

Dear Shareholder

16 August 2018

## **NOTICE IN COMPLIANCE WITH SECTION 45(5) OF THE COMPANIES ACT NUMBER 71 OF 2008 AS AMENDED (“the ACT”)**

1. At the Annual General Meeting of KAP Industrial Holdings Limited (“KAP”) on 13 November 2017, a special resolution was passed by shareholders in terms of which the shareholders mandated the KAP board of directors to grant financial assistance to related or inter-related KAP group companies (“Entities”), subject to compliance with the provisions of Section 45 of the Act (the phrase “related or inter-related” for purposes of this letter has the same meaning as is attributed to such phrase in Section 2 of the Act).
2. The board of directors of KAP has subsequently passed a resolution in terms of which:
  - 2.1 The threshold in respect of the aggregate borrowings by the entire KAP group of companies remains unchanged from that previously notified. This threshold shall not exceed the shareholders equity of KAP (the “Threshold”).
  - 2.2 The aggregate financial assistance that may be granted from time to time by, between or amongst the KAP Entities, shall not exceed the Threshold.
  - 2.3 The Threshold is in excess of 1/10<sup>th</sup> of 1% of KAP’s net worth and as a consequence has triggered this notice in terms of Section 45(5) of the Act.
3. In order to give effect to the treasury requirements of the KAP group from time to time, certain cross-guarantees, suretyships, subordinations and/or loans are given on an on-going basis by, between and amongst the KAP Entities.
4. KAP wishes to emphasise that the granting of such financial assistance is a standard business practice that has been applied consistently over many years by the KAP group and by most other major groups of companies in order to optimise stakeholder benefits.

5. By giving this notice, KAP is of the view that KAP and the KAP Entities have complied with the notice requirements of Section 45(5) of the Act.
6. **Please note that no action is required on your part as a result of this notification, which is purely for your information and to ensure compliance with the Act. However, should you require any further clarification, kindly contact the undersigned.**

Yours sincerely

A handwritten signature in black ink, appearing to read 'Johann Pieterse', with a horizontal line underneath it.

Johann Pieterse  
*for* **KAP Secretarial Services (Pty) Ltd**  
**COMPANY SECRETARY**