

Tongaat Hulett Limited
(Registration number 1892/000610/06)
Share code: TON
ISIN ZAE000096541
("Tongaat Hulett" or "the Company")

DISPOSAL OF ASSETS BY SUBSIDIARIES

1. INTRODUCTION

- 1.1. Shareholders are hereby advised that Tongaat Hulett Acucar Limitada ("**THA**"), Tongaat Hulett Acucareira de Xinavane SA ("**ADX**") and Tongaat Hulett Acucareira de Mozambique SA ("**ADM**"), have concluded sale agreements (the "**Agreements**"), with Unitrans Mozambique Limitada (the "**Purchaser**") on **29 June 2020** in terms of which THA, ADX and ADM have agreed to sell their fleet of vehicles to the Purchaser for a total purchase price of R74 871 586(the "**Transaction**").

2. OVERVIEW OF THE ASSETS

- 2.1. The assets being disposed of comprise the fleet of vehicles in Mozambique owned by THA, ADX and ADM, and made up of yellow equipment, LDV's, motorcycles and tractors. The value of the unimpaired assets is R61 772 975.

3. RATIONALE FOR THE TRANSACTION

- 3.1. The assets purchased will be leased from the purchaser subsequent to the conclusion of the sale. The purchaser is a specialist in managing fleet solutions and currently performs haulage and land preparation activities for THA. The purchase of assets allows THA to benefit from the purchaser's specialist skills and the synergies of combining workshop and administrative functions.

4. PURCHASE CONSIDERATION

- 4.1. The aggregate consideration payable by the Purchaser to THA, ADX and ADM in terms of the Agreements is **R74 871 586** (excluding VAT) ("**Purchase Consideration**"), which is to be paid by the Purchaser within 10 (ten) business days of verification of the sale assets. Verification is to be completed within 1 (one) month of conclusion of the Agreements.
- 4.2. The consideration payable is subject to adjustment based on the failure of any sale assets to be verified and/or differences between the expected and actual refurbishment costs of the sale assets.

5. THE APPLICATION OF SALE PROCEEDS

- 5.1. The sale proceeds will be applied 50% or R37 435 793 of the Transaction to repay debt, and the balance will be retained to fund the working capital cycle for the 2020/2021 crushing season.

6. SALIENT TERMS OF AND CONDITIONS PRECEDENT TO THE TRANSACTION

- 6.1. The Agreements contain representations, warranties and cross-guarantees which are standard for a Transaction of this nature.
- 6.2. The Transaction is subject to the following conditions precedent:

- 6.2.1. By **29 June 2020**, the Purchaser has delivered to the seller under each Agreement board resolutions approving the Transaction and authorising the Agreements.
- 6.2.2. By **29 June 2020**, the seller under each Agreement has delivered to the Purchaser a board resolution approving the Transaction and authorising the Agreements.
- 6.2.3. By **29 June 2020**, all of the Agreements are concluded and become unconditional.
- 6.2.4. By the date of signature of the Agreements, no insolvency event has occurred in respect of any member of the Tongaat Hulett group of companies.

7. EFFECTIVE DATE OF THE TRANSACTION

In terms of the Agreements, the effective date of the Transaction is 29 June 2020, subject to all Conditions Precedents being fulfilled or waived.

8. JSE CATEGORISATION

The Transaction is categorised as a category 2 transaction in terms of the JSE Listings Requirements.

Tongaat
29 June 2020

Sponsor
Investec Bank Limited