



AFGRI enriches employees via a broad-based BEE deal

AFGRI, the JSE listed agricultural business, is pleased to announce a restructured empowerment deal that will see Izitsalo Employee Investments acquire all of the 80.1% undivided interests of the remaining existing beneficiaries of the Agri Sizwe Trust, for a net purchase consideration of R206.5 million. When the estimated debt in Agri Sizwe Trust of approximately R584.7 million as at 31 May 2010, being the effective date of the Izitsalo acquisition is taken into account, the purchase consideration implies a total value of the 26.77% undivided interest in AFGRI Operations Limited (“AOL”) of R842.5 million. The purchase price payable by Izitsalo will be funded by way of a loan from GRO Capital Financial Services.

Izitsalo Employee Investments is made up of 40% AFGRI Employee Empowerment Trust and 60% AFGRI Charitable Trust.

Chris Venter, CEO of AFGRI said, “The transaction is in line with our “one AFGRI” vision and the AFGRI Board continues to believe that ownership of agricultural resources is at the heart of land reform in South Africa.” He continued, “It is in the best interests of all South Africans that transformation in the agricultural industry be concluded, maintained and enhanced.” “As an industry leader AFGRI has to take the initiative in this regard,” says Venter

The Izitsalo acquisition will ensure that AFGRI retains and enhances its empowerment status; continues to meet its empowerment objectives; enhances employee ownership in the AFGRI Group and provides AFGRI employees with continued empowerment benefits.

According to Venter, AFGRI will continue to partner with a broad based empowerment partner whose long term view is aligned with the long term vision and strategy of AFGRI.

Praveen Dwarika, from Izitsalo said, “We are excited by this deal as the Izitsalo acquisition will provide continued benefits to a broad based group of beneficiaries who are also employees of the AFGRI Group.”

In December 2004, AFGRI announced that it had entered into a BEE transaction whereby Agri Sizwe Trust acquired 26.77% of AFGRI Operations Limited. The beneficiaries of the Agri Sizwe Trust, all of which are BEE companies are: Agri Sizwe, Izitsalo, Basebenzi Investments, Bunang Sizwe Investments, NERPO Investments Limited, and NAFU Investments Holdings.

The AFGRI Group benefited from the 2004 BEE deal through: new business opportunities; new products and services offered to Black People who form part of AFGRI target market;



recruit skilled Black People and further its own transformation programme and initiatives; develop new, and enhance existing relationships with South African financial institutions such as Land Bank and AFGRI has been able to assist its customers in achieving their own BEE objectives.

The implementation of the Izitsalo acquisition is subject to the fulfilment or waiver of certain conditions by 30 September 2010. The transaction is earnings neutral to AFGRI.

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