



KLK LANDBOU BEPERK
(In die Republiek van Suid Afrika ingelyf)
(Registrasienuommer: 1997/015589/06)
("KLK" of "die Maatskappy")

OMSENDBRIEF DEUR DIE KLK ONAFHANKLIKE RAAD ("KLK ONAFHANKLIKE RAAD") AAN KLK AANDEELHOUDERS INSAKE SUBTROPICO BEPERK ("SUBTROPICO") SE VERHOOGDE EN GEWYSIGDE AANBODTEENPRESTASIE, IN OOREENSTEMMING MET REGULASIE 104 VAN DIE MAATSKAPPYREGULASIE, 2011 ("REGULASIES")

1. Inleiding

- 1.1. Aandeehouers van KLK ("**KLK Aandeehouers**") word verwys na die aankondiging deur Subtropico gedateer 20 Februarie 2019 ("**Verhoogde en Gewysigde Aanbodteenprestasie**"), waarin 'n Aanbodteenprestasie gemaak is om al die uitgereikte gewone aandele van KLK Landbou Beperk ("**KLK**"), met die uitsondering van die aandele wat reeds deur Subtropico in KLK gehou word, te verkry. ("**Subtropico Aanbod**")
- 1.2. Die Verhoogde en Gewysigde Aanbodteenprestasie aankondiging is sedert 21 Februarie 2019 op die KLK Webtuiste geadverteer en op 25 Februarie 2019 aan KLK Aandeehouers, gepos.

2. Menings

- 2.1. Die Verhoogde en Gewysigde Aanbodteenprestasie is deur beide Ernst & Young Advisory Services Eiendoms Beperk, die aangestelde Onafhanklike Deskundige wat 'n mening oor die Subtropico Aanbod moet uitspreek ("**E&Y**") en die KLK Onafhanklike Raad, oorweeg.
- 2.2. Gebaseer op resultate van E&Y se prosedures, hul gedetailleerde waardasie metodes en ander oorwegings wat gedurende Desember 2018 uitgevoer is, is E&Y van mening dat die Verhoogde en Gewysigde Aanbodteenprestasie billik en redelik is, omrede die Verhoogde en Gewysigde Aanbod van R19 per Aanbodaandeel binne die waardereeks van R19.00 tot R23.50 val.
- 2.3. Na behoorlike oorweging van die Onafhanklike Deskundige (E&Y) se mening en ander relevante faktore, is die KLK Onafhanklike Raad van mening dat;
 - 2.3.1. die Gewysigde en Verhoogde kontantaanbod van R19.00 per KLK aandeel billik is, alhoewel dit aan die onderkant van die waardereeks van R19.00 tot R23.50 is;
 - 2.3.2. met die oorweging van redelikheid, is die KLK Onafhanklike Raad steeds van mening dat die Subtropico Aanbod beperkte, volhoubare, strategiese- en- of operasionele voordele vir KLK belangegroeppe (KLK aandeehouers, kliënte, werknemers en verskaffers), inhou.

3. KLK Onafhanklike Raad se Verantwoordelikeverklaring

Die lede van die KLK Onafhanklike Raad, gesamentlik en afsonderlik, aanvaar volle verantwoordelikheid vir die inligting vervat in hierdie Omsendbrief en bevestig dat na die beste van hul kennis en wete, die inligting vervat in hierdie Omsendbrief waar en korrek is.

KLK Onafhanklike Raad

7 Maart 2019



KLK LANDBOU LIMITED
(Incorporated in the Republic of South Africa)
(Registration number: 1997/015589/06)
("KLK")

RESPONSE BY THE INDEPENDENT BOARD OF KLK ("KLK INDEPENDENT BOARD") TO THE REVISED OFFER CONSIDERATION ANNOUNCED BY SUBTROPICO LIMITED ("SUBTROPICO") IN ACCORDANCE WITH REGULATION 104 OF THE COMPANIES REGULATIONS, 2011 ("REGULATIONS")

1 Introduction

- 1.1 Shareholders of KLK ("**KLK Shareholders**") are referred to the announcement by Subtropico dated 20 February 2019 ("**Revised Offer Consideration Announcement**") of an increased and revised offer consideration ("**Revised Offer Consideration**") pertaining to the general offer of Subtropico to acquire all the shares in KLK other than those already held by Subtropico ("**Subtropico Offer**").
- 1.2 The Revised Offer Consideration Announcement has been advertised on the website of KLK since 21 February 2019 and posted to the KLK Shareholders, other than Subtropico, on 25 February 2019.

2 Opinions

- 2.1 The Revised Offer Consideration has been considered by both Ernst & Young Advisory Services Proprietary Limited, the duly appointed independent expert to report on the Subtropico Offer ("**E&Y**"), and the KLK Independent Board.
- 2.2 Based on the results of E&Y's procedures, its detailed valuation work and other considerations during the valuation work performed during December 2018, E&Y is of the opinion that the Revised Offer Consideration is both fair and reasonable due to the Revised Offer Consideration of R19,00 being within the value range that an offeror should make for KLK shares of R19.00 to R23.50.
- 2.3 After due consideration of the E&Y opinion and other relevant factors, the KLK Independent Board is of the opinion that –
- 2.3.1 the Revised Offer Consideration of R19.00 is fair, although it is at the bottom of the value range of R19.00 to R23.50; and
- 2.3.2 in considering if the offer is reasonable, the KLK Independent Board is still of the opinion that the Subtropico Offer has limited sustainable, strategic or operational advantages for KLK Stakeholders (shareholders, customers, personnel and suppliers).

3 Responsibility Statement

The members of the KLK independent board collectively and individually accept full responsibility for the accuracy of the information contained in this announcement and confirm that to the best of their respective knowledge and belief, the information set out herein is true and this announcement does not omit anything likely to affect the importance of the information included.

By order of the KLK Independent Board

7 March 2019
