

KAAP AGRI LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 2011/113185/06)

Share code: KAL

ISIN: ZAE000244711

("KaaP Agri" or "the Company")

ACQUISITION OF RETAIL FUEL OPERATIONS AND PROPERTIES

1. Shareholders are advised that, on 9 November 2017, subsidiaries of the Company entered into a transaction with C-Max Investments 71 Proprietary Limited ("C-Max"), a 100% black-owned company, and Bird Fuel Trading Proprietary Limited ("BFT") to acquire certain of their assets, comprising three retail fuel operations, situated in Gauteng and in Limpopo, and two accompanying retail fuel related properties ("Acquisition").
2. The Acquisition forms part of Kaap Agri's growth strategy for its TFC brand, comprising its retail fuel operations, including its convenience and quick service restaurant offering. It is anticipated that the Acquisition will result in fuel sales at TFC sites, which amounted to approximately 90.7 million litres for the most recent financial year ended 30 September 2017, increasing by approximately 20 million litres per annum.
3. The Company believes that the retail fuel operations and properties being acquired under the Acquisition are high-quality assets that will complement TFC's existing retail fuel operations and national footprint. In addition, as detailed below, the Acquisition will result in the introduction of black-owned C-Max as a shareholder of Kaap Agri's TFC subsidiaries, thereby enhancing black economic empowerment within the Kaap Agri group.
4. It is anticipated that the Acquisition will, subject to the fulfilment of the conditions precedent detailed in paragraph 12 below ("Conditions Precedent"), be implemented on or before 28 February 2018 ("Implementation Date"), with a deemed effective date, as between the parties, of 1 December 2017.

ACQUISITION TERMS

5. In terms of the Acquisition -

- 5.1. the abovementioned retail fuel businesses ("Acquisition Operations") will be acquired by the Company's subsidiary, TFC Operations Proprietary Limited ("TFC Opco"), from C-Max and BFT

(collectively, the "Sellers") for a combined purchase consideration of R65 013 771; and

- 5.2. the abovementioned retail fuel properties will be acquired by the Company's subsidiary, TFC Properties Proprietary Limited ("TFC Propco"), from the Sellers for a combined purchase consideration of R67 001 936,

with the purchase consideration, including 0% VAT, to be settled through the issue of shares in TFC Opco and TFC Propco to the Sellers on the Implementation Date.

6. The value of the net assets that are being acquired by the TFC Companies under the Acquisition will amount to R132 015 707, while the profit after tax attributable to those assets amounts to R8.7 million, taking into account earnings before interest and tax ("EBIT") of R12,1 million, based on unaudited management accounts for the 12 months ended 31 July 2017, Kaap Agri being satisfied with the quality of such accounts. Two of the three operational retail fuel businesses acquired, have been operational for less than 6 months, thereby limiting their contribution during the above 12 month period. The assets acquired under the Acquisition are expected to make a meaningful contribution in future to the earnings of the TFC Companies, with a projected normalised EBIT contribution of approximately R20.8 million per annum from these assets upon reaching operational maturity. This forecast has not been reviewed or reported on by Kaap Agri's auditor in terms of the JSE Listings Requirements.
7. In order to arrive at the desired shareholding ratio, as detailed in paragraph 10 below, BFT will subscribe for additional TFC Opco shares for a cash amount of R13 132 203, such cash to be utilised to repurchase a portion of C-Max's shareholding in TFC Opco for an amount of R17 906 629.
8. Upon implementation of the Acquisition, the Company's wholly-owned subsidiary, Kaap Agri Bedryf Limited, will subscribe for additional shares in both TFC Opco and TFC Propco (collectively, the "TFC Companies") for a combined cash subscription price of R51 815 814.
9. In addition, Empowerment and Transformation Investments Proprietary Limited ("ETI"), a B-BBEE entity which is 100% owned by the Kaap Agri Bedryf Employee and Farmworker BEE Trust, will, upon implementation of the Acquisition, also subscribe for

additional shares in both TFC Companies for combined cash subscription price of R49 013 846, in order to maintain its current 12% shareholding in those companies. ETI's subscription will be facilitated through preference share funding by Kaap Agri to ETI.

10. Following implementation of the Acquisition, both TFC Companies will remain subsidiaries of Kaap Agri, with the Company's effective shareholding in each of the TFC Companies being 61.5%. ETI will hold 12% of the issued shares in each TFC Company, with each Seller holding 13.25%.
11. The Acquisition agreements contain warranties that are standard for a transaction of this nature.

CONDITIONS PRECEDENT

12. The Acquisition is subject to fulfilment of, inter alia, the following conditions precedent ("Conditions Precedent"):

12.1. that, by not later than 30 November 2017 -

12.1.1. all board approvals and, to the extent applicable, shareholder approvals and ratification required to enter into and implement the Acquisition have been obtained by the parties;

12.1.2. Kaap Agri Bedryf's designated adviser confirms to the satisfaction of Kaap Agri Bedryf that C-Max is a 100% black-owned company and meets the applicable black ownership criteria of the Department of Energy ("DOE") and the Department of Trade and Industry ("DTI");

12.1.3. the DOE has confirmed that it is satisfied that the transaction will result in the TFC Companies complying with the ownership requirements prescribed by the Liquid Fuels Charter; and

12.1.4. Kaap Agri Bedryf, TFC Opco and the Sellers have concluded a management agreement in respect of the Acquisition Operations, in terms of which TFC Opco will manage such operations from 1 December 2017 until the Implementation Date and such agreement has become unconditional as to its terms; and

12.2. that, by not later than 28 February 2018, the Sellers, to the extent applicable, receive the necessary DOE approvals to transfer or procure the transfer of the Acquisition Operations to TFC Opco, as contemplated in this Agreement.

13. Subject to any statutory requirements, the parties may by written agreement waive the fulfilment (wholly or in part) of any or all of the Conditions Precedent.

14. The approval of the Competition Authorities to the Acquisition has already been obtained.

CATEGORISATION

15. The Acquisition qualifies as a Category 2 acquisition for the Company in terms of the JSE Listings Requirements and does not require shareholder approval.

10 November 2017

Malmesbury

Transaction adviser and sponsor

PSG Capital

Attorneys

Cliffe Dekker Hofmeyr