



BEHEREND BEPERK • HOLDINGS LIMITED

NWK Holdings Limited
(Incorporated in the Republic of South Africa)
Registration Number: 1998/007243/06
4AX Share Code: 4ANWKH
ISIN Code: ZAE400000028

DETAILED TERMS ANNOUNCEMENT:

Proposed sale by NWK Limited (“NWK”), the subsidiary of NWK Holdings Limited (“NWK Holdings” or “the Company”), of its entire beneficial shareholding in Opti Agri Proprietary Limited (“Opti Agri”) and withdrawal of cautionary announcement

1. INTRODUCTION

- 1.1. Shareholders of NWK Holdings (“**NWK Holdings Shareholders**”) are referred to the Detailed Cautionary Announcement published by the Company on the 4 Africa Exchange Proprietary Limited (“**4AX**”) News Service dated, 07 May 2018 and the subsequent renewal thereof, published on 14 June 2018 (collectively referred to hereinafter as the “**Opti Agri Cautionary Announcement**”), in terms of which NWK, the subsidiary of the Company, advised of it being in the process of considering a transaction relating to the proposed divestment by the Company from Opti Agri (being NWK’s poultry and animal feed businesses), pursuant to receiving a fixed offer (“**Offer**”) from Country Bird Holdings Limited (“**CBH**”) (“**Proposed Transaction**”).
- 1.2. It is contemplated in terms of the Proposed Transaction that CBH would acquire NWK’s entire beneficial shareholding in Opti Agri for an aggregate purchase consideration of R296 400 000 (two hundred and ninety six million four hundred thousand Rand).

2. PURPOSE OF THIS ANNOUNCEMENT

- 2.1. Further to the Opti Agri Cautionary Announcement being announced, NWK Holdings Shareholders are hereby advised that, following due and careful consideration of the CBH Offer by the NWK board of directors (“**NWK Board**”), the Company has decided to proceed with the Proposed Transaction and accordingly, has entered into a formal sale and acquisition of shares agreement with CBH (“**Opti Agri Sale Agreement**”) on 4 July 2018 (“**Opti Agri Sale Agreement Signature Date**”).
- 2.2. The purpose of this announcement is therefore for the Company to duly communicate its acceptance of the CBH Offer and to furnish NWK Holdings Shareholders with the salient details pertaining to the Proposed Transaction.

3. SALIENT DETAILS PERTAINING TO THE PROPOSED TRANSACTION

In terms of the Opti Agri Sale Agreement, the Proposed Transaction would be concluded upon the following terms and conditions:

3.1. Conditions Precedent

The Proposed Transaction is subject to the fulfilment and/or waiver (to the extent capable of being waived) of the following conditions precedent by no later than 01 November 2018 (“**Fulfilment Date**”):

- 3.1.1. the South African Competition Commission issuing an approval certificate, with or without conditions, for the Proposed Transaction;
- 3.1.2. that NWK shall warrant that no notice has been published in the Government Gazette in terms of section 11(1) of the Restitution of Land Act 22 of 1994 for any of the Farms;
- 3.1.3. that NWK and CBH enter into a Opti Trademark Agreement whereby NWK will be granted/retain ownership and all intellectual rights associated to the Opti Brand, being

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- among others Opti Chick and Opti Broiler as well as various other non-poultry related brands such as Opti Beef and Opti Game ("**Opti Brand**");
- 3.1.4. that Opti Agri enters into an agreement with RCL to terminate the RCL Agreement on terms and conditions mutually agreeable to the Opti Agri, NWK, CBH and RCL;
 - 3.1.5. that CBH issues a Corporate Guarantee for the total sale price as depicted in the CBH Offer to NWK whereby securitizing the payment of the purchase price which will be paid over a fixed period of one year with the initial payment of R283,130,180.00 to be made within 3 days from the Effective Date and the residual upon, among others, the registration of various title deeds;
 - 3.1.6. that all necessary approvals from the NWK Holdings Shareholders, the NWK Board and Board of directors of CBH and other regulatory bodies such as 4AX, if required, be obtained.

3.2. Purchase consideration

Subject to the Opti Agri Sale Agreement becoming unconditional, the aggregate purchase consideration payable by CBH to NWK in terms of the Proposed Transaction amounts to R296 400 000 (two hundred and ninety six million four hundred thousand Rand).

3.3. Effective Date of the Proposed Transaction

To the extent that the Fulfilment Date is on or before the 25th of a calendar month, the effective date of the Proposed Transaction shall be the 1st business day of the following calendar month, otherwise the effective date shall be the 1st business day of the calendar month immediately after the next calendar month.

3.4. Application of the sale proceeds of the Proposed Transaction

The NWK Board is confident that the Proposed Transaction is aligned with and supports the revised business strategy of the NWK group of companies, with its strong emphasis on greater customer focus around the core business of the Company. The sale proceeds of the Transaction will offer good value to NWK Holdings Shareholders and stakeholders. The Proposed Transaction can also contribute to the creation of a deeper focused environment where farmers and other clients benefit from their relationship with NWK as their dynamic business partner.

3.5. Additional material terms of the Proposed Transaction

The following terms constitute additional material terms of the Proposed Transaction:

- 3.5.1. NWK will retain all current assets (excluding biological assets and tax assets that are to be sold) and liabilities in Opti Agri (except the staff liabilities in Opti Agri which will remain in Opti Agri) and that NWK will collect all liabilities, collect all debtors accounts and comply with all inventory obligations.
- 3.5.2. A trade restriction will apply for a period of not more than three years from the Effective Date according to which NWK will not engage in the production of any animal feed business within a 500km radius from the Opti Agri mill in Lichtenburg. NWK will however enter into a supply agreement whereby NWK will still obtain animal feed packed under the Opti Brand (being its various ranges of feed) and to the same quality and cost its clients are used to.
- 3.5.3. The Opti Brand and all other trademarks associated with the Opti Agri companies are excluded from the Proposed Transaction and will remain the property of NWK and are therefore excluded from the valuations made on Opti Agri. Such trademarks will be free of objection after the Proposed Transaction and NWK may then use it as NWK considers it appropriate. NWK will keep on supplying these brands after the Effective date.
- 3.5.4. Furthermore, it is a material term of the Transaction that existing contracts with business partners and/or employees must be honoured and/or fulfilled by CBH. In this regard, NWK Holdings Shareholders should note that NWK is committed to ensuring that it fulfils its obligations to clients and staff in accordance with the laws of the Republic of South Africa, especially labour laws.

This will include ensuring that section 14(1)(c) of the Pension Funds Act is satisfied. Once the necessary regulatory approvals are obtained and the conditions precedent fulfilled or waived, NWK and CBH will consult the unions and employees and ensure that in terms of section 197 (2) of the Labour Relations Act all contracts of employment will transfer automatically to CBH on terms and conditions that are not less favourable to the employees than those on which they were employed by NWK.

4. WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

Pursuant to the publication of this announcement, NWK Holdings Shareholders are hereby advised that, as a result of the details pertaining to the Proposed Transaction now being in the public domain, caution is no

longer required to be exercised by NWK Holdings Shareholders when trading in their shares and accordingly, the Opti Agri Cautionary Announcement is hereby withdrawn.

Lichtenburg
6 July 2018

4AX EXTERNAL ISSUER AGENT
Pallidus Capital Proprietary Limited