

Tongaat Hulett Limited

(Incorporated in South Africa)

(Registration Number: 1892/000610/06)

ISIN: ZAE000096541 JSE share code: TON

("THL" or the "Company")

ANNOUNCEMENT OF A PROPOSED EQUITY RAISE AND WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

1. INTRODUCTION

As part of THL's ongoing turnaround strategy, which commenced two and a half years ago, THL has achieved a 42% reduction in debt levels through the successful implementation of asset disposals, stringent cashflow management and cost reduction efforts. These initiatives have enabled THL to settle debt of c.R6 billion owing to its South African lenders.

In order to achieve a further reduction in debt to a sustainable level, and in line with the debt refinance currently being finalised with THL's South African lenders, THL has been exploring strategic alternatives, including a possible equity capital raise by way of a rights offer of up to R4 billion ("the Rights Offer").

In the context of assessing THL's strategic alternatives, THL was approached by Magister Investments Limited ("Magister"), expressing an interest in making an equity investment in THL. Magister is an existing shareholder which holds c. 0.15% of the issued shares in THL.

Accordingly, following an assessment by THL of Magister, THL has entered into an underwriting, subscription and relationship agreement with Magister ("the Agreement"), in terms of which:

- Magister has committed R2 billion to partially underwrite the Rights Offer ("the Underwrite"); and
- THL and Magister have agreed to certain arrangements regulating their relationship after implementation of the Rights Offer and the Underwrite.

The Agreement is subject to the requisite shareholder resolutions being adopted by THL shareholders, as referred to in paragraph 3.4 below, and the fulfilment or waiver of other conditions precedent referred to in paragraph 3.6 below ("the Magister Transaction").

The Company may enter into further underwriting arrangements with other parties interested in supporting the Rights Offer.

The successful implementation of the Rights Offer and Underwrite will:

- allow THL to de-gear and substantially restructure its balance sheet, facilitating a more appropriate capital structure; and

- allow management greater financial and operational flexibility to focus on THL's operations and potential growth opportunities.

2. THE RIGHTS OFFER

The proceeds of the Rights Offer will be used to reduce THL's debt to sustainable levels, with the objective of achieving financial stability and creating sufficient capacity for management to focus on driving improved operational performance within the business. The price at which the Rights Offer will be made will only be determined nearer to the date of the launch of the Rights Offer and, in line with market practice, is expected to be at a discount to the then prevailing market price.

The Rights Offer is subject to the shareholders of THL adopting the resolutions referred to in paragraph 3.4 below and to the fulfilment or waiver of the other conditions precedent referred to in paragraph 3.6 below. The resolutions will be proposed in a circular to be sent to THL shareholders together with a notice of general meeting.

Should the shareholder resolutions be adopted and the other conditions precedent be fulfilled or waived, a second circular setting out full details of the Rights Offer will be sent to THL shareholders.

3. THE MAGISTER TRANSACTION

3.1 Salient terms

Magister will partially underwrite the Rights Offer up to a maximum amount of R2 billion, as consideration for which it will be entitled to a market related underwriting commission of 1.5% of R2 billion (being R30 million) plus value-added tax.

Magister has provided THL with a guarantee from a South African bank in relation to its underwriting commitment.

In terms of the Agreement, the Underwrite is subject to Magister holding no more than 60% of THL's total share capital immediately following implementation of the Rights Offer and the Underwrite.

3.2 Overview of Magister

Magister, represented by Mr Hamish Rudland, is an investment holding company incorporated in the Republic of Mauritius and focuses on long-term investments in agriculture, logistics and other sectors across Southern Africa.

3.3 Rationale

Magister has vast experience in sectors which complement THL's strategic focus areas. Magister is expected to add value to THL through its logistics, agricultural management and commercial experience.

Magister believes that THL is a quality company and has full confidence in THL's current management team. The introduction of Magister is expected to add impetus to THL's turnaround strategy and provide the management team with the financial and operational flexibility to redirect its focus towards growth initiatives. The Rights Offer and the Magister Transaction advance the objective of creating value for THL's shareholders and THL's other diverse stakeholders across Southern Africa.

3.4 Required shareholder resolutions

The Magister Transaction and the Rights Offer are subject to the adoption by THL shareholders of resolutions covering, *inter alia*, the following:

- the conversion of all authorised shares of THL from par value shares of R1.00 each to no par value shares;
- an increase in the Company's authorised share capital to facilitate the Rights Offer and the Underwrite;
- amendments to the memorandum of incorporation of the Company to reflect the abovementioned change to, and increase in, the authorised shares of the Company ("the MOI Amendments");
- authorisation in accordance with the Companies Act, 2008 for the THL board of directors to issue THL shares with voting power in excess of 30% of the voting power of THL shares currently in issue, pursuant to the Rights Offer and the Underwrite; and
- the waiver by shareholders of their right to receive a mandatory offer from Magister to acquire all their THL shares, which would otherwise be triggered by the Rights Offer and Underwrite if Magister's and related entities' shareholding in THL were to reach 35% ("a Mandatory Offer").

THL shareholders holding 52 125 727 THL shares in total, representing c.38.6% of THL's issued shares have either irrevocably committed to vote in favour of all of the abovementioned resolutions in respect of the THL shares they hold at the date of the general meeting or have provided indicative letters of support in relation to such resolutions.

3.5 Other key provisions in the Agreement

3.5.1 New levels at which an offer must be made by Magister to acquire the THL shares of THL shareholders

As noted above, THL shareholders will be requested to pass a resolution waiving their right to receive a Mandatory Offer from Magister and a ruling will thereafter be sought from the Takeover Regulation Panel ("TRP") exempting Magister from the requirement to make a Mandatory Offer.

THL believes it is important to afford THL shareholders the ability to fully exit their investment in THL should the total percentage shareholdings of Magister and related entities increase by certain minimum levels at future points in time after implementation of the Rights Offer and the Underwrite. In such circumstances, the Agreement provides that Magister will be required to make an offer to THL shareholders to acquire all their THL shares at certain shareholding levels to be detailed in the circular to be sent to THL shareholders.

3.5.2 Right to nominate directors

THL will use its reasonable commercial endeavours to procure that, for each full 20% of the THL shares beneficially owned from time to time by Magister and related entities, one nominee of Magister ("Magister Nominee") will become a non-executive

director on the THL board of directors, provided that no more than three THL directors, at any given time, will be Magister Nominees.

3.5.3 Non-compete

Magister has provided certain non-compete undertakings to THL, which will apply for as long as Magister and related entities beneficially own at least 20% of the THL shares.

3.6 Other conditions precedent

In addition to the adoption of the shareholder resolutions set out in paragraph 3.4 above, the Rights Offer and the Magister Transaction are subject to the fulfilment or waiver of, *inter alia*, the following conditions precedent:

- all relevant approvals from the JSE Limited and the TRP being obtained, including a ruling from the TRP exempting Magister from the requirement to make a Mandatory Offer;
- THL obtaining all approvals required for the implementation of the Rights Offer and the Underwrite from:
 - the South African Competition Authorities;
 - the Competition and Tariff Commission in Zimbabwe;
 - the Competition and Consumer Authority in Botswana;
 - the Competition Regulatory Authority in Mozambique; and
 - the Namibian Competition Commission,and such approvals being obtained unconditionally, or subject to conditions acceptable to both THL and Magister, acting reasonably;
- the MOI Amendments being filed with the Companies and Intellectual Property Commission (“CIPC”), and CIPC delivering a notice of acceptance of those amendments;
- THL obtaining all approvals required for the implementation of the Rights Offer and the Underwrite in terms of the Exchange Control Regulations, 1961 made in terms of the Currency and Exchanges Act No. 9 of 1933; and
- THL obtaining the approvals required from its South African lenders in relation to the Rights Offer and the Magister Transaction.

The completion date of the Rights Offer is dependent on when shareholder, lender and regulatory approvals are obtained, but a completion date during the first quarter of 2022 is being targeted.

4. SHAREHOLDER CIRCULAR AND NOTICE OF GENERAL MEETING

A circular, setting out further details on the Magister Transaction and incorporating a notice of general meeting seeking the approval of the shareholder resolutions referred to in paragraph 3.4 above will be distributed to THL shareholders in due course.

5. UPDATE ON THE DEBT REFINANCING

Since the release of THL's financial results for the year ended 31 March 2021, the impact of the social unrest in KwaZulu-Natal and other operational challenges has necessitated the renegotiation of certain of the debt refinance terms. The most notable change is that R450 million of the proceeds from the disposal of the starch business, which amount was released from escrow on 3 November 2021, has been used to support liquidity and not for further debt reduction purposes. As a consequence, the term debt facility has reduced by R450 million to R1.05 billion, with a corresponding increase of R450 million in the 'payment-in-kind' debt instrument relating to THL's strategic landholdings. The long-form agreements are nearing finalisation and full details of the debt refinance package will be communicated once finalised.

6. THL RESPONSIBILITY STATEMENT

The THL directors collectively and individually accept full responsibility for the accuracy of the information contained in this announcement in relation to THL, and certify that, to the best of their knowledge and belief, there are no facts which have been omitted which would make any statement in this announcement in relation to THL false or misleading, and that all reasonable enquiries to ascertain such facts have been made.

7. MAGISTER RESPONSIBILITY STATEMENT

The directors of Magister collectively and individually accept full responsibility for the accuracy of the information contained in this announcement in relation to Magister, and certify that, to the best of their knowledge and belief, there are no facts which have been omitted which would make any statement in this announcement in relation to Magister false or misleading, and that all reasonable enquiries to ascertain such facts have been made.

8. WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

THL's shareholders are referred to the cautionary announcement released by the Company on SENS on 10 November 2021. As a result of this announcement, shareholders are no longer required to exercise caution in their dealings in THL shares.

Tongaat

17 November 2021

Financial advisors to THL
Rothschild & Co South Africa Proprietary Limited
PricewaterhouseCoopers Corporate Finance Proprietary Limited

Transaction Sponsor to THL
PricewaterhouseCoopers Corporate Finance Proprietary Limited

Legal advisor to THL
Bowman Gilfillan Inc.

Legal advisor to Magister
Fluxmans Inc.