

Dear Shareholder

11 August 2020

## **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 2019, a special resolution was passed by shareholders in terms of which the shareholders mandated the KAP board of directors (the “Board”) to grant financial assistance to related or inter-related KAP group entities (“Entities”), subject to compliance with the provisions of Section 45 of the Act.
2. 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 (all deemed “financial assistance” in terms of the Act) are given on an on-going basis by, between and amongst the KAP Group Entities.
3. 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 shareholder benefits.
4. On an annual basis, the Board passes a resolution in terms of which:
  - 4.1 The Board sets a threshold for the aggregate borrowings by the entire KAP group of companies (the “KAP Group”). For the FY2020, the threshold equates to an amount that shall not exceed the shareholders equity of the KAP Group (the “Threshold”).
  - 4.2 The aggregate financial assistance that may be granted from time to time by, between or amongst the KAP Group Entities, shall not exceed the Threshold.
5. While the afore-mentioned Threshold remains unchanged from the Threshold previously notified to shareholders, the Threshold is nevertheless in excess of  $\frac{1}{10}$ <sup>th</sup> of 1% of the KAP Group’s net worth, and as a consequence, has triggered this notice in terms of section 45(5) of the Act.

6. By giving this notice, the Board is of the view that KAP and the KAP Group Entities have complied with the notice requirements of Section 45(5) of the Act.
7. **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 'J Pieterse', with a horizontal line underneath.

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