



The Trusted Home of Agriculture
Die Betroubare Tuiste van Landbou

BKB Limited
Registration number: 1998/012435/06
("BKB")



for the
LOVE
of the
LAND

VKB Beleggings Proprietary Limited
Registration number: 2011/007000/07
("VKB")

20 JANUARY 2022

JOINT ANNOUNCEMENT: POTENTIAL COMBINATION TRANSACTION OF THE BKB AND VKB GRAIN STORAGE AND HANDLING BUSINESSES

Proposed Transaction

1. The respective Boards of Directors of BKB and VKB have previously, and on a confidential basis, entered into discussions regarding the opportunity to investigate the possibility of combining their respective grain storage and handling businesses, subject to the relevant competition and other regulatory body requirements and approvals ("**Proposed Transaction**").
2. Shareholders of BKB and VKB are hereby advised that BKB and VKB have concluded a transaction framework agreement which serves as a framework for the pursuance of the Proposed Transaction as a collective effort between BKB and VKB.
3. The Proposed Transaction entails the transfer of BKB's grain storage and handling business to a newly incorporated subsidiary of VKB (which will also hold VKB's grain storage and handling business) ("**VKB Grain Services**") in exchange for a minority shareholding in VKB Grain Services which will provide BKB with significant influence over VKB Grain Services, with VKB exercising control over VKB Grain Services.
4. The main objectives (amongst others) to be achieved in pursuing the Proposed Transaction include:
 - 4.1. centralising parts of BKB and VKB's existing grain storage and handling operations and sharing of knowledge in respect of grain storage and handling between BKB and VKB management in an effort to enhance operational efficiencies;

- 4.2. diversification of customer bases for both BKB and VKB and mitigation of environmental risks resulting in stable and growing income streams for both BKB and VKB;
 - 4.3. optimising the capacity of the under-utilised grain storage facilities of both VKB and BKB; and
 - 4.4. sharing of benefits from, amongst others, market leading information technology systems adopted and additional services to be offered to customers.
5. The incentive rebate programme of VKB will remain in place. BKB shall receive the profits from its shareholding in VKB Grain Services as dividends which may in turn also be distributed as dividends to BKB shareholders. It is not expected that there will be any merger-related retrenchments.

Conclusion

- 6. The boards of directors of BKB and VKB look forward to exploring the possibilities and potential opportunities for value creation for producers and shareholders that the Proposed Transaction may present.
- 7. All of the above remains subject to amongst others compliance with all relevant legislation, including competition legislation, and further announcements will be issued in this regard in due course.
- 8. Due to the size of the Proposed Transaction, approval of the shareholders of BKB and VKB are not required for the Proposed Transaction.

JOINT RELEASE ON BEHALF OF THE BOARDS OF DIRECTORS OF BKB AND VKB.



Corporate Transaction Advisor



Competition and Legal Advisor

- ENDS -