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

**SIGNING OF LEGAL AGREEMENTS FOR DEBT REFINANCING**

Shareholders are referred to the announcement published on SENS on 25 June 2021 and the Annual Financial Statements for the year ended 31 March 2021 in relation to the ongoing negotiations of the refinancing of debt.

The Company is pleased to announce the completion of the refinancing of its existing South African debt facilities (the “**Debt Refinance**”), including its remaining term debt, working capital facilities, a revolving credit facility and overdraft facilities (the “**Senior Debt Facilities**”). With the support of the South African lenders the maturity of the existing Senior Debt Facilities was extended to cater for the completion of the Debt Refinance, the terms of which have been revised from those agreed in a term sheet on 12 June 2021, due to the impact on liquidity from operational challenges and the social unrest in KwaZulu Natal. Legal agreements with South African Lenders were signed on 3 December 2021 and were subject to conditions precedent that were fulfilled on 06 December 2021, giving effect to the Debt Refinance.

A primary principle underpinning the Debt Refinance was to negotiate a sustainable core debt solution based on the Company’s capacity to service the debt from forecast operational cash flows, with longer dated facilities to create stability for the Company. The remaining balance of the debt that cannot be serviced from internally generated cash flows is allocated to two separate term loan instruments (comprising Senior Facility C and Senior Facility D (see description below)). The Debt Refinance terms afford the Company the opportunity to settle this remaining balance of the debt through strategic initiatives comprising an equity capital raise and property disposals over a period.

The refinanced Senior Debt Facilities (the “**Refinanced Debt Facilities**”) are governed by a Common Terms Agreement (the “**CTA”**) concluded between the Company, certain of its subsidiaries (as guarantors) and the various South African lenders such that, other than in relation to overdraft and ancillary type facilities, each individual lender participating in one of the Refinanced Debt Facilities participates on the same commercial terms as the other lenders participating in that facility and has the same rights and obligations as it pertains to each of the Refinanced Debt Facilities. The CTA makes provision for three new term loan facilities, as well as a revolving credit facility, overdraft facilities and ancillary facilities as described further below. The underlying exposures of each individual lender to these facilities is managed by an appointed facility agent and would be governed by an intercreditor agreement between lenders.

The following facilities (the high-level commercial terms of which are indicated below in each case) form part of the Debt Refinance (together with various ancillary facilities):

| Facility | Amount and purpose to which to be applied | Final maturity date | Pricing and any applicable margin adjustments | Other key commercial features |
|---|---|---|---|---|
| Senior Facility A: | R1, 050,000,000. To discharge existing financial indebtedness | 30 June 2024 | JIBAR corresponding to relevant interest period (of 1 month or 3 months) plus a margin of 5.05% before any Margin Step Up Event or a margin of 6.17% applied retrospectively from refinance date following any Margin Step Up Event.<br><br>If an event of default is continuing a margin step up of 2% applies. | Interest serviced from internally generated cash flows. |
| Senior Facility B | R1,400,000,000. To discharge existing financial indebtedness and for general corporate and working capital purposes | 30 June 2024 | JIBAR corresponding to relevant interest period (of 1 month or 3 months) plus a margin of 5.33% before any Margin Step Up Event or a margin of 7.06% applied retrospectively from refinance date following any Margin Step Up Event.<br><br>If an event of default is continuing a margin step up of 2% applies. | Revolving in nature with redraws allowed up to the facility limit.<br><br>Interest serviced from internally generated cash flows.<br><br>Commitment fee of 1.74% on the unused and uncancelled portion of the facility |
| Senior Facility C | R2,000,000,000. To discharge existing financial indebtedness | 30 June 2024 | JIBAR corresponding to relevant interest period (of 1 month or 3 months) plus a margin of 5.97% before any Margin Step Up Event or a margin of 11.35% applied retrospectively from the date on which any relevant milestone regarding the equity capital raise is not achieved but only following any Margin Step Up Event.<br><br>If an event of default is continuing a margin step up of 2% applies. | The facility is expected to be repaid from equity capital raise proceeds and/or proceeds received on disposals of assets.<br><br>Interest is capitalised.<br><br>Interest remaining unpaid at the end of the tenor may, at the election of the Company but subject to consent of lenders, be |

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| | | | | settled by the issuance of shares in the Company. |
| Senior Facility D | R1,591,880,315.68. To discharge existing financial indebtedness | 30 June 2024 | JIBAR corresponding to relevant interest period (of 1 month or 3 months) plus a margin of 6.69% before any Margin Step Up Event or a margin of 11.06% applied retrospectively from the date on which any relevant milestone regarding the equity capital raise is not achieved but only following any Margin Step Up Event.<br><br>In addition to the margin ratchet provisions following a Margin Step Up Event as described above, a margin increase of 2% applies if the Company fails to reach agreement with the lenders on the form and content of a plan for disposal of properties (with a view to repaying Senior Facility D) by 30 April 2022 (or such later date as the lenders may agree to). In this regard the Company undertakes no later than 31 March 2022 (or such later date as the facility agent may agree), to deliver to the facility agent a proposal detailing the proposed sale of certain properties.<br><br>If an event of default is continuing a margin step up of 2% applies. | The facility will be primarily repaid from proceeds on disposal of longer-term strategic landholdings or out of equity capital raise proceeds to the extent Facility C has been settled.<br><br>Interest is capitalised.<br><br>Interest remaining unpaid at the end of the tenor may, at the election of the Company but subject to consent of lenders, be settled by the issuance of shares in the Company. |
| Senior Overdraft Facility | R300,000,000 (subject to a seasonal increase of the facility limit to R500,000,000 between 1 December and 31 March each financial year). To discharge existing financial indebtedness and for general corporate and working capital purposes. | 30 June 2024 | Prime rate plus 2% per annum initially but thereafter from the first business day of each month the equivalent interest rate under Senior Facility B.<br><br>If an event of default is continuing a margin step up of 2% applies. | Interest serviced from internally generated cash flows.<br><br>Commitment fee of 1.74% on the unused and uncancelled amount of the facility. |

Apart from Senior Facility C and Senior Facility D, where interest cannot be supported by internally generated cash flows and is capitalised, interest on the above facilities will be paid in accordance with the selected interest period for each loan from internally generated cash flows derived from the South African sugar operation, the property business, and dividends, management and operational support recoveries received from operations in the rest of Africa.

A Margin Step Up Event applies in respect of Senior Facility A, Senior Facility B, Senior Facility C and Senior Facility D where by 14 April 2022 an equity capital raise for a minimum of R2,000,000,000 or such higher amount as may be required to discharge Senior Facility C plus all accrued but unpaid interest thereunder has not been implemented and the proceeds thereof applied in repayment of Senior Facility C.

To the extent that equity capital raise proceeds are insufficient to repay the amount outstanding under Senior Facility C, or an equity capital raise is not pursued for whatever reason, the Company will need to progress the disposal (or part disposal) of other assets. An equity capital raise allows the Company to reduce unsustainable levels of debt while minimising the extent of asset disposals and keeping the current business largely intact.

The CTA includes the following financial covenants: historic debt service cover ratio, historic interest service cover ratio, historic leverage ratio, loan to value (**LTV**) ratio, forecast debt service cover ratio, forecast interest cover ratio and forecast leverage ratio. The financial covenants are measured on 31 March and 30 September of each year provided that in certain circumstances, where the equity capital raise is not completed the financial covenants will be measured on a quarterly basis.

The LTV ratio requires that the amounts outstanding under Senior Facility D do not exceed 25% of the market value of the land portfolio.

Breaches of historical ratios and the LTV ratio is an Event of Default except for such a breach occurring on the first measurement date ending 31 March 2022.

If a forecast (forward looking ratio) is breached its triggers a requirement to discuss the failure to meet the covenant and agree remedial actions.

Security in place for the debt facilities first in ranking includes:

• Mortgage bonds registered over immovable properties owned by the Company and its South African subsidiaries, excluding certain properties where commercial negotiations had been concluded or were at an advanced stage prior to the refinancing.
• General notarial bonds over movable assets of the Company's South African businesses.
• Cession and pledge over all shares, claims, insurances, intellectual property, bank accounts and investments of the Company's South African businesses.

**Notice in terms of section 45(5) of the Companies Act No. 71 of 2008 ("Companies Act")**

Notice is hereby given in terms of section 45(5) of the Companies Act that the respective boards of the obligors (being the Company, Voermol Feeds Proprietary Limited, Tongaat Hulett Sugar South Africa Limited, Tongaat Hulett Developments Proprietary Limited and Tongaat Hulett Estates Proprietary Limited) have resolved to provide financial assistance on the basis set out earlier in this announcement. The resolution of the board of directors of the Company (Board) was passed pursuant to the authority granted to the Board by the shareholders at the annual general meeting of the Company held on 10 September 2021.

This notification is required because the financial assistance exceeds one-tenth of 1% of the Company's net worth.

In accordance with section 45 of the Companies Act, the Board, having considered all reasonably foreseeable financial circumstances of the Company and a fair valuation of its assets and liabilities, is satisfied (i) that immediately after providing the financial assistance, the Company would satisfy the solvency and liquidity test as defined in the Companies Act and (ii) that the terms of the financial assistance are fair and reasonable to the Company.

Tongaat
7 December 2021

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