

Dear Shareholder

12 August 2019

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 2018, 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 (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 has subsequently passed a resolution in terms of which:
 - 2.1 The Board set a threshold for the aggregate borrowings by the entire KAP group of companies (the “KAP Group”), which threshold equates to an amount that shall not exceed the shareholders equity of the KAP Group (the “Threshold”). The Threshold remains unchanged from that previously notified to shareholders.
 - 2.2 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.
 - 2.3 However, the Threshold is in excess of 1/10 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.
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 ongoing basis by, between and amongst the KAP Group 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 shareholder benefits.

KAP Industrial Holdings Limited. Reg. No. 1978/000181/06

Independent non-executive directors: JDV du Toit (Chairman), IN Mkhari, SH Müller, SH Nomvete, PK Quarmby

Non-executive directors: KJ Grové (non-executive deputy chairman)

Executive directors: GN Chaplin (CEO), FH Olivier (CFO)

Company Secretary: KAP Secretarial Services (Pty) Ltd

5. 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.
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 long horizontal stroke extending to the right.

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