

## NOTICE OF ANNUAL GENERAL MEETING

### TO THE SHAREHOLDERS OF KAAP AGRI LIMITED

Notice is hereby given that the annual general meeting of shareholders of the company will be held in the Kaap Agri Member Hall, 65 Voortrekker Road, Malmesbury, on Thursday, 16 February 2017, at 12:00 in order to transact the following business:

#### 1. Presentation of audited financial statements

To consider the directors' report as well as the committee's report and the audited financial statements of the company for the financial year ended 30 September 2016.

##### Notes

The Companies Act, 71 of 2008 ("Companies Act"), requires that the above reports and the audited financial statements be presented at the company's annual general meeting.

#### 2. Appointment of auditors

##### *Ordinary resolution number 1*

Resolved that the reappointment of PricewaterhouseCoopers Inc., an eligible registered auditor, as the independent auditors of the company, with Mr H Zeelie as the individual registered auditor who will undertake the audit for the ensuing financial year, be approved on recommendation of the company's Audit committee and that the Audit committee determine their remuneration.

##### Notes

The company, being a public company, is required to have its financial statements audited annually and the auditors have to be appointed annually at the annual general meeting of the company.

#### 3. Election of directors

To elect the following director, who retires by rotation and has made himself available for re-election:

##### *3.1 Ordinary resolution number 2*

Mr JH le Roux (Born 1974)

BAcc; BCompt (Hons); HDip Tax; CA(SA)

Mr le Roux has held various senior positions at different financial institutions locally and abroad. He is presently in the employ of Zeder Investments Limited as the Financial Director and was appointed to the Board of Kaap Agri Limited in May 2014.

##### Notes

In terms of the Memorandum of Incorporation of the company, one third of the non-executive directors of the company retire by rotation on an annual basis during the annual general meeting. The above director retires by rotation and has made himself available for re-election. His re-election has been recommended by the Nomination committee.

Mr HS Louw and Mr NC Loubser also retire during the annual general meeting, but have not made themselves available for re-election. Ms S Totaram, chair of the Audit committee has also resigned due to other commitments. The Board has decided not to fill these vacancies at this stage.

#### 4. Appointment of Audit committee

##### *Ordinary resolution number 3*

To elect the following directors, by way of individual stand-alone resolution, as members of the Audit committee of the company, to be appointed and to serve for the period until the next annual general meeting:

3.1 Mr BS du Toit  
BAgric (Management)

3.2 Mr JH le Roux  
BAcc; BCompt (Hons); HDip Tax; CA(SA)

3.3 Mr JH van Niekerk  
Farmer and businessman

## Notes

The reason for this resolution is that, in terms of the Companies Act, the company, being a public company, is required to elect and appoint an Audit committee at the annual general meeting.

## 5. Approval of Share Incentive Scheme

### **Ordinary resolution number 4**

Subject to the adoption of ordinary resolution number 5, to approve the introduction by the company of an equity-settled incentive scheme for its directors and executive managers and for those of its subsidiaries, details of such scheme appearing below in the notes to this resolution, it being recorded that the introduction of such Share Incentive Scheme does not require the approval of shareholders and that shareholder approval is being sought by the company solely in the interests of good corporate governance.

## Notes

In order to align the interests of management more closely with those of shareholders, it is proposed that the company introduces a Share Incentive Scheme for management, instead of only relying on cash-based remuneration. In this regard, it is proposed that an equity-settled incentive scheme (“**Share Incentive Scheme**”) be introduced for directors and executive managers of the company and its subsidiaries (“**Participants**”).

In essence, the Share Incentive Scheme will involve an award to Participants, taking into account each Participant’s annual cost-to-company (“**CTC**”), a factor of annual CTC, the actual consolidated recurring headline earnings of the company, the actual number of ordinary shares in issue and a calculated share price based on an assumed price to earnings ratio. The number of ordinary shares to which a Participant will become eligible on each vesting date, will be calculated at the time of such vesting, based on a formula taking into account the growth in recurring headline earnings over the period between such award and vesting. Vesting will occur annually in tranches of 25% from the second anniversary of the award onwards.

The company intends to operate the Share Incentive Scheme in accordance with the requirements for qualifying employee share schemes, as detailed in section 97 of the Companies Act.

The Board believes that the Share Incentive Scheme should be considered favourably by shareholders and be approved, *inter alia* for the following reasons:

- the Share Incentive Scheme will align more closely the interests of management with those of shareholders;
- the number of shares to be issued to Participants, will be calculated with reference to the company’s actual consolidated growth in recurring headline earnings over the period between the award and the vesting of the tranche in question. In other words, if there is no growth in the company’s recurring headline earnings over the period in question, no shares will be issued to Participants for that period;
- the Share Incentive Scheme provides a long-term incentive as vesting will occur in tranches of 25% from the second anniversary of an award onwards (in other words, the final tranche will only vest in year five following the initial award); and
- the number of new shares to be issued under the Share Incentive Scheme is not anticipated to be significant in the context of the company’s overall issued share capital (assuming a 15% growth in recurring headline earnings, the total number of shares to be issued over 10 years under the Share Incentive Scheme, will be less than 2% of the company’s current issued share capital).

The introduction of the Share Incentive Scheme does not require the approval of shareholders. However, in the interests of good corporate governance, the company nevertheless wishes to afford shareholders an opportunity to consider and approve the Share Incentive Scheme. The rules of the Share Incentive Scheme and any future changes thereto will require the approval of a disinterested quorum of directors. For the avoidance of doubt, directors who are Participants of the Share Incentive Scheme will not be able to participate in any Board discussions (other than as contemplated in section 75 of the Companies Act), or vote in respect of any Board resolutions, regarding the Share Incentive Scheme or any matter related to it.

References above to “recurring headline earnings” refer to the reportable headline earnings of the company, as calculated in terms of International Financial Reporting Standards, adjusted to exclude any income, expense and taxation items which are not recurring in nature. For the avoidance of doubt, income, expense and taxation items that are integral to the company’s operations and are expected to occur annually, such as foreign exchange gains and losses, are considered to be recurring in nature.

## 6. Issue of shares to Participants of Share Incentive Scheme

### **Ordinary resolution number 5**

Subject to the adoption of ordinary resolution number 4, to approve, as a specific standing authority in terms of clause 6.8 read with clause 6.10 of the company’s Memorandum of Incorporation, the issuing, from time to time, by the company to Participants of the Share Incentive Scheme of such number of new ordinary shares as are necessary to settle the scheme’s obligations to Participants, provided that any share issue shall require the approval of a disinterested quorum of the company’s directors and shall be required to comply with the rules of the Share Incentive Scheme and with any applicable provisions under the company’s Memorandum of Incorporation and the Companies Act, and subject thereto that the aggregate number of shares issued by the company under this authority shall not, save with the prior approval of shareholders, exceed 1 483 405 shares, such number representing 2% of the company’s issued share capital, as at the date of this notice to shareholders.

## Notes

In terms of the company’s Memorandum of Incorporation, the company may only issue shares to the extent that such issue has been approved by shareholders, either by way of a general authority (which may be either conditional or unconditional) to issue shares in its

discretion or a specific authority. The effect of ordinary resolution number 5, if passed, will to provide a specific standing authority to issue new ordinary shares to Participants of the Share Incentive Scheme, provided that any share issue shall require the approval of a disinterested quorum of the company's directors and shall be required to comply with the rules of the Share Incentive Scheme and with any applicable provisions under the company's Memorandum of Incorporation and the Companies Act. The aggregate number of shares issued by the company under ordinary resolution number 5 shall not, save with the prior approval of shareholders, exceed 1 483 405 shares, representing 2% of the company's issued share capital, as at the date of this notice to shareholders.

**7. Approval of non-executive directors' remuneration**  
**Special resolution number 1**

Resolved that the remuneration of the non-executive directors for their services as directors, as set out in the table below, for the period until the next annual general meeting in 2018, be approved.

	Annual remuneration	
	2016 Amount approved by shareholders at the annual general meeting held on 11 February 2016	2017 For the period 1 March 2017 to the date of the next annual general meeting
Director	139 000	148 035
Committee member	+35 000	+37 275
Audit committee member	+70 000	+74 550
Chair of committee	+70 000	+74 550
Chair of Audit committee	+139 000	+148 035
Chair of Board	+208 000	+221 520

**Notes**

The reason for special resolution number 1 is to obtain the shareholders' approval for the payment of remuneration to its non-executive directors in terms of the provisions of section 66 of the Companies Act.

The effect of the special resolution is that the company will have been authorised to remunerate its non-executive directors for their services as directors until the next annual general meeting.

**8. General authorisation to buy back shares**  
**Special resolution number 2**

Resolved that the Board be hereby authorised by means of a renewable general authority in terms of the Memorandum of Incorporation of the company and section 48(8)(a) of the Companies Act, 71 of 2008, to, up to and including the date of the next annual general meeting of the company, approve the purchase of its own shares by the company from any person, including a director or prescribed officer of the company, or a person related to a director or prescribed officer of the company (as defined in the Companies Act), as well as the purchase of ordinary shares in the company by any of its subsidiaries, on such terms and conditions and in such quantities as the Board may determine from time to time, but subject to the Memorandum of Incorporation of the company and the provisions of the Companies Act.

**Additional information regarding special resolution number 2**

The reason for and effect of the special resolution is to grant the Board a general authority, up to and including the date of the next annual general meeting of the company, to approve the purchase by the company of its own shares from any person, including a director or prescribed officer of the company, or a person related to a director or prescribed officer of the company, or to approve the purchase of shares in the company by a subsidiary.

Approval by way of a special resolution is required for the buy-back of shares from a director or prescribed officer of a company, or a person related to a director or prescribed officer of a company (as defined in the Companies Act) in terms of the general authority.

The company will only buy back the shares if circumstances so require, if the buy-back of shares has been approved by the Board of directors, and if the company satisfies the solvency and liquidity test as set out in the Companies Act.

The effect of this special resolution is to grant the Board the authority to approve the purchase of its own shares from any person including a director or prescribed officer of the company, or a person related to a director or prescribed officer of the company.

**9. General authority to provide financial assistance in terms of section 45 of the Companies Act**  
**Special resolution number 3**

Resolved that, to the extent required in terms of and subject to the provisions of section 45(3)(a)(ii) of the Companies Act, 71 of 2008, the shareholders hereby authorise the company, as a general authority, at any time and from time to time during the period of two years starting on the date of this special resolution, to provide any direct or indirect financial assistance as contemplated in section 45 of the Companies Act to a director or prescribed officer of the company or of a related or interrelated company, or to a subsidiary, a related or interrelated company or corporation (as defined in the Companies Act) of the company and/or to any one or more members of such related or interrelated companies or corporations and/or to any persons related to any such company or corporation, on such terms and conditions as the Board, or any one or more persons authorised for that purpose by the Board from time to time, may deem fit, according to terms and conditions that may be determined by the Board.

### **Additional information regarding special resolution number 3**

The reason for and effect of this special resolution is to grant the Board the authority to authorise the company to provide direct or indirect financial assistance as contemplated in section 45 of the Companies Act to directors or prescribed officers of the company or to any one or more related or interrelated companies or corporations of the company and/or to any one or more members of such related or interrelated company or corporation and/or any person related to any such company or corporation. Under the circumstances and in order to, *inter alia*, ensure that the company's subsidiaries and other related and interrelated companies and corporations have access to financing and/or financial assistance by the company (instead of only banks and other third-party financiers), it is necessary to obtain such authorisation from shareholders.

### **Notice to shareholders of the company, in terms of section 45(5) of the Companies Act, of a resolution adopted by the Board that authorises the company to provide direct or indirect financial assistance**

- By the time this notice of the annual general meeting is delivered to shareholders, the Board will have adopted a resolution ("section 45 board resolution") to authorise the company at any time and from time to time during the period starting on the date of adopting this special resolution number 3 up to and including the date of the next annual general meeting of the company, to provide any direct or indirect financial assistance as contemplated in section 45 of the Companies Act, to any one or more related or interrelated companies or corporations of the company and/or any one or more members of any such related or interrelated company or corporation and/or any one or more persons related to any such company or corporation.
- The section 45 board resolution will only take effect when and to the extent that special resolution number 3 has been adopted by the shareholders, and the provision of any such direct or indirect financial assistance by the company, following such resolution, will always be subject to the Board being satisfied that: (i) immediately after providing such financial assistance the company would satisfy a solvency and liquidity test in terms of section 45(3)(b)(i) of the Companies Act; and (ii) the terms under which such financial assistance is provided will be fair and reasonable to the company as contemplated in section 45(3)(b)(ii) of the Companies Act; and (iii) any condition or restriction in the Memorandum of Incorporation relating to the granting of financial assistance have been satisfied.
- Inasmuch as the section 45 board resolution contemplates that in total such financial assistance will exceed one tenth of one percent of the company's net value as at the date of adopting the resolution, the Board hereby notifies the shareholders of the section 45 board resolution. Such notice will also be given to any trade union representing the employees of the company.

## **10. Financial assistance to any person as envisaged in section 44 of the Companies Act**

### **Special resolution number 4**

- The company be and is hereby authorised, in terms of a general authority contemplated in section 44(3)(a)(ii) of the Companies Act for a period of two years from the date of this resolution, to provide direct or indirect financial assistance by way of a loan, guarantee, the provision of security or otherwise as defined in section 44 of the Companies Act ("Financial Assistance") to any person for the purpose or in connection with:
  - (i) the subscription of any option, or any securities, issued or to be issued by the company or a related or interrelated company; or
  - (ii) the purchase of any securities of the company or a related or interrelated company;
- subject to the Board of directors of the company being satisfied that:
  - (iii) pursuant to section 44(3)(b)(i) of the Companies Act, immediately after providing the Financial Assistance, the company would satisfy the solvency and solvency and liquidity test (as defined in section 4(1) of the Companies Act);
  - (iv) pursuant to section 44(3)(b)(ii) of the Companies Act, the terms under which the Financial Assistance is proposed to be given are fair and reasonable to the company; and
  - (v) any conditions or restrictions respecting the granting of the Financial Assistance set out in the company's Memorandum of Incorporation have been complied with.

### **Additional information regarding special resolution number 4**

The reason for and effect of this special resolution is to enable the company to provide financial assistance as defined in section 44 of the Companies Act for:

- (i) the subscription of any option or any securities issued or to be issued by the company or a related or interrelated company; or
- (ii) the purchase of any securities of the company or a related or interrelated company.

This means that the company is authorised, *inter alia*, to grant loans to its subsidiaries and to guarantee and furnish security for the debt of its subsidiaries where any such financial assistance is directly or indirectly related to a party subscribing for options, shares or securities in the company or its subsidiaries.

## **11. Report of the Social and Ethics committee**

The report of the company's Social and Ethics committee is included in the annual report and will serve as the Social and Ethics committee report to the company's shareholders at the annual general meeting.

## **12. To transact any other business as may be transacted at an annual general meeting**

### **RECORD DATE**

The record date in terms of section 59 of the Companies Act for shareholders to be registered in the securities register of the company in order to receive notice of the annual general meeting is 13 January 2017.

The date on which the shareholders have to be recorded in the register to be able to attend the meeting and vote is Friday, 3 February 2017.

### **APPROVAL REQUIRED FOR RESOLUTIONS**

The ordinary resolutions contained in this notice of annual general meeting require approval by more than 50% of votes cast with regard to the resolutions by shareholders present or represented by proxy at the annual general meeting, subject to the provisions of the Companies Act and the Memorandum of Incorporation of the company.

The special resolutions contained in this notice of annual general meeting require approval by at least 75% of the votes cast with regard to the resolutions by shareholders present or represented by proxy at the annual general meeting, subject to the provisions of the Companies Act and the Memorandum of Incorporation of the company.

### **ATTENDANCE AND VOTING BY SHAREHOLDERS AND PROXIES**

Any shareholder is entitled to appoint a proxy or proxies to attend, and speak and vote at, the annual general meeting on the shareholder's behalf. The person thus appointed need not be a shareholder of the company. Duly completed proxy forms must be sent to the Company Secretary at 65 Voortrekker Street, PO Box 22, Malmesbury, 7299, to be received by him no later than 12:00 on 14 February 2017.

When voting takes place by a show of hands each shareholder of the company present in person or represented by proxy shall have only one vote. When voting takes place by ballot, each shareholder of the company shall have one vote for each share held in the company by such shareholder.

### **PROOF OF IDENTIFICATION REQUIRED**

In terms of the Companies Act, any person who intends to attend a shareholders' meeting and participate in it is required to present reasonably satisfactory identification at the meeting. Persons attending the meeting have to furnish proof of identification to the reasonable satisfaction of the chairperson of the meeting and should therefor present an ID document, a passport or driver's license at the meeting.

By order of the Board.



**RH Köstens**  
*Company Secretary*



## PROXY

Number of shares

I/We (full names) \_\_\_\_\_

of (address) \_\_\_\_\_

being a shareholder of KAAP AGRI LIMITED hereby appoint

\_\_\_\_\_ from \_\_\_\_\_ or failing him

\_\_\_\_\_ from \_\_\_\_\_ or failing him

\_\_\_\_\_ from \_\_\_\_\_ or failing him,

the chairperson of the meeting as my/our proxy to act for me/us at the annual general meeting of the company to be held on 16 February 2017 and at each adjournment thereof and to vote on my/our behalf, as follows:

	In favour of	Against	Abstain
Ordinary resolution number 1: Appointment of auditors			
Ordinary resolution number 2: Election of director JH le Roux			
Ordinary resolution number 3: Appointment of Audit committee			
3.1 BS du Toit			
3.2 JH le Roux			
3.3 JH van Niekerk			
Ordinary resolution number 4: Approval of Share Incentive Scheme			
Ordinary resolution number 5: Issue of shares to Participants of Share Incentive Scheme			
Special resolution number 1: Approval of non-executive directors' remuneration			
Special resolution number 2: General authorisation to buy back shares			
Special resolution number 3: General authorisation to provide financial assistance in terms of section 45 of the Companies Act			
Special resolution number 4: Financial assistance to any person as envisaged in section 44 of the Companies Act			

(Indicate instruction to proxy by inserting a cross (X) in the spaces provided above.)

Unless otherwise instructed, my proxy may vote as he/she deems fit.

Signed at \_\_\_\_\_ on this \_\_\_\_\_ day of \_\_\_\_\_ 2017

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Supported by (if applicable)

Each shareholder is entitled to appoint one or more proxies (none of whom needs to be a shareholder of the company) to attend and act and vote on behalf of the shareholder at the annual general meeting.

**Please read the notes on the next page.**

## NOTES

1. A shareholder may complete the name of a person or the names of two alternative persons of the shareholder's choice as the shareholder's proxy in the space(s) provided on the form of proxy, with or without deleting "the chairperson of the meeting", but any such deletion has to be initialled by the shareholder. The person whose name is indicated on the form of proxy first and who is present at the meeting will be entitled to act as proxy to the exclusion of the other proxies during the meeting.
2. Insert a cross in the relevant spaces according to how you wish your votes to be cast. Failure to comply with the above will be deemed to authorise the proxy to vote or abstain from voting at the meeting as he/she deems fit in respect of all votes exercisable at the meeting subject to note 3 below.
3. Shareholders should note that if they grant a proxy, appointment or authorisation to the chairperson of the meeting in his capacity as such to act on their behalf during general meetings, and no voting instructions are indicated, the chairperson or his delegate is entitled to cast the votes attached to the relevant shares in favour of the resolution, or to abstain from voting, or to vote as he deems fit.
4. This proxy is only valid if the form of proxy is returned to the **Company Secretary, PO Box 22, Malmesbury, 7299 (fax number 022 482 8008)** at least 48 hours (excluding Saturdays, Sundays and public holidays) before the scheduled time of the meeting.
5. The completion and lodging of the form of proxy will not preclude the shareholder concerned from attending the meeting and speaking and voting in person at the meeting to the exclusion of any proxy appointed in terms thereof.
6. Documentary proof confirming the authorisation of a person who signs the form of proxy in a representative capacity, must be attached to the form of proxy, unless it has previously been lodged at the Company Secretary, or unless waived by the chairperson of the meeting.
7. Any amendment of or addition to the form of proxy must be initialled by the signatory/signatories.
8. A minor must be assisted by his/her parent or guardian, unless the relevant supporting documents providing his/her legal competence are of have been lodged at the Company Secretary.
9. The chairperson of the meeting may accept any form of proxy contrary with these notes if he is satisfied with regard to the manner in which the shareholder concerned wishes to vote.
10. **Persons who do not hold shares in their own names should contact their brokers to make the necessary arrangements with regard to attendance of the meeting.**