

# Information sheet

## Purpose of this document

This document serves as a tool for background information and discussion about the merger between GWK and VKB, with specific topics for questions and answers.

## Background on the transaction

Supporting documentation is available on GWK's website at <https://www.gwk.co.za/Company/1> and in various previous editions of "Kommuniek" at <https://gwkcommuniek.co.za/>. Summary of the background:

- Discussions between GWK and VKB commenced in July 2020.
- The composition and design of the transaction were driven by representatives from GWK and VKB, in collaboration with an external, independent corporate advisor, Pallidus.
- In July 2022, information sessions for GWK shareholders were held in various towns in GWK's areas of operation to share details about the intended transaction.
- Regular information sessions were conducted with GWK employees.
- GWK's shareholders voted in favour of the proposed merger with VKB during a special shareholders' meeting in August 2022.
- As per their mandate, VKB's Board of Directors had already voted in favour of the proposed amalgamation earlier in 2022.
- After approval by GWK's shareholders and VKB's Board of Directors, the proposed transaction was submitted to the competition authorities.
- In December 2022, the Competition Tribunal announced the approval of the proposed transaction.
- The merger received final approval from all regulatory authorities on 30 May 2023. The effective date of the merger was 31 May 2023, meaning that from this date onwards, the two agricultural groups operate as a combined group.
- The focus now is to prudently handle the integration process, while still driving results across the entire group in terms of client service, quality products and financial performance.
- In the meantime, there will be no changes to the way farmers do business with GWK.
- As the integration process progresses, we will keep all stakeholders informed of the progress and where applicable, communicate pertinent changes in a timely manner.
- Initially, GWK will function as a subsidiary of VKB Beleggings, with Llewellyn Brooks, the GWK Group's Managing Director, continuing in his current role as Managing Director.
- PG Strauss, the VKB Group's Managing Director, will assume leadership of the combined group in that capacity.

## Integration committee

This committee is tasked to thoroughly examine all business operations and has the mandate to plan and monitor the integration of the companies' activities.

They will act in an advisory capacity to the VKB Beleggings Board of Directors regarding the integration process, with the aim to facilitate an effective and streamlined decision-making process between the Board and the management teams of GWK and VKB.

The integration committee consists of the following members:

- Coenraad Fick (Chairman of the VKB Beleggings Board of Directors)
- Nicolaas Kruger (Chairman of the GWK Group's Board of Directors and Chairman of the integration committee)
- PG Strauss (Managing Director of the VKB Group)
- Llewellyn Brooks (Managing Director of the GWK Group)
- Koos Janse van Rensburg (former Managing Director of the VKB Group)
- Markus Mittermaier (Financial Director of the VKB Group)
- Andri Geel (Financial Director of the GWK Group)
- John McIntosh (independent advisor who has been involved in the development and capturing of GWK's strategy in recent years)

## GWK and VKB brands

The retention of both brands and continued business under these brands are part of the key principles of the transaction. The combined group will operate under all three overarching brands, namely VKB, GWK, and NTK, and also with reference to other brands within the combined group's operations.

## Benefits of the merger

Both groups are and must remain sustainable on their own. This sustainability is further enhanced in the new combined group.

Potential benefits include:

- Improved competitiveness can be accomplished for our clients by doing the right things in the right manner and operating the combined business at a high level and standard.
- Our shareholders have interests in a more diversified company, providing greater stability to manage potential shocks and challenges in future.
- A larger and more diverse organisation that offers more growth opportunities for employees, and that is an employer of choice for top talent.
- An even more stable company is equally important for the communities in which we operate with sustained positive impacts made in these communities.

We are excited about the positive impact the combined group will have on South Africans through its involvement in agriculture and the food industry, but we also have realistic expectations.



The process is being approached with prudence, and we understand that the intended benefits will not be unlocked overnight. Over the past three years, great care has been taken to ensure the interests of all parties, especially the employees, shareholders, and clients of the involved companies, are protected and promoted.

It is essential to build upon this and approach the positioning and grouping of the various businesses and brands in the combined group correctly to ensure optimal client service in each area.

## Overview of the scheme of arrangement

The scheme of arrangement was a process regulated by the Takeover Regulation Panel, in which the terms of the merger were communicated, in writing, to GWK shareholders, and the GWK shareholders voted on it during a shareholders' meeting. The GWK shareholders provided their overwhelming support by voting in favour of all the decisions during this meeting.

The implementation of the merger of GWK and VKB will proceed as outlined in the scheme of arrangement, as approved by GWK's shareholders and within the mandate of the VKB Group's Board of Directors. This process is being driven and carefully managed by the Corporate Services team with specific target dates for completion.

VKB Beleggings will acquire the shareholder funds held by GWK's shareholders in exchange for a combination of cash compensation, as well as the issuance of a redeemable, vote-bearing debenture (VKB debentures) to qualifying GWK shareholders (ordinary shares, preference shares, and shareholder loans, excluding treasury shares and GWK Mechanisation Holdings shares, which will be transferred to GWK scheme participants).

Important dates:

- 13 September 2023
  - o Payment of discontinued farming operations for applications approved before 2 July 2022
- 16 October 2023
  - o Scheme compensation (as outlined later in this document under GWK scheme participants) to shareholders according to the scheme of arrangement
  - o Issuing of GWK Mechanisation Holdings shares

## Discontinuation of farming operations

GWK shareholders who have applied for the payout of shareholder funds due to the discontinuation of farming operations, in accordance with GWK's current MOI (Memorandum of Incorporation), and were approved before 2 July 2022, will be paid at their discounted value on or before **13 September 2023**. GWK farmers who discontinued farming operations will therefore be excluded as GWK scheme participants. At the same time, GWK will repurchase all ordinary A shares from these GWK farmers in cash at a total repurchase price of R0.01 per shareholder, in accordance with the provisions of GWK's current MOI and the scheme of arrangement approved by GWK shareholders.

The applications of all GWK shareholders who have applied after 2 July 2022 for the payout of shareholder funds due to the discontinuation of farming operations, in accordance with GWK's current MOI, will be treated similarly to that of the remaining GWK shareholders or scheme participants. These applications for the discontinuation of farming operations will be handled under VKB's MOI, following a similar approach as currently being followed at GWK.

### GWK scheme participants

The GWK scheme compensation will be handled as follows:

If a scheme participant's discounted value of their remaining GWK shareholder funds, together with the value of all ordinary A shares, at R1.00 per ordinary share, is less than R10 000, the discounted value will be paid to the scheme participant before or on **16 October 2023**.

If a scheme participant's discounted value of their shareholder funds is more than R10 000, the scheme participant will receive:

- A cash amount of R10 000;
- GWK Mechanisation Holdings shares in a pro-rata ratio of a shareholder's GWK shareholder loan compared to the total value of all GWK shareholder loans balances; plus
- The remaining shareholder fund value, exceeding R10 000 and after the transfer of GWK Mechanisation Holdings shares, in the form of VKB debentures, which will be issued in the following ratio:
  - R1.00 VKB debenture for every R1.00 of the book value of the remaining GWK shareholder funds held.

The payment of the above and issuing of the VKB debentures will take place on or before **16 October 2023**. Please note that scheme participants can only apply for the payment of shareholder funds due to the discontinuation of farming operations after **16 October 2023**, which applications will be considered in accordance with VKB's MOI.

### GWK Mechanisation Holdings shares

In terms of the scheme of arrangement, as part of the conditions of the merger of the two groups, GWK Mechanisation Holdings will be corporatised as a separate legal entity. GWK Mechanisation Holdings shares will be issued to GWK scheme participants as outlined in the above-mentioned scheme of arrangement.

This stipulation applies to all GWK shareholders. Shareholders will still be entitled to their shares, on which future dividends can be earned, or to sell the shares if preferred.

GWK Mechanisation Holdings shares will be held as ordinary shares where dividends can be earned, and no rebate policy will be followed for this business in future. Shareholders can, therefore, sell their GWK Mechanisation Holdings shares in the open market, subject to the terms of the GWK Mechanisation Holdings MOI. This includes, among other things, that the buyer must be a bona fide farmer.

After GWK Mechanisation Holdings's corporatisation as a separate legal entity, GWK will continue to provide support with services such as finances, information technology and systems, marketing and communication, as well as other essential services to ensure the same standard of service and experience for GWK Mechanisation Holdings shareholders, clients, employees and suppliers.

It is important to note that the management and business of GWK Mechanisation Holdings (including its area of operation, support services and the location of GWK Mechanisation Holdings branches) will remain unchanged.

### **GWK credit facilities**

GWK's credit policy will continue to exist and GWK will retain a separate financing structure. For more information regarding financing, shareholders can contact their local credit managers.

### **Rebate allocations**

Since the current financial year has already begun for GWK shareholders (on 1 June 2023), the decision was made not to amend the rules of the rebate model at this stage, and that the current model will remain unchanged until 31 March 2024.

This means that GWK shareholders will still qualify for rebates in the current financial year, based on business done with GWK according to the current model. In the meantime, the respective GWK and VKB rebate models are being analysed, after which a recommendation will be made to the GWK/VKB integration committee and the Board of VKB Beleggings for consideration.

The new rebate model and rules for the new financial year that kicks off on 1 April 2024 (GWK's financial year is now aligned with the VKB Group financial year cycle from 1 April to 31 March), will be communicated with shareholders and stakeholder groups in time.

This model and its structure for the combined group will be discussed with shareholders in more depth during the client sessions that will soon take place. These sessions will be led by executive management members from the combined group, including PG Strauss (the Managing Director of the VKB Group). Dates for these visits will be communicated soon.

### **Rotation of shareholder funds**

GWK shareholders' remaining shareholder funds (after the cash payout and issuance of shares in GWK Mechanisation Holdings) will then be replaced by the VKB debentures that will be issued, as explained earlier in this document.

This puts the combined group in a position to resume payments of GWK shareholders' rotation funds. The rotation funds for class 10 (2019) will be paid out in 2024, after which payouts of rotation funds per consecutive class will happen according to this new annual cycle.

## GWK membership numbers

GWK shareholders who wish to take up shares in VKB Beleggings will be able to retain their existing GWK membership numbers. The GWK Secretariat team will support shareholders with the process as outlined below.

## How to become a shareholder of VKB Beleggings

Any bona fide producer who qualifies according to the Memorandum of Incorporation of VKB Beleggings can become a shareholder of VKB Beleggings. Producers and former shareholders of GWK can contact their local credit manager or the offices of the Company Secretary at [corporateservices@gwk.co.za](mailto:corporateservices@gwk.co.za) or 053 298 8272. GWK will send a completed VKB application form, including FICA documents required, to former GWK shareholders who wish to apply to become VKB Beleggings shareholders.

### Important information:

- The legal entities/individuals who wish to apply for shares in VKB Beleggings must be clearly indicated.
- The information on the document must be checked and confirmed as correct, including on the FICA document. If any information is missing, it must be corrected on the application form and returned together with the latest FICA documents.
- The purchase price of VKB ordinary shares is R5 000, in accordance with the VKB Memorandum of Incorporation, which must be paid into the following bank account:
  - GWK Limited | Standard Bank
  - Account number: 041 663 438 | Branch code: 050 003
  - Reference number: VKB and GWK membership number
- The completed forms, together with the proof of payment, must be sent to [corporate-services@gwk.co.za](mailto:corporate-services@gwk.co.za).
- Complete applications will be processed by GWK within five working days, after which GWK will submit them to VKB's Company Secretary within ten working days. The applications will be presented to the Integration Committee of VKB Beleggings monthly, with the next meeting taking place on 21 November 2023.