

GRINDROD LIMITED

(Incorporated in the Republic of South Africa)

(Registration number: 1966/009846/06)

Ordinary share code: GND and ISIN: ZAE000072328

Preference share code: GNDP and ISIN: ZAE000071106

("Grindrod")

DISPOSAL OF 100% OF THE ISSUED ORDINARY SHARE CAPITAL OF GRINDROD FINANCIAL HOLDINGS LIMITED ("GFH") AND 100% OF THE PREFERENCE SHARES ISSUED BY GRINDROD BANK LIMITED ("GRINDROD BANK")

1. Introduction

The Grindrod board of directors is pleased to announce, following a thorough and detailed process involving third parties interested in acquiring GFH, the 100% shareholder of Grindrod Bank, that it has reached agreement with African Bank Limited ("**African Bank**") in terms of which:

- Grindrod will dispose of 100% of the issued ordinary share capital of GFH; and
- Grindrod will dispose of 100% of the preference shares issued by Grindrod Bank.

("Proposed Transaction")

African Bank is registered as a bank in terms of the Banks Act, No.94 of 1990. African Bank is a wholly-owned subsidiary of African Bank Holdings Limited ("**ABH**"). ABH's shareholders are the South African Reserve Bank (50%), the Government Employees Pension Fund (25%) and a consortium of South African banks (25%), including FirstRand Bank Limited, Standard Bank of South Africa Limited, Absa Trading and Investment Solutions Limited, Nedbank Limited, Investec Bank Limited and Capitec Bank Limited.

2. Rationale for the Proposed Transaction

The Proposed Transaction is in line with Grindrod's strategic intent to separate its Freight Services and Banking Services businesses. Following conclusion of the Proposed Transaction, Grindrod will focus on its growth strategy within the Freight Services business.

African Bank is currently mainly a consumer-focused bank. African Bank's strategy is to build a sustainable diversified offering across the consumer and business banking segments. Grindrod Bank will provide an entry into the business banking market which will be grown off African Bank's larger balance sheet and additional allocation of capital.

Grindrod believes that African Bank, with its corporate strategy of building a scalable and sustainable diversified offering across the consumer and business banking segments, is the appropriate shareholder to support Grindrod Bank, its employees and clients in fulfilling its growth strategy.

3. Description of GFH

GFH is an investment holding company that has an investment in the entire issued ordinary share capital of Grindrod Bank as well as in the entire issued ordinary share capital of GFH Investments (Pty) Ltd, which is a dormant entity. Grindrod Bank is an investment bank established 26 years ago, which specialises in managing cash deposits, corporate and investment banking. Grindrod Bank is a niche financier in the South African property market known for its specialised expertise in commercial and industrial property finance. Grindrod Bank provides bespoke financial services to private, corporate and institutional clients.

4. Proposed Transaction consideration and use of proceeds

The total cash consideration payable to Grindrod, in terms of the Proposed Transaction, is R1.5 billion ("**Cash Consideration**"). The Cash Considerations comprises the following:

- R285 million is the consideration payable to Grindrod in relation to the disposal of 100% of the issued preference share capital of Grindrod Bank; and
- the balance is the consideration payable to Grindrod in relation to the disposal of 100% of the issued ordinary share capital of GFH and interest will accrue at the prevailing prime rate on this amount from 1 January 2022 until the date of full payment.

The effective date of the Proposed Transaction will be the first business day of the month after the month in which the last of the conditions precedent disclosed in paragraph [5] below are fulfilled or waived, to the extent permitted (“**Effective Date**”).

Grindrod intends to use the after-tax Cash Consideration to provide funding for the Freight Services expansion projects and restructuring of the group balance sheet.

5. Conditions precedent

The Proposed Transaction is subject to the fulfilment or waiver, where capable of waiver of the following conditions precedent, by no later than the longstop date, being 30 June 2023:

- by no later than 28 days from signature date of the agreement, being 26 May 2022 (“signature date”), African Bank will make available a line of credit of R1.5 billion to Grindrod Bank. The line of credit shall remain in place until the earlier of the day before transaction implementation or 24 months after the signature date.
- the approval of the Proposed Transaction by Grindrod shareholders in a general meeting;
- the approval by and / or notification to (to the extent applicable) the JSE Limited, the Prudential Authority, the National Credit Regulator, the Competition Authorities and the Minister of Finance;
- confirmation that consent has been obtained from counterparties to contracts where change of control provisions are in place; and
- no material adverse change occurring during the period between the date of signature of the Proposed Transaction agreements and the Effective Date of the Proposed Transaction.

6. Net assets and profits of GFH

The net asset value attributable to GFH as at 31 December 2021 was R1 672 million. The net profit after taxation for the year ended 31 December 2021 attributable to GFH was R109.4 million as per the Annual Financial Statements of GFH prepared in accordance with the International Financial Reporting Standards.

7. Categorisation of the Proposed Transaction

The Proposed Transaction constitutes a Category 1 transaction in terms of the JSE Limited Listings Requirements and, as such, requires the approval of more than 50% of the votes of the ordinary shareholders of Grindrod in a general meeting.

8. Circular to shareholders

A circular containing full details of the Proposed Transaction, together with a notice convening a general meeting of the ordinary shareholders of Grindrod in order to consider and, if deemed fit, to pass the ordinary resolutions necessary to approve and implement the Proposed Transaction will be posted to ordinary shareholders in due course.

Grindrod Limited
Durban
26 May 2022

Exclusive financial adviser and transaction sponsor to Grindrod Limited
Rand Merchant Bank
(A division of FirstRand Bank Limited)

Legal advisor to Grindrod Limited
Edward Nathan Sonnenbergs Incorporated (ENSafrica)