



AGRA CONVERSION
Frequently asked Questions

Questions

Answers

Meaning of 'Conversion':

1.

What does "conversion" mean?

It simply means that Agra will change its form from a co-operative to a public company.

Reasons for and Consequences of Conversion:

2.

Why do the board and Exco of Agra believe that it is important to convert?

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- Strengthening of Agra's capital base
- Liquidity of investment: Members may sell their allocated shares
- Shareholders receive tax-free dividends instead of taxable bonuses
- Continuity of shareholding (not cancelled if person stops farming)
- Through the conversion, we "reward" members who have contributed most to Agra's business
- Broad based empowerment
- Improved competitiveness
- Members share in future profits of Agra as long as they remain shareholders, even if stopped farming
- The Agra shares are an investment that grows in value if Agra continues to grow as a business

3.

Will the conversion affect the way in which Agra carries on business as well as the business it carries on?

No. Agra will continue to pursue its current vision and mission and will remain focused on its current core business areas and on serving the farming community.

The Conversion Process:

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| 4. | What are the approval requirements for the conversion? | 3 levels of approval are required. (a) Two thirds of all members of Agra must approve of the conversion in writing. (b) Two thirds of those members present at the duly constituted general meeting of Agra must vote in favor of the conversion. (c) The Registrar of Co-Operatives must approve the conversion. |
| 5. | Does Agra's Board of Directors approve of the Conversion? | Yes, Agra's Board of Directors has discussed the impact of the conversion in detail and has also sought professional advice on the benefits and disadvantages of the conversion. Agra's Board of Directors is confident that the benefits of operating in the form of a public company (as opposed to a co-operative) far outweigh the disadvantages. |
| 6. | How will the conversion affect the value of my interest in the Agra? | Members' capital and members funds existing on the conversion date will be converted into shares in the new company on a 1:1 basis. Retained income of Agra up to 31 July 2009 will be converted into shares based on the turnover conducted with Agra, over the past 6 years. This means that a member who has on average traded with Agra for say N\$ 100,000 per year from Agra over the past 6 years will be allocated a proportionately higher number of shares in respect of retained income than a person who has only made trades on average of say N\$ 50,000. |
| 7. | When will Agra convert to a company? | The General Meeting that will be called in order to authorize the conversion will be held on 31 March 2010. If approved, the conversion will then be made effective within 3 months after approval. (provided that we received 2/3 of the votes of members in favour of the conversion) |
| 8. | What must I do if I agree with the conversion? | Agra will post a Circular explaining the conversion to each member on 27 November 2009. Attached to this circular is a voting form that you need to sign and return to your local Agra branch manager or fax to: 2909227 at your earliest convenience but not later than 24 March 2010. |
| 9. | What can I do if I do not agree with the conversion? | The above form provides you with the option to either approve the conversion or reject the conversion. We do however urge you to contact your local branch Manager or the Agra Conversion Helpline on (061) 2909222 to discuss any concerns you may have regarding the conversion before you indicate your rejection on the form. |
| 10. | Whom can I speak to if I have questions about the conversion? | <p>You can contact your local Agra branch manager or the dedicated Agra Conversion Helpline (061) 2909222 that will be open from 08h00 to 17h00 Mondays to Fridays, excluding for public holidays and from 30 November 2009 until 24 March 2010. (it will however be closed from 25 December 2009 until 3 January 2010.</p> <p>Agra will also hold public meetings during January and February 2010 where Agra directors and members of Agra's Exco will visit all Agra branches countrywide in order to explain the reason for and the consequences of the conversion to Agra's members.</p> |

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| 11. | What are the important dates in the conversion process that I should look out for? | <ul style="list-style-type: none"> ▪ ▪ <u>27 November 2009</u> - Posting of circular to Agra members ▪ <u>January and February 2010</u> - Conversion meetings in your area - ask your branch manager or call the Agra Conversion Helpline or go to www.agra.com.na/conversion for the exact date. ▪ <u>24 March 2010</u> - Return signed election forms (this date may be extended if Agra's board of directors deems it necessary). ▪ <u>31 March 2010</u> - General meeting to vote on conversion. ▪ <u>30 June 2010</u> - Conversion to a company effective by. |
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My Interest in the New Company:

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| 12. | Where can I find out what my interest in Agra will be if the conversion is approved? | The preliminary number of shares that will be allocated to each member will be available at all Agra branches. A letter will be posted to each member during December 2009 which will indicate the value of shares per member after conversion. |
| 13. | Where can I buy or sell my Agra shares after the conversion? | After the conversion, Agra will either internally or with the help of an external broker provide a share trading desk. Sellers need to inform the trading desk that they wish to sell the shares and potential buyers will be able to buy their shares through this trading desk. |
| 14. | Are there any restrictions on whom I can sell Agra shares to and/ or buy from? | There are no restrictions on who can become a shareholder in Agra. All share trades need to be done through the share trading desk however. |
| 15. | What is the impact of the conversion on the voting power of my shares in Agra? | The ratio of your shares to the total issued shares of Agra will determine the percentage of your voting rights at a shareholders meeting of Agra. In order to prevent a situation whereby outside entities buy large numbers of Agra shares in order to influence the Agra shareholder meetings, voting rights will be limited to a maximum of 5% per shareholder. This provision may be relaxed over time subject to the passing of a special resolution (which requires the approval of 75% of the members present at the general meeting at which such a resolution is proposed). |
| 16. | How will I share in the future profits of Agra? | <p>Agra will in future declare dividends out of profits generated during the year after taking into account future capital and reserve requirements. Shareholders will thus be able to receive a portion of Agra's profits in the form of a dividend. Dividends are currently not subject to tax in Namibia. Each shareholder will share in the dividends in the proportion of his shareholding.</p> <p>If Agra trades profitably, the value of the shares in Agra should also increase over time. In the event that a shareholder decides to sell his shares in Agra, he/she will be able to realize this growth in the value of the Agra shares over time.</p> |

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| 17. | Will shareholders receive a guaranteed dividend each year? | No, the declaration of a dividend and the amount thereof can not be guaranteed and will be determined taking into account Agra's profits for the year as well as its future capital and reserve requirements. |
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Buying and Selling Agra Shares:

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| 18. | Is Agra going to list on the Namibian Stock Exchange? | This may happen in the future but is not a route that the Board or the Exco of Agra has decided to pursue at this stage. |
| 19. | How will the price of a share in Agra be determined? | The price will be determined by offers to buy and sell through the trading desk. The net asset value of Agra as per its latest published financial statement should give an indication of the minimum price that shares should trade for. |
| 20. | What will happen if I sell all my shares in Agra? | Once you have sold your shares, you will not be shareholder in Agra anymore and you will not be able to share in the future dividends that Agra might pay or vote on matters put to Agra's shareholders for a decision. You will still be able to purchase from Agra and trade with the company on the same terms and conditions as are available to any other member of the public. You may become a shareholder again by purchasing shares through the share trading desk. |
| 21. | Can I still hold my Agra shares if I stop farming? | Yes. You will remain a shareholder in Agra even if you stop farming, since shareholding in Agra will not be restricted to farmers only. |
| 22. | What happens to my shares in Agra when I die? | Your shares will form part of your estate and will then be bequeathed or sold as provided for in your testament. |
| 23. | Can anyone be a shareholder of Agra in future? | Agra Limited will be a public company and shareholding in Agra will not be restricted to, for example, active farmers only. Non-Namibians will also be entitled to purchase shares in Agra. |
| 24. | How can new farmers become shareholders in Agra after the conversion? | In order to do business with Agra, you do not have to be a shareholder of Agra. Your terms of business with Agra will also not be affected by whether or not you are a member of Agra. Non-shareholders will not trade on terms different to those available to Agra shareholders. Should you however wish to become a shareholder, you may purchase shares from a willing seller through the Agra trading desk. |

Board of Directors and Control of Company:

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| 25. | Will some person or company (who may not be involved in agriculture) now be able to get control of Agra in the future? | It will be possible that an outsider can buy a large number of shares from existing shareholders. However, since the Board recommends that voting rights at an Agra shareholders' meeting be limited to 5% per shareholder, such an outsider will not be able to use his/her large shareholding to manipulate a shareholders' meeting. |
| 26. | Who will the directors of Agra be after the conversion? | The first Board of Agra Ltd will comprise of the Board Members of Agra Co-op immediately before conversion. The Board will then be re-elected annually by the shareholders at the AGM. |

General:

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| 27. | How will the conversion affect my Agra client number? | You will retain your Agra client number. Note that any person who trades with Agra on account is allocated a client number, regardless of whether the person is a member / shareholder or not. |
| 28. | How will the conversion affect my Agra member number? | Your Agra member number will become obsolete. It is not necessary to allocate shareholder numbers, as the share certificates will be numbered and shareholders of Agra will be identified in accordance with the share certificate. |
| 29. | What is Agra's vision for empowerment? | Agra believes that its diversified shareholder base makes it one of the most broadly empowered companies in Namibia. Many previously disadvantaged persons from communal areas as well as emerging black commercial farmers are already members of Agra Co-op and will thus become shareholders in Agra Limited. |
| 30. | Will Agra's staff also become shareholders in Agra? | The Board of Agra believes that an employee incentive scheme whereby staff members are entitled to take up shares in the company they work for is an effective mechanism for rewarding and retaining quality employees. This is however a matter that needs to be decided on by the shareholders and the Board once the conversion has taken place and will not be part of the conversion process. |
| 31. | What happens if the member of Agra or the Registrar of Co-Operations do not approve the conversion? | Agra will continue in its current form. |