



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



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

**EXECUTIVE TRANSACTION SUMMARY RELATING TO THE PROPOSED TRANSACTION BETWEEN
VKB AND GWK ("Executive Summary")**

Please refer to 'Annexure A: Glossary' on the last page of this document for descriptions of capitalised terms not defined in this document.

BACKGROUND

This Executive Summary:

- ✓ **provides** a substantively condensed and simplified summary of the proposed fundamental transaction (as contemplated in the Companies Act) in respect of GWK (being the Proposed Transaction), as more fully described below, and related corporate actions, as set out in detail in the Firm Intention Announcement which was distributed on Friday, 8 July 2022;
- ✓ **intends** to provide VKB Shareholders with further information regarding the Proposed Transaction, including background to and details of the Proposed Transaction; and
- ✓ **should be received** by VKB shareholders as a basic outline to the Proposed Transaction and to put the relevant processes relating to the Proposed Transaction into perspective.

The regulatory landscape prescribes an intricate and specific process that GWK as well as other participants and role-players need to adhere to insofar pursuing the Proposed Transaction, the details of which process and related prescribed information is comprehensively set out in a separate Offer Circular which was separately distributed to GWK Shareholders.

Given the amount of detail and information relating to the Proposed Transaction as contained in the Offer Circular (which is addressed to GWK Shareholders) and the fact that no specific actions are required by VKB Shareholders in terms of the VKB memorandum of incorporation, VKB deemed it appropriate to provide VKB Shareholders with further information regarding the Proposed Transaction.

Important Notes:

- ✓ This Executive Summary is not a prospectus and should at all relevant times be read in conjunction with the Firm Intention Announcement and the Offer Circular.
- ✓ To the extent that there may appear any inconsistencies between this Executive Summary and the Offer Circular, the content of the Offer Circular shall apply. Accordingly, no reliance should be placed on this Executive Summary but the Offer Circular only.
- ✓ Should you have any queries regarding these documents or the process as a whole please do not hesitate to contact the Company Secretary of VKB on 058 863 8261, alternatively queries may be addressed by e-mail to korpdienste@vkb.co.za.

INTRODUCTION

The VKB group is a modern, dynamic agricultural enterprise that has continuously focused on accomplishing solutions for the changing and diverse needs of agricultural producers and related stakeholders. GWK is an innovative and resilient pioneer in the agriculture and food value chain, committed to shaping a sustainable business, driving growth and providing a better future for all stakeholders.

VKB and GWK previously announced that they had entered into discussions regarding a potential partnership and synergies focused on unlocking value for stakeholders of VKB and GWK, specifically shareholders and producer clients. These discussions remained and still remains subject to the relevant competition and other regulatory body requirements and approvals.

Both VKB and GWK are recognized to be 100% producer-controlled through their current share capital structures which facilitate and/or emphasize an incentive to Bona Fide Producers who conduct business with VKB and GWK to annually receive incentive rebates.

VKB and GWK operate mostly in different geographical regions from one another and hence direct competition between these two groups is limited.

PROPOSED TRANSACTION

In terms of the Proposed Transaction and subject to the fulfilment of the various suspensive conditions to the Proposed Transaction (as listed in paragraph 9.8 of the Offer Circular) and the successful implementation thereof, all of the equity in GWK held by GWK Shareholders (excluding treasury shares and the shares in the GWK Mechanisation to be transferred to participating GWK Shareholders) will be acquired by VKB, by way of the Scheme.

It is important to note the following:

- ✓ The **Scheme only relates to current GWK Shareholders**.
- ✓ Should the Scheme be approved by the GWK Shareholders, the consideration offered and to be received by GWK Shareholders will be, depending on the circumstances of each individual GWK Shareholder, a combination of cash, shares in the GWK Mechanisation Business and newly created securities in VKB being the VKB Redeemable Voting Notes.

The remainder of this Executive Summary document has been divided into the following sections:

Part 1:	The rationale for and benefits of the Proposed Transaction (page 3);
Part 2:	The Scheme consideration offered to GWK Shareholders (page 4);
Part 3:	The implementation of the Scheme (page 5);
Part 4:	Specific undertakings by VKB and GWK (page 5); and
Part 5:	“Before and After” group structures (page 7).

The applicable documents setting out the detailed terms of the Proposed Transaction as prescribed by law and which should be read in conjunction with this Executive Summary, include the following:

- ✓ the detailed Firm Intention Announcement (dated 8 July 2022); and
- ✓ the combined Offer Circular (dated 11 July 2022) to GWK Shareholders.

PART 1: THE RATIONALE FOR AND BENEFITS OF THE PROPOSED TRANSACTION

Similarities in Share Capital Structure (specifically Producer Incentive Programmes)

Both the VKB and GWK 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.

The VKB group has a successful incentive model for agricultural producers. This model, according to which a substantial portion of each year's income from the agricultural business is awarded to VKB's ordinary stakeholders as incentive discounts, makes the business a supplier of choice in its service area.

GWK is producer-controlled through its current equity structure which facilitates and/or emphasises an incentive to Bona Fide Producers who conduct business with GWK. Such Bona Fide Producers share in incentives in the form of rebates and interest payments on GWK shareholder loans in terms of GWK's current rebate policy. This is similar to the incentive model followed by the VKB group.

Potential Long-term Benefits to VKB and GWK

- 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;
- Diversification of risks due to the cyclical nature associated with the agriculture industry in general;
- 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;
- The combined development of information technology systems is further expected to improve efficiencies (eliminating duplications) and cost savings in a combined group while retaining the GWK brand and the GWK group's presence in the Northern Cape province with a regional office in Douglas;
- Positioning of the combined group and its operations to ensure that the core/key assets and the interests of the farmer producers of both VKB and GWK remain protected/safeguarded, while simultaneously improving the utilisation of these assets by optimizing the management thereof; and
- Ensuring the sustainability of both VKB and GWK by establishing a market leading diversified agricultural business which is built on the foundations of being producer-focused, innovative and dynamic businesses.

Potential Long-term Benefits to VKB and GWK Shareholders

- The combination of the VKB and GWK 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 combined group by their unique and aligned rebate policies;
- The incentive structures and rebate policies will remain in place within the combined 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, while the reserves of the combined group may increase over time based on the larger group of producers which conduct business with the combined group;

- The Proposed Transaction provides an opportunity for liquidity for GWK Shareholders via a portion paid in cash to all GWK Shareholders and the resumption of 'rotation payments' in future;
- GWK Shareholders will receive VKB Redeemable Voting Notes (see detail below), which terms align, amongst others, to the current terms of the VKB class 2 preference shares and the GWK Shareholder Loans, and includes voting rights in favour of the holder thereof at general meetings of VKB; and
- Due to exclusive agency agreements in place the GWK Mechanisation Business cannot form part of the new combined group. The GWK Mechanisation Business will therefore be corporatised into a separate private holding company, the shares of which will be held by GWK Shareholders in future, to ensure that producers initially retain all interests and control over this business.

PART 2: SCHEME CONSIDERATION OFFERED TO GWK SHAREHOLDERS

What does the Scheme consideration consist of?

GWK Shareholders will receive the following in terms of the Scheme for all his or her remaining GWK Shareholder Equity:

- in respect of a GWK Shareholder whose GWK Shareholder Equity is R10,000 or less (at its discounted value), a cash amount equal to this balance; or
- in respect of a GWK Shareholder whose GWK Shareholder Equity exceeds R10,000 (at its discounted value):
 - a cash amount of R10,000; and
 - for the book value of his or her remaining GWK Shareholder Equity (after the transfer of the shares in the GWK Mechanisation Business), VKB Redeemable Voting Notes.

What is a VKB Redeemable Voting Note?

The VKB Redeemable Voting Note is a new security in VKB to be issued in terms of the Scheme, with a repayment period aligned to that of the GWK Shareholder Funds. The terms of the VKB Redeemable Voting Notes 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.

What is the result of the successful implementation of the Scheme?

Post the successful implementation of the Scheme, the GWK Mechanisation Business will be 100% held by Scheme participants (all currently being GWK Shareholders). Scheme participants will also hold VKB Redeemable Voting Notes, and GWK will become a wholly-owned subsidiary of VKB.

PART 3: IMPLEMENTATION OF THE SCHEME

Who must vote and approve the Scheme?

In terms of the memorandum of incorporation of VKB and the type of instrument issued (being the VKB Redeemable Voting Note), the approval of VKB shareholders is not required. Only current GWK shareholders will be required to approve the Scheme in terms of GWK's memorandum of incorporation and the Companies Act.

What is the opinion of the VKB and GWK boards of directors?

The boards of directors of both VKB and GWK believe that the Proposed Transaction is in the best interests of shareholders of both VKB and GWK, as well as other stakeholders of the businesses.

The boards of directors of both VKB and GWK unanimously approved the Proposed Transaction, and both boards of directors recommend that GWK Shareholders vote in favour of the Scheme. The directors of GWK who hold beneficial interests in the share capital of GWK intend voting in favour of the Scheme.

What are the implications should the Scheme not be approved by GWK Shareholders?

Should the GWK Shareholders not approve the Scheme, there will be no Proposed Transaction and the VKB and GWK groups will remain as they currently are.

PART 4: SPECIFIC UNDERTAKINGS BY VKB AND GWK

VKB and GWK have provided the following undertakings to support the sustainability of the Proposed Transaction and to further enhance the probability of a successful amalgamation and integration between the VKB and GWK groups post implementation.

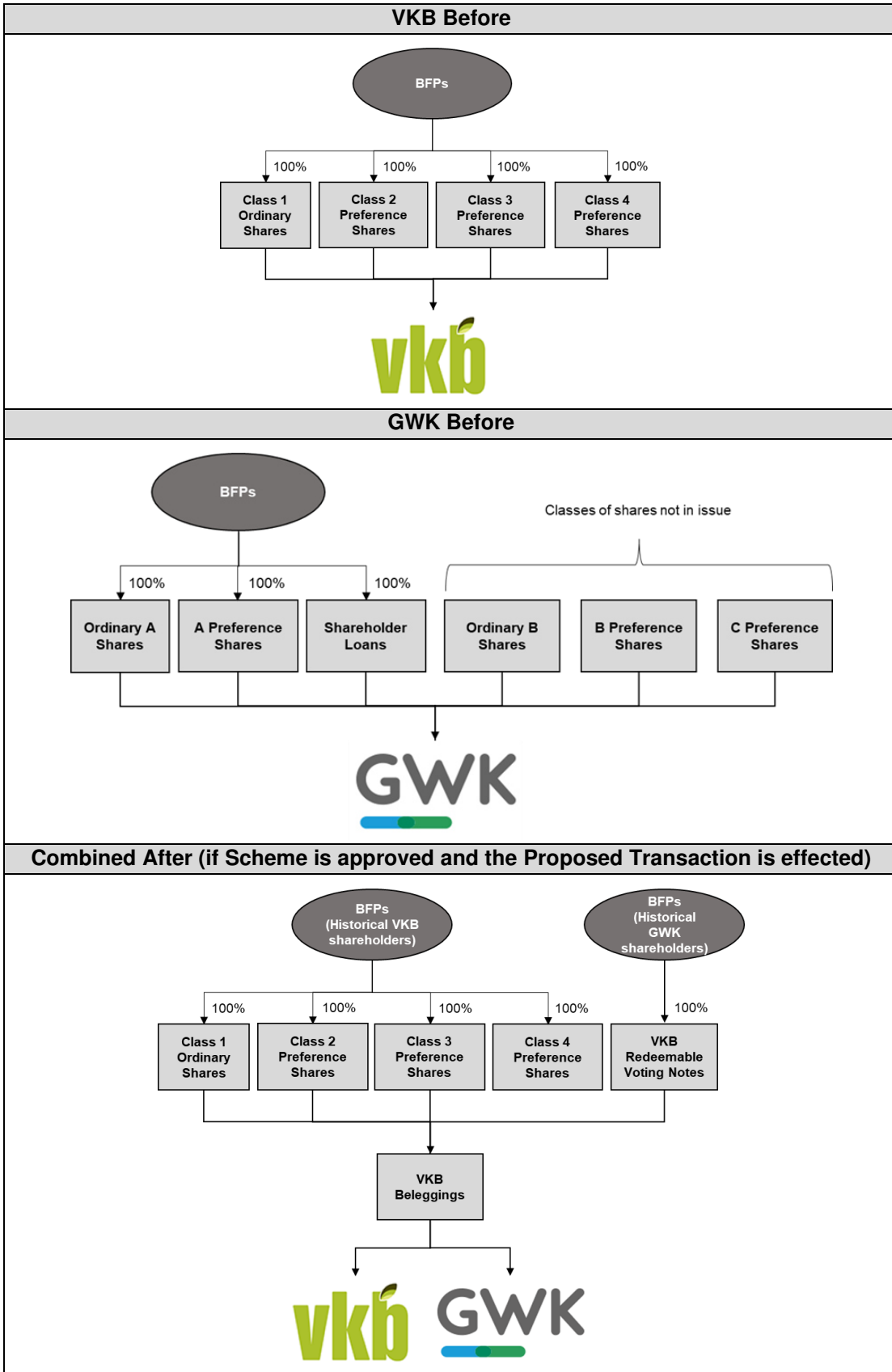
Undertakings post implementation of the Scheme

- Board appointments of GWK representatives to the VKB board of directors:
 - 3 non-executive "ward" directors from the historical geographical service areas of GWK;
 - 2 nominees as either independent directors or as experts; and
 - 1 executive director appointee.
- The "GWK" brand name shall be retained for the current service and product offerings of GWK and its group, and the VKB Group (which will include GWK) shall retain a regional office in Douglas.
- The credit policy of VKB for farmers in the historical service area of GWK and its group shall be different to VKB's normal credit policy due to the unique considerations and circumstances applying in those service areas, including that there are two harvests per year, but subject to normal credit assessments being conducted in respect of security, credit worthiness and affordability.
- No merger-related retrenchments for a period of 18 months after the implementation of the Scheme.

Essential Services to GWK Producers

- In terms of GWK and its group's operational and business strategy, it is imperative for the long-term growth and continued success of the GWK group that access to certain essential services be granted to GWK's clients, customers and farmer producer shareholders ("**Essential Services**").
- As long as these Essential Services remain commercially sustainable and support the long-term profitability of the combined VKB and GWK group after the Proposed Transaction, the following Essential Services, amongst others, will remain in place:
 - Preservation of the existing retail footprint and availability of financial and insurance services at a regional level;
 - The GWK Mechanisation Business should continue to enjoy access to the current supporting infrastructure (physical infrastructure and administrative/support services), based on arm's length agreements and/or arrangements;
 - GWK producer relations continue to be maintained at a regional level, while retaining the Douglas offices for service delivery in the traditional GWK service areas;
 - Continued access to the storage and processing facilities that currently exist;
 - The provision of agricultural services is critical to producer support and must be maintained; and
 - Continuation of planned fuel upgrade projects.

PART 5: "BEFORE AND AFTER" GROUP STRUCTURE



DISCLAIMER

Please note that while this Executive Summary document has been prepared in good faith, it is provided only for your convenience in order to give you a broad overview of the key elements of the Proposed Transaction. It therefore does not reflect the full details of all aspects of the Proposed Transaction and is not a prospectus. VKB, GWK and their various advisors do not accept any liability whatsoever for any harm, loss or damages (whether direct or special) suffered by virtue of any reliance placed on this Executive Summary document, whether or not such arises out of any omission, inconsistency with or inaccuracy in relation to, any of documents related to the Proposed Transaction, or otherwise.

ANNEXURE A: GLOSSARY

Term	Description
A Preference Shares	Class A preference shares with no par value in GWK.
Bone Fide Producers	Bona fide commercial agricultural producers.
Companies Act	Companies Act, No. 71 of 2008.
Firm Intention Announcement	The firm intention announcement issued by the Independent Board to GWK Shareholders on 8 July 2022.
GWK	Griekwaland Wes Korporatief Limited.
GWK Mechanisation Business	The mechanisation business which is currently a division within GWK.
GWK Shareholder Equity	Collectively the Ordinary A Shares and GWK Shareholder Funds.
GWK Shareholder Funds	Collectively the A Preference Shares and GWK Shareholder Loans.
GWK Shareholder Loans	The loans owing by GWK to the GWK Shareholders, which originated from rebates declared by GWK.
GWK Shareholders	Shareholders of GWK.
Offer Circular	The combined offer circular distributed to GWK Shareholders on 11 July 2022.
Ordinary A Shares	Class A ordinary shares with a R1.00 par value in GWK.
Proposed Transaction	The proposed fundamental transaction consisting of the Scheme and certain steps to prepare the GWK corporate structure for the Scheme.
Scheme	The offer in terms of which all of the equity in GWK held by GWK Shareholders (excluding treasury shares and shares in the GWK Mechanisation Business to be transferred to participating GWK Shareholders) will be acquired by VKB, by way of a scheme of arrangement between GWK and the GWK Shareholders as contemplated in terms of section 114 of the Companies Act.
VKB	VKB Beleggings Proprietary Limited.
VKB Redeemable Voting Note	A “debt instrument” as contemplated in section 43 of the Companies Act, to be issued by VKB, with the principal rights and privileges as set out in the Offer Circular.
VKB Shareholders	Shareholders of VKB.