution Number 1 Specific issue of Bookbuild Placement Shares			
Ordinary Resolution Number 2 Specific authority to issue of Bookbuild Placement Shares to Remgro			
Ordinary Resolution Number 3 Specific authority to issue of Bookbuild Placement Shares to Grindrod Investments			
Ordinary Resolution Number 4 Specific authority to issue of Bookbuild Placement Shares to Zico			
Special Resolution Number 1 Issue of Shares to Zico			
Ordinary Resolution Number 5 Specific issue of Consortium Placement Shares			
Special Resolution Number 2 Issue of Shares to the Consortium			

Signed at \_\_\_\_\_ on \_\_\_\_\_ 2014

Signature \_\_\_\_\_ Authority of signatory

Telephone number ( ) \_\_\_\_\_ Cellphone number \_\_\_\_\_

to be assisted by \_\_\_\_\_ where applicable)

Please read the following summary of the rights contained in section 58 of the Companies Act and the following notes to this form of proxy.

#### SUMMARY OF RIGHTS CONTAINED IN SECTION 58 OF THE COMPANIES ACT

In terms of section 58 of the Companies Act:

- a shareholder of a company may, at any time and in accordance with the provisions of section 58 of the Companies Act, appoint any individual (including an individual who is not a Shareholder) as a proxy to participate in, and speak and vote at, a shareholders' meeting on behalf of such shareholder;
- a proxy may delegate her or his authority to act on behalf of a shareholder to another person, subject to any restriction set out in the instrument appointing such proxy (see note 12 below);
- irrespective of the form of instrument used to appoint a proxy, the appointment of a proxy is suspended at any time and to the extent that the relevant shareholder chooses to act directly and in person in the exercise of any of such shareholder's rights as a shareholder (see note 6 below);
- any appointment by a shareholder of a proxy is revocable, unless the form of instrument used to appoint such proxy states otherwise;
- if an appointment of a proxy is revocable, a shareholder may revoke the proxy appointment by (i) cancelling it in writing, or making a later inconsistent appointment of a proxy and (ii) delivering a copy of the revocation instrument to the proxy and to the relevant company;
- a proxy appointed by a shareholder is entitled to exercise, or abstain from exercising, any voting right of such shareholder without direction, except to the extent that the relevant company's memorandum of incorporation, or the instrument appointing the proxy, provides otherwise (see note 3 below);
- if the instrument appointing a proxy or proxies has been delivered by a shareholder to a company, then, for so long as that appointment remains in effect, any notice that is required in terms of the Companies Act or such company's Memorandum of Incorporation to be delivered to a shareholder must be delivered by such company to –
  - the relevant shareholder; or
  - the proxy or proxies, if the relevant shareholder has: (i) directed such company to do so, in writing and (ii) paid any reasonable fee charged by such company for doing so; and
- if a company issues an invitation to its shareholders to appoint one or more persons named by the company as a proxy, or supplies a form of proxy instrument:
  - the invitation must be sent to every shareholder entitled to notice of the meeting at which the proxy is intended to be exercised;
  - the invitation or form of proxy instrument supplied by the company must:
    - o bear a reasonably prominent summary of the rights established in section 58 of the Companies Act;
    - o contain adequate blank space, immediately preceding the name(s) of any person(s) named in it, to enable a shareholder to write the name and, if desired, an alternative name of a proxy chosen by the shareholder; and
    - o provide adequate space for the shareholder to indicate whether the appointed proxy is to vote in favour of or against any resolution(s) to be put at the meeting, or is to abstain from voting;
  - the Company must not require that the proxy appointment be made irrevocable; and
  - the proxy appointment remains valid only until the end of the meeting at which it was intended to be used, subject to the above.

#### Notes to the form of proxy:

1. The form of proxy must only be used by Certificated Shareholders or Dematerialised Shareholders with "own name" registration.
2. Each Shareholder entitled to attend and vote at the General Meeting may appoint one or more persons as proxies to attend, participate in and vote at the General Meeting in the place of the Shareholder. A proxy need not be a Shareholder.
3. A Shareholder is entitled to one vote on a show of hands and, on a poll, one vote in respect of each Share held. A Shareholder's instructions to the proxy must be indicated by inserting the relevant number of votes exercisable by the Shareholder on a poll in the appropriate box(es). Failure to comply with this will be deemed to authorise the proxy to vote or to abstain from voting at the General Meeting as he/she deems fit in respect of all the Shareholder's votes. Further, should any further resolution(s) or any amendment(s) which may properly be put before the General Meeting be proposed, the proxy shall be entitled to vote as he/she thinks fit.
4. A vote given in terms of an instrument of proxy shall be valid in relation to the General Meeting notwithstanding the death of the person granting it, or the revocation of the proxy, or the transfer of the Grindrod Shares in respect of which the vote is given, unless notification in writing of such death, revocation or transfer shall have been received by the Company or the Transfer Secretary before the commencement of the General Meeting or adjourned General Meeting at which the proxy is used.
5. The chairperson of the General Meeting may reject or accept any form of proxy which is completed and/or received other than in compliance with these notes.
6. The completion and lodging of this form of proxy will not preclude the relevant Shareholder from attending the General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such Shareholder wish to do so.
7. Documentary evidence establishing the authority of a person signing the form of proxy in a representative capacity must be attached to this form of proxy, unless previously recorded by the Company or unless this requirement is waived by the chairperson of the General Meeting.
8. A minor or any other person under legal incapacity must be assisted by his/her parent or guardian, as applicable, unless the relevant documents establishing his/her capacity are produced or have been registered by the Company.
9. Where there are joint holders of ordinary Shares:
  - (i) any one holder may sign the form of proxy;
  - (ii) the vote(s) of the senior Shareholders (for that purpose seniority will be determined by the order in which the names of Shareholders appear on the Register) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint Shareholder(s).
10. Forms of proxy should be delivered or mailed to Computershare Investor Services (Pty) Ltd as follows:

Hand deliveries to: Computershare Investor Services (Pty) Limited 70 Marshall Street Johannesburg, 2001	Postal deliveries to: Computershare Investor Services (Pty) Limited PO Box 61051 Marshalltown, 2107
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to be received by no later than 10:00 on Friday, 25 April 2014 (or 48 hours before any adjournment of the General Meeting which date, if necessary, will be notified in the press). Any form of proxy not returned to Computershare Investor Services (Pty) Limited by such time may be handed to the chairperson of the General Meeting any time before the appointed proxy exercises any of the Shareholder's rights at the General Meeting (or any adjournment thereof).
11. Any alteration or correction made to this form of proxy, other than the deletion of alternatives, must be initialled by the signatory/ies.
12. Any proxy appointed pursuant to this form of proxy may not delegate his/her authority to act on behalf of the relevant Shareholder.
13. In terms of section 58 of the Companies Act, unless revoked, an appointment of a proxy pursuant to this form of proxy remains valid only until the end of the General Meeting or any adjournment of the General Meeting.
14. If the General Meeting is adjourned or postponed, valid forms of proxy submitted for the initial General Meeting will remain valid in respect of any adjournment or postponement of the General Meeting.



