



GRIEKWALAND WES KORPORATIEF LIMITED
(Incorporated in the Republic of South Africa)
Registration Number: 1997/022252/06
("GWK" or "the Company")



VKB BELEGGINGS PROPRIETARY LIMITED
(Incorporated in the Republic of South Africa)
Registration Number: 2011/007000/07
("VKB")

JOINT ANNOUNCEMENT – OF THE FIRM INTENTION BY VKB TO MAKE AN OFFER TO ACQUIRE THE ENTIRE ISSUED SHAREHOLDER EQUITY IN GWK, BY WAY OF A SCHEME OF ARRANGEMENT

1. INTRODUCTION

- 1.1 Shareholders of GWK ("GWK Shareholders") are hereby advised that VKB has, pursuant to an implementation agreement which has become of force and effect between GWK and VKB ("Implementation Agreement"), communicated its firm intention to acquire the Ordinary A Shares, the GWK Shareholders Loans (as described in paragraph 4.3.3 below) and the A Preference Shares (collectively "GWK Shareholder Equity"), excluding treasury shares and the GWK Mechanisation Shares (as defined below), from the GWK Shareholders who are entitled to receive the consideration ("Scheme Participants"), by way of a scheme of arrangement ("Scheme") in terms of section 114(1) of the Companies Act, 71 of 2008 ("Companies Act") (read with section 115 of the Companies Act) ("Proposed Transaction").
- 1.2 The purpose of this announcement ("Joint Firm Intention Announcement") is to set out the background to the Proposed Transaction, and to advise GWK Shareholders of the terms and conditions of the Proposed Transaction, in compliance with Regulation 101 of the Companies Regulations, 2011 ("Companies Regulations").

2. BACKGROUND AND RATIONALE FOR THE PROPOSED TRANSACTION

- 2.1 On 17 July 2020 GWK and VKB announced that they had entered into discussions regarding a potential partnership and synergies focused on unlocking value for stakeholders of GWK and VKB, specifically shareholders and producer clients. These discussions remained, and still remains, subject to the relevant competition and other regulatory body requirements and approvals.
- 2.2 Both GWK and VKB are recognized to be 100% (one hundred percent) producer-controlled through their current share capital structures which facilitate and/or emphasize an incentive to *bona fide* producers who conduct business with GWK and VKB to annually receive rebates.
- 2.3 Both the GWK and VKB share capital structures comprise intricate varieties of different classes of ordinary and preference shares, each class having specific terms aimed at governing shareholder participation (i.e. such as voting rights) and entitlements.
- 2.4 GWK and VKB operate mostly in different geographical regions from one another and hence direct competition between these two groups is limited.
- 2.5 GWK has not declared any rebates in terms of its Rebate Policy (as described in schedule 2 of the memorandum of incorporation of GWK) since its 2017 financial year, and no 'rotation payments' (being the repayment of GWK Shareholder Loans and A Preference Shares ("GWK Shareholder Funds")) have been made by GWK to its Shareholders since its 2019 financial year.
- 2.6 In the short to medium term, GWK has a stated objective to continue the strengthening of its balance sheet by pursuing new, innovative financing solutions for GWK and its subsidiaries ("GWK Group") (including but not limited to refinancing of its current financing facilities), and increasing reserves by pursuing its growth strategies. Therefore, it is not envisaged that GWK will be in a position to resume payment of 'rotation payments' to the GWK Shareholders for the foreseeable future.
- 2.7 GWK believes the Proposed Transaction may result in significant long-term benefits to GWK Shareholders specifically, due to, amongst others, -
 - 2.7.1 the alignment of the GWK and VKB share capital structures, where both these share capital structures are producer-focused in terms of which *bona fide* producers are incentivised to conduct business with the relevant group by their unique and aligned rebate policies;
 - 2.7.2 the incentive structures and rebate policies will remain in place within the combined GWK and VKB group (collectively the "Group"), where GWK Shareholders may become shareholders in VKB in future at their own discretion, and build up further shareholder funds by conducting business with the combined Group;
 - 2.7.3 the Proposed Transaction provides an opportunity for liquidity to GWK Shareholders via the GWK Cash Scheme Consideration (being the cash portion of the GWK Scheme Consideration as defined in paragraph 5.7 below);
 - 2.7.4 it is envisaged that the 'rotation payments' to GWK Shareholders will be resumed by the combined Group in the financial year within which the Proposed Transaction is implemented (envisaged to be in GWK's 2024 financial year), which provides GWK Shareholders with a further possibility at unlocking value and liquidity held in their GWK Shareholder Funds; and
 - 2.7.5 the terms of the VKB Redeemable Voting Note (as defined in paragraph 5.6 below) have been designed to align, amongst others, to the current terms of the GWK Shareholder Loans, and includes voting rights in favour of the holder thereof at general meetings of VKB.

- 2.8 Furthermore, the Proposed Transaction is envisaged to include the following benefits to the GWK Group, -
- 2.8.1 improving scalability/profitability of operations (specifically by enhancing diverse product offerings to existing and future farmer producers) and adding new business lines complimentary to existing operations/units;
 - 2.8.2 diversification of risks due to the cyclical nature associated with the agriculture industry in general;
 - 2.8.3 improving operational efficiencies, streamlining of respective operations, leveraging from each other's networks/operations/product lines/service offerings, subject to relevant competition legislation and approvals;
 - 2.8.4 the combined development of information technology systems, expected to improve efficiencies (eliminating duplications) and cost savings in a combined Group;
 - 2.8.5 retaining the GWK brand and the GWK Group's presence in the Northern Cape province with a regional office in Douglas;
 - 2.8.6 positioning of the combined Group and its operations to ensure that the core/key assets and the interests of the farmer producers of both GWK and VKB remain protected/safeguarded, while simultaneously improving the utilisation of these assets by optimising the management thereof; and
 - 2.8.7 ensuring the sustainability of both GWK and VKB by establishing a market leading diversified agricultural business which is built on the foundations of being producer-focused, innovative and dynamic businesses.
- 2.9 The Proposed Transaction will be one indivisible transaction and be implemented by way of the pre-GWK scheme steps ("**Pre-GWK Scheme Steps**") and the Scheme as detailed in paragraphs 4 and 5 below, respectively.
- 2.10 The Proposed Transaction shall not constitute an "offer to the public" as contemplated in section 95(1)(h) of the Companies Act.

3. APPOINTMENT OF INDEPENDENT BOARD AND AN INDEPENDENT EXPERT

- 3.1 The Scheme constitutes an "*affected transaction*" for purposes of section 117(1)(c)(iii) of the Companies Act and is accordingly regulated by the Companies Act and the Companies Regulations. In order to implement the Scheme, GWK will *inter alia* require a compliance certificate from the Takeover Regulation Panel ("**the Takeover Panel**").
- 3.2 In accordance with Regulation 108 of the Companies Regulations, the GWK Board has constituted an independent board comprising Messrs NAS Kruger, NB Jacobs and FJ Lubbe ("**Independent Board**") to consider the terms and conditions, and the merits, of the Scheme.
- 3.3 The Independent Board has appointed PKF Octagon Incorporated (the "**Independent Expert**") to act as Independent Expert in accordance with the requirements of the Companies Regulations, to advise the Independent Board and report to the Independent Board on the Scheme by way of a fair and reasonable opinion. The Independent Expert's full report and the Independent Board's opinion on the Scheme will be included in the Circular (as defined in paragraph 12 below) to be issued to GWK Shareholders.

4. PRE-GWK SCHEME STEPS

4.1 Amendments to the current memorandum of incorporation of GWK ("**Current GWK MOI**")

These proposed amendments allow for the introduction of VKB as a shareholder of GWK, and are envisaged to reduce governance costs in future as GWK will be converted to a private company in due course.

4.2 GWK Mechanisation Business Corporatisation

- 4.2.1 GWK, through its mechanisation business within the agriculture division of GWK ("**GWK Mechanisation Business**"), currently has a dealer agreement in place with John Deere, through which GWK distributes (and markets) John Deere equipment and parts ("**JD Goods**") in GWK's area of responsibility on behalf of John Deere (the "**Dealer Agreement**"). The GWK Mechanisation Business earns commission on the sale of JD Goods as part of the Dealer Agreement.
- 4.2.2 The Dealer Agreement prohibits GWK from carrying on a competitive line of business (i.e. selling other products in competition with JD Goods) ("**JD Restrictions**") and John Deere may terminate the Dealer Agreement if the JD Restrictions are breached.
- 4.2.3 VKB has entered into similar dealer agreements with competing manufacturers, where VKB acts as a dealer for their equipment and parts in the areas of responsibility where VKB operates.
- 4.2.4 In the event GWK, including GWK Mechanisation Business, were to become part of the same group of companies as VKB, GWK would breach the terms of the Dealer Agreement, specifically relating to the JD Restrictions.
- 4.2.5 Accordingly, the GWK Mechanisation Business will be corporatised by transferring the GWK Mechanisation Business into a separate legal entity through the disposal of the GWK Mechanisation Business (as a going concern) to a newly incorporated private company ("**GWK Mechanisation**"), wholly owned by GWK, prior to the implementation of the Scheme, in order for GWK Shareholders to remain the beneficial owners of the GWK Mechanisation Business after the implementation of the Scheme.
- 4.2.6 As part of the Scheme, GWK will dispose of the ordinary shares ("**GWK Mechanisation Share**") of GWK Mechanisation to Scheme Participants, in the proportion of 1 (one) GWK Mechanisation Share for every R1.00 (one Rand) of the Discounted Value (as defined in the Current GWK MOI) of GWK Shareholders Loans acquired by GWK from Scheme Participants in consideration for the GWK Mechanisation Shares in terms of the Scheme.

4.3 Repayment of all GWK Shareholders Funds of Discontinued GWK Farmers

- 4.3.1 A number of existing GWK Shareholders have discontinued farming activities or have become inactive ("**Discontinued GWK Farmers**") and have applied for their GWK Shareholder Funds to be repaid in terms of the provisions of the Current GWK MOI. The GWK Board has resolved to repay all the GWK Shareholder Funds of the Discontinued GWK Farmers at the Discounted Value thereof (in line with GWK's policy and the Current GWK MOI) and settle the purchase consideration in cash, as follows -
 - 4.3.1.1 the GWK Shareholder Loan portion will be repaid in cash; and
 - 4.3.1.2 the redemption of the A Preference Share portion by cash payment.

- 4.3.2 Simultaneously, GWK will repurchase all Ordinary A Shares from the Discontinued GWK Farmers in cash at an aggregate repurchase price of R0.01 (one cent) per Discontinued GWK Farmer in accordance with the terms of the Current GWK MOI.
- 4.3.3 As a reminder, Shareholder loans (to the credit of GWK Shareholders) have *inter alia* functioned as the mechanism to distribute profits to “*Bona Fide Producers*” who conduct business with GWK during a particular financial year (“**GWK Shareholder Loans**”).
- 4.4 **Declaration of rebates to the GWK Shareholders and ‘allocation of reserves’ of GWK:**
- 4.4.1 Pursuant to the terms of the Rebate Policy and Current GWK MOI, the GWK Board shall consider the declaration of rebates up to the last day of the month in which all the conditions to the Scheme are fulfilled or waived (“**GWK Scheme Effective Date**”) (but limited to its taxable earnings in terms of clause 35 of the Current GWK MOI), as the case may be, to GWK Shareholders.
- 4.4.2 In terms of the provisions of the Current GWK MOI and the discretion of the GWK Board, the declaration shall be allocated between:
- 4.4.2.1 interest capitalised on the existing GWK Shareholder Funds; and
- 4.4.2.2 rebates declared to holders of Ordinary A Shares (on the date of the rebate declaration) based on the business with GWK during the financial years between the signature date of the Implementation Agreement and the financial year in which the GWK Scheme Operative Date (being the day on which the Scheme has become legally effective and is to be implemented in accordance with its terms) occurs up to the GWK Scheme Effective Date.
- 4.4.3 The GWK Board shall further allocate amongst the GWK Shareholders any difference between the GWK net asset value and the book value of the GWK Shareholders Equity as at the GWK Scheme Effective Date, in the proportion to the total GWK Shareholders Equity held by each GWK Shareholder after the rebate declaration referred to in paragraph 4.4.2 (the VKB Redeemable Voting Notes (as defined in paragraph 5.6 below) issued to Scheme Participants in respect of these amounts will be repayable by VKB on the 15th anniversary of the GWK Scheme Operative Date, and cumulatively referred to as the “**VKB Redeemable Voting Notes Final Maturity Payments**”).
- 4.4.4 This allocation shall be on a notional basis, and is essentially an allocation of the reserves built up by GWK up to the GWK Scheme Effective Date, being the amount by which the net asset value exceeds the book value of the GWK Shareholders Equity at this date.

5. SCHEME OF ARRANGEMENT

- 5.1 VKB offers to acquire the GWK Shareholders Equity held by Scheme Participants (excluding treasury shares and the GWK Mechanisation Shares to be transferred to Scheme Participants) by way of a scheme of arrangement in terms of section 114 of the Companies Act, and subject to the terms and conditions set out in the Implementation Agreement.
- 5.2 If the Scheme becomes unconditional, subject to the required GWK special resolutions being approved (“**Requisite Resolutions**”) by the requisite majority of the GWK Shareholders, the offer consideration offered by VKB to the GWK Shareholders for their Ordinary A Shares and A Preference Shares (“**GWK Shares**”) and the GWK Shareholder Loans in terms of the Proposed Transaction (“**GWK Scheme Consideration**”), shall be as set out in paragraph 5.7 below.
- 5.3 As part of the Scheme, GWK shall acquire from Scheme Participants (holding GWK Shareholder Funds and Ordinary A Shares exceeding an aggregate Discounted Value and Initial Subscription Value (as defined below) of R10,000 (ten thousand Rand)), GWK Shareholders Loans equivalent in value to the GWK Mechanisation Shares, which shall be transferred to Scheme Participants *pro rata* to their GWK Shareholders Loans, in consideration for the acquisition of such loans.
- 5.4 In terms of Schedule 4 of the Current GWK MOI, where a GWK Shareholder receives a repayment of his or her GWK Shareholder Funds prior to the scheduled payment date, such repayment shall be made at the Discounted Value thereof. Therefore, for all payments in cash in terms of the Proposed Transaction (being the GWK Cash Scheme Consideration), such payment is made at the Discounted Value of the GWK Shareholder Funds.
- 5.5 The offer by VKB is however at the net asset value of the GWK Group at the GWK Scheme Effective Date (minus the GWK Shareholder Loans settled by the transfer of the GWK Mechanisation Shares), not at the Discounted Value. The difference between the book value of the GWK Shareholders Funds and the Discounted Value paid as part of the GWK Cash Scheme Consideration will form part of the balance amount to be settled by VKB in VKB Redeemable Voting Notes.
- 5.6 The VKB Redeemable Voting Note is a new “debt instrument” as contemplated in section 43 of the Companies Act, to be issued by VKB in terms of the Scheme, with a repayment period aligned to that of the GWK Shareholder Funds (“**VKB Redeemable Voting Notes**”). The principle rights and privileges of the VKB Redeemable Voting Note have been designed to align, amongst others, to the current terms of the GWK Shareholder Loans and the VKB Class 2 Preference Shares, and includes voting rights in favour of the holder thereof at general meetings of VKB.
- 5.7 The GWK Scheme Consideration shall be settled as follows, -
- 5.7.1 in respect of a Scheme Participant whose Discounted Value of all their respective remaining GWK Shareholders Funds plus the value of all their Ordinary A Shares (at R1.00 (one Rand) per Ordinary A Shares) (“**Initial Subscription Value**”) as at the GWK Scheme Operative Date is R10,000 (ten thousand Rand) or less, a cash amount equal to the Discounted Value of all their remaining GWK Shareholders Funds plus the Initial Subscription Value of all his or her Ordinary A Shares; or
- 5.7.2 in respect of a Scheme Participant whose Discounted Value of all their remaining GWK Shareholders Funds plus the Initial Subscription Value of all their Ordinary A Shares exceed R10,000 (ten thousand Rand), -
- 5.7.2.1 a cash amount of R10,000 (ten thousand Rand); and
- 5.7.2.2 for their respective remaining GWK Shareholder Funds and Ordinary A Shares exceeding an aggregate Discounted Value and Initial Subscription Value of R10,000 (ten thousand Rand), and after the transfer of the GWK Mechanisation Shares to the Scheme Participant in terms of paragraph 5.1 above, VKB Redeemable Voting Notes, calculated in the following ratio: R1.00 (one Rand) of VKB Redeemable Voting Notes for every R1.00 (one Rand) of the sum of the remaining GWK Shareholders Equity held.

6. CONDITIONS TO THE SCHEME OF ARRANGEMENT

- 6.1 The implementation of the Scheme and remaining transactions forming part of the Proposed Transaction will be subject to the fulfilment or waiver (to the extent permitted and as more fully set out in the Circular), of the following conditions precedent, by no later than 17:00 on 31 December 2023 (or such later date as may be agreed to in writing between VKB and GWK) ("**Long Stop Date**");
- 6.1.1 the approval of the Requisite Resolutions by the requisite majority of GWK Shareholders is obtained;
- 6.1.2 to the extent required under section 115(3) of the Companies Act, approval of the implementation of the special resolution proposing the Scheme ("**Scheme Resolution**") by the court is obtained and, if applicable, GWK not having treated the Scheme Resolution as a nullity (which it may not do unless it is instructed to do so by VKB as contemplated in the Implementation Agreement), as contemplated in section 115(5)(b) of the Companies Act;
- 6.1.3 in relation to the Scheme and the amendments of the Current GWK MOI as contemplated in paragraph 4.1 above –
- 6.1.3.1 there being no GWK Shareholders entitled to issue a demand under section 164(5) of the Companies Act; or
- 6.1.3.2 if there is a GWK Shareholder entitled to issue a demand under section 164(5) of the Companies Act, then, in the period of 30 (thirty) "business days" (within the meaning of the Companies Act) following the date on which the relevant Requisite Resolutions is actually passed, there either having been no valid demands received by GWK under that section or there having been valid demands received by GWK under that section in respect of not more than 10% (ten percent) of all the issued GWK Shareholders Equity;
- 6.1.4 the receipt of the unconditional approval in writing of the relevant South African competition authorities, to the extent required in terms of the Competition Act, No. 89 of 1998 ("**Competition Act**"), of the Proposed Transaction, or if such approval is conditional, such conditions being acceptable to GWK and/or VKB ("**Parties**") upon whom they are imposed or upon whom they have an impact, in their sole and absolute discretion, provided however that in considering whether to accept any such condition, each Party shall act in good faith. If by the Long Stop Date the Proposed Transaction has not been duly approved by the competition authorities in terms of the Competition Act, but the legal process before the competition authorities is still in progress and/or the Parties have not yet exhausted all their remedies in terms of the Competition Act to obtain such approval, the date for the fulfilment of this condition shall automatically extend to the later of 5 (five) business days after the date on which the legal process before the competition authorities is finalized or the Parties have exhausted all their remedies in terms of the Competition Act to obtain such approval;
- 6.1.5 to the extent required, consent being obtained from the financiers of GWK and VKB to implement the Scheme;
- 6.1.6 to the extent required, consent being obtained from the counterparties to the material agreements of GWK and VKB to implement the Scheme;
- 6.1.7 the filing of the amendments to the Current GWK MOI, with the Companies and Intellectual Property Commission;
- 6.1.8 the issue of a compliance certificate by the Takeover Panel, or an exemption obtained from the Takeover Panel, in relation to the Scheme;
- 6.1.9 there has been no Material Adverse Change (as defined in the Implementation Agreement) in respect of either GWK or VKB identified during their due diligence investigations, or if any such Material Adverse Change has been identified during the due diligence investigations, the Parties have not confirmed to each other in writing within 10 (ten) business days of such Material Adverse Change being finally identified, that they are comfortable to proceed with the Scheme; and
- 6.1.10 there has been no Material Adverse Change in the period after the Due Diligence Period up to and including the date on which all the conditions in this paragraph 6.1 have been fulfilled or waived, as the case may be, excluding the fulfilment or waiver of the conditions referred to in paragraph 6.1.7 and this paragraph 6.1.10.
- 6.2 The condition in paragraph 6.1.3 is for the benefit of VKB and may be waived or relaxed by VKB in its sole discretion by notice in writing to GWK prior to the expiry of the time period set out in paragraph 6.1 (or such extended time period as may be agreed in writing between VKB and GWK in accordance with paragraph 6.4), provided that if the condition in paragraph 6.1.3 is waived and if any GWK Shareholder exercises its appraisal rights in terms of section 164 of the Companies Act, the reasonable costs of any court process and/or any order that is made against GWK prior to the Scheme being implemented, shall be funded by VKB on demand made by GWK.
- 6.3 Save where the remainder of the conditions in paragraph 6.1 are of a regulatory nature, they are capable of waiver or relaxation by written agreement between VKB and GWK prior to the expiry of the time period set out in paragraph 6.1 (or such extended time period as may be agreed in writing between VKB and GWK in accordance with paragraph 6.4).
- 6.4 VKB and GWK may by agreement in writing and with the prior approval of the Takeover Panel (where required), extend the dates for the fulfilment of any one or more of the conditions in paragraph 6.1 and such agreement shall not be unreasonably withheld or delayed if the condition is of a regulatory nature and the delay is occasioned on the part of the regulator and the period of the extension accords with the period of the delay.
- 6.5 Unless all the conditions in paragraph 6.1 have been fulfilled or, where possible, waived or relaxed by not later than the Long Stop Date (or such later date or dates to which the fulfilment date/s may have been extended in terms of paragraphs 6.1.4 and 6.4) ("**Fulfilment Date**"), the Scheme and the provisions of the Implementation Agreement, save for certain savings provisions, shall terminate automatically on the Fulfilment Date of the first condition that was not timeously fulfilled or, where possible, waived.

7. PRO FORMA EARNINGS AND ASSET VALUE

- 7.1 In terms of Regulation 101(7)(b)(iv) of the Companies Regulations, a firm intention announcement must contain, *inter alia*, the *pro forma* earnings and asset value per offeree regulated company security if the offer consideration consists wholly or partly of offeror securities.
- 7.2 The GWK Board is responsible for the compilation, contents and preparation of the GWK *pro forma* financial information. Their responsibility includes determining that the GWK *pro forma* financial information has been properly compiled on the basis stated, which is consistent with the accounting policies of GWK and that the *pro forma* adjustments are appropriate for purposes of the *pro forma* financial information disclosed.

- 7.3 The VKB Board is responsible for the compilation, contents and preparation of the VKB *pro forma* financial information. Their responsibility includes determining that the VKB *pro forma* financial information has been properly compiled on the basis stated, which is consistent with the accounting policies of VKB and that the *pro forma* adjustments are appropriate for purposes of the *pro forma* financial information disclosed.
- 7.4 The *pro forma* financial information has been prepared for illustrative purposes only and because of its *pro forma* nature, may not fairly present GWK's and VKB's financial position, changes in equity, result of operations or cash flows, nor the effect and impact of the Proposed Transaction going forward.
- 7.5 The *pro forma* consolidated statement of profit and loss below presents the effects of the Proposed Transaction on GWK's and VKB's financial results on the assumption that the Proposed Transaction were effective on the first day of the 2020/2021 financial years of GWK and VKB.

PRO FORMA CONSOLIDATED INCOME STATEMENT FOR THE YEARS ENDED 31 MAY 2021 AND 31 MARCH 2021 FOR GWK GROUP AND VKB GROUP RESPECTIVELY

	GWK Group results for the financial year ended 31 May 2021 ¹	GWK Mechanisation Business transfer ^{3,4}	Pro Forma GWK Group results after the GWK Mechanisation Business transfer ⁵	VKB Group results for the financial year ended 31 March 2021 ⁶	Adjustments ⁷	Pro Forma VKB Group results after the Proposed Transaction ⁸
	A	B	C = A + B	D	E	F = D + E
EARNINGS PER SECURITY AND NUMBER OF SECURITIES IN ISSUE						
Number of securities in issue ('000)²						
GWK Shareholders	758 192	(76 547)	681 645	–	(681 645)	(681 645)
VKB Shareholders	–	–	–	2 138 566	–	2 138 566
VKB Redeemable Voting Note holders	–	–	–	–	583 785	583 785
Profit before incentive discounts and tax per security (cents)⁹						
GWK Shareholders	8,40	(2,97)	5,43	–	–	–
VKB Shareholders	–	–	–	15,63	(0,41)	15,22
VKB Redeemable Voting Note holders ¹¹	–	–	–	–	5,74	5,74
Basic earnings per security (cents)¹⁰						
GWK Shareholders	11,06	(1,58)	9,48	–	–	–
VKB Shareholders	–	–	–	1,58	(0,41)	1,17
VKB Redeemable Voting Note holders ¹¹	–	–	–	–	10,47	10,47

Notes and assumptions:

1. Extracted, without adjustment, from the audited consolidated financial statements of GWK Group for the year ended 31 May 2021.
2. Due to the closely linked nature of the GWK Shareholder Loans, the value of the GWK Shareholder Loans are included in the number of securities calculation. This is due to the GWK Shareholder Loans only being issued to Ordinary A Shareholders, and in proportion to the A Preference Shares.
3. Extracted from the GWK Mechanisation Business management accounts as at 31 May 2021 as included in the audited consolidated financial statements of GWK for the year ended 31 May 2021.
4. Derecognition of the GWK Mechanisation Business which after the GWK Mechanisation Business Corporatisation will be transferred to the Scheme Participants as part of the GWK Scheme Consideration.
5. Represents the GWK Group *pro forma* results after the GWK Mechanisation Business transfer, which is the remaining portion of GWK Group which will be acquired by VKB.
6. Extracted, without adjustment, from the audited consolidated financial statements of VKB Group for the year ended 31 March 2021
7. Adjustments for: (i) issue of VKB Redeemable Voting Notes, and (ii) transaction costs.
8. Represents the VKB Group *pro forma* financial results after adjusting for the impact of the Proposed Transaction.
9. Profit before incentive discounts and tax per security were calculated using the profit for the year from continuing operations before the incentive discounts and tax have been considered, divided by the number of VKB securities in issue (excluding VKB Redeemable Voting Notes). Historical profit and earnings distributions to VKB Shareholders were done in terms of the VKB Group rebate policy and VKB MOI and historical profit and earnings distributions to GWK Shareholders were done in terms of the GWK Group rebate policy and the Current GWK MOI.
10. Earnings per security were calculated using the profit for the year attributable to the holders of the parent and therefore excludes any profit attributable to non-controlling interest holders. Historical profit and earnings distributions to VKB Shareholders were done in terms of the VKB Group rebate policy and VKB MOI and historical profit and earnings distributions to GWK Shareholders were done in terms of the GWK Group rebate policy and the Current GWK MOI.
11. Profit before incentive discounts and tax per security and basic earnings per security attributable to VKB Redeemable Voting Note holders was calculated based on the historical GWK profits divided by the number of VKB Redeemable Voting Note to be issued. Future profit and earnings distributions will be done in terms of the VKB Group rebate policy and VKB MOI to VKB Shareholders. In future, VKB Redeemable Voting Note holders will be able to share in the profits of the combined Group should they become ordinary shareholders in VKB.

- 7.6 The *pro forma* consolidated statement of financial position below presents the effects of the Proposed Transaction on GWK's and VKB's financial position on the assumption that the Proposed Transaction was effective at the end of the 2020/2021 financial years of GWK and VKB.

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MAY 2021 AND 31 MARCH 2021 FOR GWK GROUP AND VKB GROUP RESPECTIVELY

	GWK Group results for the financial year ended 31 May 2021 <small>1</small>	GWK Mechanisa- tion Business transfer <small>3,4,5</small>	<i>Pro Forma</i> GWK Group results after the GWK Mechanisa- tion Business transfer <small>6</small>	VKB Group results for the financial year ended 31 March 2021 <small>7</small>	Adjustments <small>8,11</small>	<i>Pro Forma</i> VKB Group results after the Proposed Transaction <small>9,10</small>
	A	B	C = A + B	D	E	F = D + E
Number of securities in issue ('000)²						
GWK Shareholders	758 192	(76 547)	681 645	–	(681 645)	–
VKB Shareholders				2 138 566	–	2 138 566
VKB Redeemable Voting Note holders				–	583 785	583 785
Net asset value per security (cents)¹²						
GWK Shareholders	93,00	(0,79)	92,21	–	–	–
VKB Shareholders				121,56	(0,41)	121,15
VKB Redeemable Voting Note holders				–	100,00	100,00

Notes and assumptions:

1. Extracted, without adjustment, from the audited consolidated financial statements of GWK Group for the year ended 31 May 2021.
2. Due to the closely linked nature of the GWK Shareholder Loans, the value of the GWK Shareholder Loans are included in the number of securities calculation. This is due to the GWK Shareholder Loans only being issued to Ordinary A Shareholders, and in proportion to the A Preference Shares.
3. Extracted from the GWK Mechanisation Business management accounts as at 31 May 2021 as included in the audited consolidated financial statements of GWK for the year ended 31 May 2021.
4. Derecognition of the GWK Mechanisation Business which after the GWK Mechanisation Business Corporatisation will be transferred to the Scheme Participants as part of the GWK Scheme Consideration.
5. GWK Group will transfer additional equity to the GWK Mechanisation Business with an estimated value of R50 million consisting of a decrease in Borrowings attributable to the GWK Mechanisation Business in order for this business to fund its operations independently.
6. Represents the GWK Group *pro forma* results after the GWK Mechanisation Business transfer, which is the remaining portion of GWK Group which will be acquired by VKB.
7. Extracted, without adjustment, from the audited consolidated financial statements of VKB Group for the year ended 31 March 2021.
8. Adjustments for: (i) Repayment of all GWK Shareholders Funds of Discontinued GWK Farmers and the repurchase by GWK of all their Ordinary A Shares, (ii) GWK Cash Scheme Consideration, (iii) issue of VKB Redeemable Voting Notes, and (iv) transaction costs.
9. Represents the VKB Group *pro forma* financial results after adjusting for the impact of the Proposed Transaction.
10. The issue price per security of the VKB Redeemable Voting Notes which the GWK Shareholders will receive in VKB will be equal to the Net Asset Value per GWK security as at the GWK Scheme Effective Date. The total Net Asset Value attributable to 'historical' GWK Shareholders will thus reduce as follows: the repayment of the Discontinued Farmers, the transfer of the GWK Mechanisation Shares, as well as GWK's portion of transaction costs. The Net Asset Value attributable to 'historical' VKB Shareholders will reduce as follows: GWK Cash Scheme Consideration as well as VKB's portion of transaction costs.
11. Assumed that the fair value of the GWK Group (excluding the GWK Mechanisation Business) is equal to the Net Asset Value of the GWK Group (excluding the GWK Mechanisation Business).
12. Net asset value per security were calculated using the net asset value attributable to the holders of the parent and therefore excludes non-controlling interest.

8. FUNDING OF SCHEME CONSIDERATION AND CONFIRMATION OF SUFFICIENT SECURITIES

8.1 Funding of the GWK Cash Scheme Consideration

- 8.1.1 VKB confirms that it has provided a cash guarantee to the Takeover Panel for the GWK Cash Scheme Consideration including any cash payment in respect of fractional entitlements.

8.2 Sufficient securities (GWK Mechanisation Shares)

- 8.2.1 The GWK Board confirms that the holding company of the GWK Mechanisation Business will have sufficient securities available to transfer the maximum number of GWK Mechanisation Shares which may be required to implement the Scheme fully.
- 8.2.2 The GWK Board has approved the GWK Mechanisation Corporatisation and the transfer of the GWK Mechanisation Shares to Scheme Participants, subject to the Scheme becoming unconditional.

8.3 Sufficient securities (VKB)

- 8.3.1 The VKB Board confirms that VKB will have sufficient securities available to issue the maximum number of VKB Redeemable Voting Notes which may be required to implement the Scheme fully and that it has the necessary authority to issue the VKB Redeemable Voting Notes to the Scheme Participants.
- 8.3.2 The VKB Board has approved the issue of the VKB Redeemable Voting Notes, subject to the Scheme becoming unconditional.

9. STATEMENT OF BENEFICIAL INTERESTS

9.1 As at the date of this announcement, neither VKB nor any director of VKB held direct or indirect beneficial interests in the issued share capital of GWK.

10. IRREVOCABLE UNDERTAKINGS

10.1 Irrevocable undertakings have been given to vote in favour of the Proposed Transaction by the following GWK Shareholders, who collectively hold 27,1% of the GWK Shares in issue:

GWK Shareholder	Ordinary A Shares	A Preference Shares	Total GWK Shares	Aggregate % of all issued GWK Shares
Idstone Farming Proprietary Limited	200	721 815	722 015	6,2%
De Meul Boerdery Proprietary Limited	200	364 125	364 325	3,1%
Swarthaak Boerdery Proprietary Limited	200	303 818	304 018	2,6%
N B Jacobs en Seuns Proprietary Limited	200	265 475	265 675	2,3%
Genade Boerdery Proprietary Limited	200	223 825	224 025	1,9%
C N Coetzee	200	207 755	207 955	1,8%
Zilverstroom Farms Proprietary Limited	200	182 065	182 265	1,6%
Hencoe Boerdery Proprietary Limited	200	173 962	174 162	1,5%
Uitdraai Boerdery Proprietary Limited	200	135 274	135 474	1,2%
Dupdrie Boerdery Proprietary Limited	200	116 650	116 850	1,0%
Groenweide Boerdery CC	200	106 702	106 902	0,9%
L J Bruwer	200	103 980	104 180	0,9%
J Mulke	200	91 050	91 250	0,8%
W G Mulke	200	87 048	87 248	0,7%
W Maree	200	86 629	86 829	0,7%
Total	3 000	3 170 173	3 173 173	27,1%

11. RESPONSIBILITY STATEMENTS

11.1 The Independent Board accepts responsibility for the information contained in this announcement, and accepts responsibility for the accuracy of such information and certifies that, to the best of its knowledge and belief, the information contained in this announcement is true and nothing has been omitted which is likely to affect the importance of the information.

11.2 The VKB Board accepts responsibility for the information contained in this announcement insofar as it relates to VKB, and accepts responsibility for the accuracy of such information and certifies that, to the best of its knowledge and belief, the information contained in this announcement is true and nothing has been omitted which is likely to affect the importance of the information.

12. POSTING OF THE CIRCULAR

GWK intends posting the combined offer circular to GWK Shareholders relating to the Proposed Transaction (“Circular”) on 11 July 2022, and in any event within 20 business days from the date of this announcement as specified in the Companies Regulations. It is expected that the special general meeting to be convened to consider the resolutions necessary to implement the Scheme will be held on 11 August 2022. The Circular will confirm the date of the special general meeting and provide detail of all other pertinent dates.

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8 July 2022

Pallidus

**CORPORATE AND TRANSACTION ADVISOR
TO GWK AND VKB**

CDH
CLIFFE DEKKER HOFMEYR

**LEGAL ADVISORS
TO GWK AND VKB**